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THE INFLUENCE OF INTERNAL MARKETING ON INTERNAL CUSTOMER SATISFACTION WITHIN RETAIL BANKING

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FULL DISSERTATION

Submitted in fulfilment of the requirements for the degree MCom in Marketing Management in the Faculty of Management at the University of Johannesburg

Johannesburg

October 2013

Supervisor: Prof M Roberts-Lombard

Co-supervisor: Dr C De Meyer
DECLARATION

I, Leigh Reynolds-DeBruin, declare that this dissertation is my own, unaided work. Any assistance that I have received has been duly acknowledged in the dissertation. It is submitted in fulfilment of the requirements for the degree of Master of Commerce at the University of Johannesburg. It has not been submitted before for any degree or examination at this or at any other university.

Leigh Reynolds-De Bruin  October, 2013
ACKNOWLEDGEMENTS

A sincere thankyou to all the people who in one way or another contributed to the completion of this study. My special appreciation is extended to:

My brilliant supervisors, Doc De Meyer and Prof Roberts-Lombard, thank you so much for your guidance, advice and motivation throughout my MCom journey – I couldn't have done this without you. I thoroughly enjoyed my visits to UJ and our times together. You really made me feel a part of the UJ family.

Mom and dad, thank you so much for all your love, guidance and support over the years and for the opportunities you gave me to make all of this possible. I love you both with all my heart and feel so blessed to have you as my parents.

Riaan De Bruin, my special Tigger, my best friend and IT support. Thank you so much for all your love and support during this period, this wouldn’t have been possible without you – thank you for stepping in to take care of the boys when I had to study or travel to SA – you are an amazing father and husband and I love you with all my heart, now and forever. My document would not look as good as it does without your brilliant input.

Christiaan and Alex De Bruin my most precious, amazing boys – this has all been for you! I realise that this hasn’t always been easy on you and there were times I seriously thought about holding off on completing this but we always teach you to never to give up – in the words of Yoda “Do or do not, there is no try” so this is me doing and never giving up. You have always been my inspiration and everything I do in life since the day you were both born is for you – this is to encourage you to pursue each and every dream and so that I can provide you with the opportunities you need to make your dreams come true. I love you to infinity and back again.

Petro De Bruin - Moeka, I know you would have been so proud of me. I often feel your presence with me pushing me on. You touched my life in such special way and helped mould the person I am today and I am so grateful for the time I had with you.

Meraatjie, thank you so much for all your support and for all your help in taking care of the boys especially during the crazy 2 months towards the end of my study. I still have the straw behind my ear calling in to Maverick and Goose.
Diane Schneider, thank you so much for your support and input over the last couple of years, it is deeply appreciated.

Alison Clarke, thank you so much for your support over the last decade, for keeping me sane (well almost) and for all your input into my study. You are such a special friend and I don’t think I would have survived all of this without you. It has been a difficult path but knowing I could call on you at any point has always been reassuring for me.

Lee Wright, thank you so much for the coffee sessions and for the welcome breaks and chats. You have been such a core part of this process and my strongest source of emotional support on this side. Thank you for helping me out with the boys and for all your support, not sure I could have endured without you.

Team Costa: Dr Mustafa, Ian, Zoe, Mark and Patrick – thank you for the wacky chats, laughs and coffees. You became a welcome part of my work environment and I’d feel lost if none of you were around. I’ll always look back on this period with fond memories and am so grateful that my study led me to all of you.

David Fisk, thank you so much for your friendship and support over the years and for your input into my study.

Jurgen Becker, I feel so grateful that my study led me to meet you. You have been a wonderful source of motivation and inspiration during this time and I would not have managed without your brilliant mind and guidance. Thank you so much for all your support and for always being available when I needed to chat. Thank you for your assistance with the processing and analysis of the data and for mentoring me in the ‘language of statistics’.

The GDP participants from Standard Bank, FNB and Nedbank, thank you for participating in this study and for making all of this possible. I’d especially like to thank Sharon Douglas-Henry, Luan McArthur-Grill and Joanna Preston for their help in pulling everything together. I trust that the results will add some value to your organisations.

Elsabeth Marnitz, thank you for your time and effort in conducting the language editing.

God, thank you for all that I am, all that I have and for all that I have become.
DEDICATION

This study is dedicated to my Mom and Dad, Moeka, my husband Riaan and my two beautiful boys, Christiaan and Alex.

“The journey with the people we love is all that really matters. Such a simple truth so easily forgotten” - Unknown
EXECUTIVE SUMMARY

Despite the extensive research undertaken in the subject area of services marketing, not much research has been conducted in the internal marketing area, specifically in the South African context. This study attempted to address this subject and focused on seven internal marketing mix elements (internal product, internal price, internal promotion, internal distribution, internal people, internal process and internal physical evidence) and their influence on the satisfaction of graduate development employees within retail banks in South Africa. Further to this, the link between employee satisfaction and affective commitment was explored due to its impact on employee productivity.

The growth of the service sector worldwide has led to services being considered as one of the most important sectors in the world. The contribution of the South African service sector to GDP was 68.1% in 2012, where the financial services sector in South Africa has already overtaken the manufacturing sector as the largest contributor to GDP. The financial service sector contributed 22% in 2008. Given the homogeneity within the retail banking industry, there is very little differentiating the banks, and imitation of any innovation is inevitable. For this reason a market-driven strategy that enables retail banks to deliver superior quality is essential as service quality is the only real differentiator and key to building a competitive advantage. Given its employees who create the service experience, the employee as the internal customer becomes the organisation’s most valuable asset. For this reason, retail banks in South Africa have been placing an increased focus on recruiting at the graduate level leading to the establishment of Graduate Development Programmes (GDPs). These banking GDPs are specifically designed to help graduates succeed in complex environments and to build the talent pipeline by providing an in-depth training programme. However one of the biggest challenges faced by banks is the satisfaction and retention of their GDP employees. Banks generally experience high attrition rates amongst this group of employees mainly due to job dissatisfaction which impacts service quality provided to external customers, and which increases the organisation’s costs. An internal marketing programme aimed at employees could enhance employee satisfaction which in turn could enhance employee levels of affective commitment resulting in higher retention rates. Satisfied employees will go the extra mile to serve external customers and in this manner service quality can be improved.

In order to investigate the influence of the internal marketing mix on employee satisfaction and test the relationship between employee satisfaction and affective commitment, an empirical investigation was conducted. The primary research objective of the study was to
investigate the influence of the internal marketing mix on employee satisfaction from GDP employees’ perspective in order to enhance their satisfaction at retail banks with graduate development programmes in South Africa. In addition to this, the relationship between satisfaction and affective commitment was explored.

A census approach was applied to the study using a person administered and an electronic survey method. All retail banks with graduate development programmes were invited to participate in the study of which three agreed to participate. Of the 360 graduates, 64 employees agreed to participate in the study. Regression analysis was used to test the relationships proposed in the study. The internal promotion and internal physical evidence scales were discarded due to poor construct validity, internal distribution emerged as a two-factor solution and was split into collaborative culture and organisational structure, and the internal price element was not regarded as statistically significant. From the study, the internal marketing mix elements that influenced employee satisfaction to come to fore included internal product, collaborative culture, organisational structure, internal people and internal process.

The outcome of the regression analysis showed that employee satisfaction is influenced by internal product, collaborative culture, organisational structure, internal people and internal process. In addition to this, it was concluded that employee satisfaction influences affective commitment. Based on these outcomes, recommendations were made to retail banks for the implementation of a formal internal marketing mix through for example the implementation of the internal people element. Retail banks would be able to ensure that supervisors are easily accessible and providing constant ongoing feedback, a benefit which was identified as the most important contributor to GDP job satisfaction.
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CHAPTER 1
INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

This chapter starts off with a discussion on the background of the study which provides insight into retail banking, graduate development programmes, internal marketing, employee satisfaction and the link between employee satisfaction and affective commitment. This is followed by a discussion of the problem statement and the research objectives and hypotheses which form the basis of the study. A brief literature review is provided and the chapter concludes with a discussion on the research methodology, the data analysis procedure and a summary of the chapters to follow.

1.2 BACKGROUND TO THE STUDY

The growth of the service sector worldwide has led to services being considered as one of the most important sectors in the world (Mishra, 2010:186). The contribution of the South African service sector to GDP was 68.1% in 2012 (CIA, 2012) where the financial services sector in South Africa has already overtaken the manufacturing sector as the largest contributor to GDP. The financial service sector contributed 22% in 2008 followed by the manufacturing industry with 19%. Between 2000 and 2010, the financial sector had grown at an annual rate of 9.1% (National Treasury Policy Document, 2011:13). This growth in the service sector in South Africa implies that that the country is becoming a mature economy, with increasing levels of competition (Global Entrepreneurship Monitor, 2011) The only way to secure new customers is to lure them from competitors which have major implications for the banking sector.

The South African banking sector remains highly concentrated as a result of the years of economic isolation during the 1980s. There are currently 17 registered banks, 2 mutual banks and 12 local foreign banks operating in South Africa. In addition to this 41 foreign banks have been given approval to open and run local representative offices in South Africa. The four largest retail banks namely, Amalgamated Banks of South Africa (ABSA), First National Bank (FNB), The Standard Bank of South Africa (SBSA) and Nedbank hold 86% of the South African banking assets thereby owning the bulk of the retail banking system. The remaining banks tend to focus on specific activities, regions or communities (The Banking Association of South Africa, 2012; PricewaterhouseCoopers, 2007).
Given the homogeneity within the retail banking industry, there is very little differentiating the banks and imitation of any innovation is inevitable. For this reason a market-driven strategy that enables retail banks to deliver superior quality is essential as service quality is the only real differentiator and key to building a competitive advantage (Culiberg & Rojsek, 2010:152, Kotler et al., 2010:19). Service quality is regarded as a driver of corporate marketing and financial performance and has been recognised as a key strategic issue for organisations operating in service sectors. Banks believe customers will be loyal if they receive greater value than from competitors and should therefore focus on improving service quality as a core competitive strategy (Ouyang, 2010:77).

Service organisations need to ensure that they can deliver on promises made to customers in all service encounters, labelled in marketing literature as ‘moments of truth’. Contact employees have one of the most challenging yet rewarding tasks as the way they behave directly affects the service encounter (Slatten, 2011:21). However, it is not these individuals alone who ‘wow’ the customer, behind the scenes are a myriad of players all working together in a coordinated fashion to create the ultimate service experience (French, La Berge & Magill, 2011). The study is focused on the internal banking customer specifically and for the purpose of this study, the internal banking customer is referred to as the employee.

Since human interaction is required to deliver the service, it is necessary to have quality employees in place to do so (Angelova & Zekiri, 2011:247). King and Grace (2013) suggest that the employee is pivotal in creating and sustaining quality as the quality of the service rendered, is inseparable from the quality of the service provider. Irrespective of where technology leads, quality comes from people. For this reason, many service organisations, banks in particular, have resorted to placing increased focus on the attraction, retention and satisfaction of quality employees in order to create a sustainable competitive advantage (King & Grace, 2013, Vural, Akinci & Coskun, 2011:75). However, attracting top calibre employees is a challenge for banks and even though the labour pool may be large, finding the right quality of employees can prove to be an expensive and time consuming process (Branine, 2008:498). Given these challenges, banks in South Africa have been placing an increased focus on recruiting at graduate level leading to the establishment of Graduate Development Programmes (GDPs).

GDPs were started by the Big 4 banks with the view of offering graduates dynamic, fast-paced environments in which to learn new skills, participate in a range of projects, and make an important contribution to the bank (Standard Bank, 2011). Each year a number
of top calibre graduates are selected across numerous fields of study to enter their one-year development programmes. They are recruited with a specific position and business unit in mind, but spend a number of months rotating through different areas in order to obtain a better understanding of how the bank operates. These banking GDPs are specifically designed to help graduates succeed in complex environments and to build the talent pipeline by providing an in-depth training programme inclusive of coaching (FNB & ABSA, 2011). However, one of the biggest challenges faced by banks is the satisfaction and retention of their GDP employees. Banks generally experience high attrition rates amongst this group of employees mainly due to job dissatisfaction (McDermott, Mangan & O'Connor, 2006:457). This results in significant costs for the banks as high attrition rates drive up training and recruiting costs. They also increase the potential for customer service complaints or quality problems, and create massive continuity problems for long-term projects. Because of high turnover, organisations are required to hire more aggressively, resulting in a steady loss of cost efficiencies (Budhwar et al., 2009:354). Since banks invest a substantial amount of money into the GDPs, a healthy return on investment looks dim. Employee satisfaction therefore becomes a key factor to business success (Heaton, McCracken & Harrison, 2008:279). Mishra (2010:185) suggests that employees are the backbone of any business success, specifically in the service sector, and therefore they need to be developed, motivated and retained in the organisation at all costs to support the organisation to be globally competitive. Given that employees are key to ensuring that customers are satisfied, which can lead to increased profits, achieving a competitive business advantage depends on understanding and acting on what it takes to maximise employee satisfaction (Leonard & Murphy, 2013).

Employee satisfaction is defined as the way an employee feels about his or her job. Employees who are more satisfied tend to be more effective and productive in the organisation (Appelbaum et al., 2009:240). Gu and Siu (2008:564) found that satisfied employees believe that their organisation provide customer service that is reliable, responsive, and empathetic, and that employees are knowledgeable and able to instil confidence in customers. Bai (2006:40) also found employee satisfaction and internal service quality to have positive relationships with organisational commitment, specifically affective commitment. Pertaining to studies that have been conducted with respect to the impact of satisfaction on employee turnover intention (such as Kabungaidze, Mahlatshan & Ngirande, 2013; Berry, 2010; Choi, 2006; Kim, 1998), it can be concluded that highly satisfied employees are less likely to seek new employment. Given the importance of employee satisfaction for service quality and employee retention, it is essential for organisations to understand the drivers behind employee satisfaction. The following have
been identified as the main drivers of satisfaction. These drivers are role fit and clarity, reward and recognition, career advancement, training and development, performance feedback, interaction between other employees and management, satisfaction with leaders (supervisors and senior management), empowerment, assessing the level of stress and pressure in the work environment, the appearance and layout of the internal environment, the level of decentralised decision-making and the organisational culture (Halepota & Shah, 2011:281; Turkyilmaz et al., 2011:678; Gu & Siu, 2009:565; Schon, 2007: 17-18; Rad & Yarmohammadian, 2006:xii; Roos, 2005:48).

Should any of these factors not meet with the individual’s expectations, job dissatisfaction is likely to ensue (Turkyilmaz et al., 2011: 678). Organisations should therefore start asking themselves how they can manage their recruits more effectively and how they can address the issues of job dissatisfaction experienced by these GDP employees. A way of addressing these issues and improving satisfaction levels is through a well designed internal marketing programme (Illiopoulos & Priporas, 2011:2-3).

Chu and Yeh (2013) describes internal marketing as a “planned effort using a marketing-like approach to internal customers in an organisation to deliver customer satisfaction through a process of creating customer oriented employees”. The aim of internal marketing is to ensure that employees feel valued by the organisation. This in turn translates into positive employee attitudes towards their work including organisational commitment, job involvement, work motivation and satisfaction which ultimately leads to customer satisfaction (refer to Chapter 2, section 2.4.1). Illiopoulos and Priporas (2011:2) state that internal marketing is focused on treating employees as internal customers. The internal customer in the case of this study is the GDP employee.

There is much confusion in marketing literature as to a clear definition of internal marketing and, there has also been much debate over what constitutes the elements of internal marketing that can be used to influence and motivate employees (de Farias, 2010:100). Since the focus of the study is on internal customers within retail banking the extended services internal marketing mix will be used as the internal marketing elements as proposed by Burin (2011:89). The extended service marketing mix elements are: internal product (addressing the satisfaction drivers of role fit and role clarity, training and development, career advancement and empowerment), internal price (addressing the level of stress and pressure in the work environment), internal promotion (addressing the satisfaction drivers of sharing of information and knowledge through internal communication and reward and recognition) internal distribution (addressing the
satisfaction drivers of decentralised decision-making (organisational structure) and organisational culture, internal people (addressing the satisfaction drivers of relationships with leaders, supervisors/managers and co-workers), internal process (addressing internal organisational processes) and internal physical evidence (addressing the satisfaction drivers of performance feedback and the appearance and layout of the physical environment) (refer to Chapter 3, section 3.2). Each of these elements addresses the drivers of employee satisfaction as discussed above and will be discussed in more detail in the literature review. This study proposes that each of the internal marketing elements could influence and potentially improve the satisfaction level of GDP employees.

By developing a clearer internal marketing orientation, banks could better understand the needs of their graduate level employees and develop more effective ways of addressing their needs by placing a greater focus on the development and implementation of the internal marketing mix elements to create value for these internal customers (Papasolomou, 2006:196). In this way the banks could satisfy and retain the graduate level talent pool, benefiting from their creativity, innovation and technical savvy as well as their contribution to organisational success, whilst maximising their return on investment given the substantial financial commitment which accompanies the recruitment and development of graduates (Shaw & Fairhurst, 2008:368, McDermot et al., 2006:460). If organisations were to use mechanisms such as internal marketing, it could contribute to higher levels of employee motivation, commitment and satisfaction resulting in happier employees and increased productivity and affective commitment resulting in improved employee retention rates (Nittala & Kameswari, 2009:208).

Zaman, Javaid, Arshad and Bibi (2012:77-78) suggest that from a GDP employee satisfaction perspective as well as from an affective commitment perspective, there is a need for a well structured internal marketing programme that can significantly enhance overall organisational competitiveness and performance. A well structured internal marketing programme utilising the internal marketing mix as discussed, has the potential for reaching out to today’s graduates with a proactive, conscious process geared to increase satisfaction and new talent retention (Schneider, 2013). As these employees complete their jobs effectively, they become motivated and fulfilled to provide a high quality service which results in higher levels of customer satisfaction and loyalty (Hammond, 2011).

In addition to the above discussion, Appelbaum et al. (2013:226) state that a strong relationship exists between employee satisfaction and affective commitment which is
viewed as the most common measure of loyalty and retention (Calisir, Gumussoy & Iskin, 2011:516). If organisations are able to increase employee levels of satisfaction, this in turn will result in higher levels of affective commitment. This study therefore further proposes that a relationship exists between employee satisfaction and affective commitment.

1.3 PROBLEM STATEMENT

Internal marketing is aimed at “attracting, developing, motivating and retaining employees through job products that satisfy their needs (Kale, 2008:3). Internal marketing could serve as an enabling tool to improve satisfaction among retail banking GDP employees within South Africa. By satisfying these internal customers’ needs, the banks should be in a better position to deliver the quality service desired to satisfy the external customer (Aburoub, Hersh & Aladwan, 2011:110). The reason for this is that fulfilling the employees’ needs enhances employee motivation and as a consequence, the higher the degree of employee satisfaction, the higher the possibility of generating external satisfaction and commitment and loyalty (Zampetakis & Moustakis, 2007:417–418). Boles et al. (2007:313) state that increased employee satisfaction results in higher levels of affective commitment and thus retention. This argument is supported by Pushpakumari (2011) who argues that employee satisfaction results in higher levels of affective commitment and better retention rates.

Previous internal marketing studies within the banking industry have focused on employee understanding of corporate values, market orientation, employee commitment, service quality, customer satisfaction and loyalty (Sahi, Gupta & Seli, 2013; Kameswari & Rajyalakshmi, 2012; Aburoub, et al.; 2011, Abzari & Ghujali, 2011; Awwad & Agti, 2011). Pelitier, Pointer and Schibrowsky (2008) have conducted a number of studies exploring the link between internal marketing and satisfaction in the nursing industry. However no studies, either locally or internationally could be found exploring the influence of internal marketing as a means of achieving satisfaction amongst retail banking GDP employees. In addition, no studies could be found linking the elements of the internal marketing mix (internal product, internal price, internal promotion, internal distribution, internal people, internal process and internal physical evidence) to employee satisfaction.

This raises the question as to whether internal marketing does in fact have a positive influence on the satisfaction levels of retail banking GDP employees in South Africa. Further to this, various studies by Appelbaum et al. (2013:226), Lumley et al. (2011:107) and Boles et al. (2007:313) link employee satisfaction to affective commitment, and the
researcher was interested in exploring the link between employee satisfaction and affective commitment due to its influence in retaining graduate employees. Taking the above into consideration, the problem statement and aim of this study can be formulated as follows:

**To determine the influence that the internal marketing mix elements have on employee (graduate) satisfaction within the retail banking industry in South Africa. Further to this, the study also aims to identify whether a link between employee satisfaction and affective commitment in this context can be observed.**

Taking the above into consideration, a theoretical framework has been developed by the researcher. Figure 1.1 presents a schematic representation of the link between the internal marketing mix elements and employee satisfaction, and the link between employee satisfaction and affective commitment that will be examined in this study.

**Figure 1.1. The influence of the internal marketing mix elements on employee satisfaction and the link between employee satisfaction and affective commitment**

![Diagram](attachment:image.png)

Source: Researchers own construct.

Figure 1.1 shows that the controllable elements inside the organisation are identified as the internal marketing mix which consists of: the internal product, internal price, internal
promotion, internal distribution, internal people, internal process and internal physical environment. The controllable elements (i.e. the internal marketing mix) are used to influence the key target groups that have been identified as GDP employees (or internal customers) equivalent to key customer segments in external marketing. The term internal marketing mix implies that it consists of elements that are controllable and need to be used appropriately to get the desired results (Mudie & Pirrie, 2006:5). The desired result in this framework is employee satisfaction. The premise of this study as depicted in Figure 1.1 is that the internal marketing mix variables are positively related to employee satisfaction. A further observation is that employee satisfaction is positively related to affective commitment (Appelbaum et al., 2013:226). By illustrating the influence of internal marketing on employee satisfaction, and the link between employee satisfaction and affective commitment, the researcher hopes to provide a basis for banks to design their internal marketing programmes in order for them to better satisfy and retain their GDP employees. Further to this, it will also help managers realise the importance of having internal marketing competencies which could be essential for retail banks to improve their performance and benefit both the employee and the organisation in the long term.

1.4 RESEARCH OBJECTIVES

The following objectives will clearly outline the objectives the study, as suggested by the problem statement.

1.4.1 Primary objective of the study

The primary objective of the study is:

To investigate the influence of the internal marketing mix on employee satisfaction from GDP employees' perspective in order to enhance their satisfaction at retail banks with graduate development programmes in South Africa. In addition to this, the relationship between employee satisfaction and affective commitment is also explored. The secondary objectives and hypotheses are summarised next.

1.4.2 The secondary objectives

The secondary objectives of the study are stated as:
1.4.3 Hypotheses

Based on the above objectives, the following hypotheses have been put forward to test the relationship between the internal marketing mix elements and employee satisfaction and the relationship between employee satisfaction and affective commitment:

**H1:** There is a significant positive relationship between the internal product and GDP employee satisfaction

**H2:** There is a significant positive relationship between the internal price and GDP employee satisfaction

**H3:** There is a significant positive relationship between the internal promotion and GDP employee satisfaction

**H4:** There is a significant positive relationship between the internal distribution and GDP employee satisfaction

**H5:** There is a significant positive relationship between internal people and GDP employee satisfaction

**H6:** There is a significant positive relationship between internal process and GDP employee satisfaction

**H7:** There is a significant positive relationship between internal physical evidence and GDP employee satisfaction

**H8:** There is a significant positive relationship between employee satisfaction and affective commitment
H5: There is a significant positive relationship between the internal people and GDP employee satisfaction
H6: There is a significant positive relationship between the internal process and GDP employee satisfaction
H7: There is a significant positive relationship between the internal physical evidence and GDP employee satisfaction
H8: There is a significant positive relationship between GDP employee satisfaction and affective commitment

Figure 1.2. A presentation of the hypotheses for the study

![Diagram showing the hypotheses relationship]

Source: Researchers own construct.
1.5 SIGNIFICANCE OF THE STUDY

The growing complexity of the business environment such as an open world economy has led to a much fiercer competitive environment due to an increasingly diverse and demanding customer base that is more connected as a result of the internet (Doole & Lowe, 2008:3). McDermott et al. (2006:456) specify that organisations are devoting considerable amounts of time, effort and resources to the recruitment process in ensuring that they recruit top quality graduates into their organisations. For this reason, banks are realising that the development and retention of young talent is crucial for survival, yet one of the biggest challenges faced by organisations is how to develop, satisfy and retain these young employees. Keeping these individuals satisfied is a challenge for banks and it has become essential that these graduates are retained in order for banks to realise a return on their investments (Kalman, Narayan, Oehler, Schuler & Walker, 2013). Given that organisations spend considerable financial resources on GDPs, they should be assured that they are getting just return for their investment (Heaton et al., 2008:279).

Papasolomou (2006:196) suggests that internal marketing has been identified as a mechanism which could achieve the required results. A strong internal marketing strategy can be critical to achieving and sustaining a competitive advantage, as well as driving organisational change and enhanced organisational performance. The successful implementation of internal marketing can lead to various advantages such as the fulfilment of business obligations, internal competitiveness, an improvement in quality of employees and an improvement in overall profitability (Done & Domazet, 2012).

Most research conducted in the field of internal marketing has looked at employees ranging from non-managerial to senior management, but very little research has been conducted focusing on the entry level and more specifically, the GDP group of employees. Given that these individuals are the future leaders of the organisation, it may be beneficial for organisations to develop, motivate, satisfy and retain them. Through this study deeper insights will be obtained which could motivate the need for a formal internal marketing programme. It will also provide valuable input into the design of internal marketing programmes. This could further enrich the satisfaction of GDP employees and enhance affective commitment (Davoudi & Kaur, 2012:63).
1.6 LITERATURE REVIEW

Organisations serve two types of markets and customers referred to as the internal market and the external market. Success in today’s world is a function of the organisation’s ability to effectively manage the interrelationships that exist between them (Gounaris, 2008b:72).

1.6.1 The interaction between the marketing function, the external and internal market

The external market is concerned with the provision of products and services to the external customer delivered via the marketing function. The scope of marketing has traditionally focused on matching and aligning the organisation’s output with the customer’s needs (Aburoub et al., 2011). Today however, the effectiveness of the marketing strategy is not only a function of the organisation’s responsiveness to its external market, but also its ability to align its internal market with its objectives (Avlonitis & Giannopouls, 2012:567-568).

The internal market refers to the employee market and internal market orientation demonstrates management commitment to them (Kyriazopoulos et al., 2007). Management should show a commitment to understand what employees value and become responsive to their individual needs, while ensuring they have been equipped with all the resources necessary to perform their jobs well. In this way employees are able to deliver on the promises made through the organisation’s external marketing strategy (Lamb, Hair & McDaniel, 2010:19; Gounaris, 2008b:72). Internal marketing becomes a powerful tool in the influencing and motivating of these internal customers to deliver value to the external market. If employees are aligned and motivated to deliver the marketing plan objectives, it could have a major impact on the achievement of the broader organisational strategy and objectives.
Figure 1.3. An illustration of the interaction between the marketing function and the internal and external markets of the business.

As shown in Figure 1.3 the response and behaviour of the external market influence both front-line and back-office staff (4), as well as the success of the external strategy emphasised through the marketing function (1). This then influences the response and behaviour of the internal market (3), and the internal strategy endorsed by the marketing function (6). The marketing strategy therefore influences the response and behaviour of both the internal (5) and external (2) markets (Gounaris, Vassilikipoulou & Chatzipanagiotou, 2010: 1669-1670; Lamb et al., 2010:191). Whilst the importance of external marketing is well documented and understood, in today’s knowledge era, significant emphasis also needs to be placed on the internal market. The internal market refers to the employees and involves all the internal activities required to encourage employees to respond and adapt to the external market. By developing an internal market in which employees feel satisfied and appreciated, employees are motivated to improve business performance and generate a sustainable competitive advantage for organisations (Varnai & Fojtik, 2008:162).

1.6.2 Internal market

The internal market refers to the employees working for the organisation (Naidoo, 2009:40). Chu and Yeh (2013:150) suggests that employees, both front-line and back-
office staff form part of the internal customer – supplier value chain, meaning that the employees can be viewed as both the customer and the supplier and must work together in a coordinated manner in order to deliver value for customers. Therefore, the motivation and retention of these employees over the long term become important to the success of the organisation (Gupta, McDaniel & Herath, 2005:398). In order to achieve this, an internal market orientation is required. This has been defined by Avlonitis & Giannopouls (2012:567-568) as an ongoing marketing focus within an organisation aimed at the organisation’s employees. The objective of internal market orientation is to align and motivate employees towards the achievement of the organisation’s market objectives and to encourage employees to perform better. When employees perform well, they provide superior quality service to customers which ultimately improves customer retention and enhances the success of the organisation (Gounaris, Vassilikopoulou & Chatzipanagiotou, 2010: 1669-1670).

Internal market orientation encourages organisations to build effective relationships with its employees, based on a commitment to provide superior value for employees (i.e. the internal market) by understanding and meeting their needs in much the same way as commitment is required to produce value for the organisation’s external customers (Gounaris, 2006:436). Sahi et al. (2013:387) stipulate that information about the internal market needs to be gathered. Once gathered, this information then needs to be disseminated and responses to this information need to be implemented. Gurung (2012:12) suggests that by satisfying the needs of internal customers, the organisation is in a better position to deliver quality services to the external customer. The assumption being if the employees’ needs are met, they are more motivated, which enhances employee satisfaction and retention.

### 1.6.3 Internal marketing

There is no clear and agreed upon definition of internal marketing in the marketing literature and a plethora of definitions exist. Table 1.1 provides a few internal marketing definitions:
<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>Al–Hawary et al. (2013:813)</td>
<td>Internal marketing can be defined as a planned effort using a marketing-like approach to overcome organisational resistance, to change and to align, motivate, and interfunctionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through the process of creating motivated and customer-orientated employees.</td>
</tr>
<tr>
<td>Qayum and Sahaf (2013:50)</td>
<td>Internal marketing is concerned with viewing employees as internal customers, and jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organisation.</td>
</tr>
<tr>
<td>Guven and Sadaklioglu (2012:109)</td>
<td>Internal marketing is a comprehensive programme concerned with employee recruitment, training, motivation, communication and retention efforts which results in positive attitudes towards work.</td>
</tr>
<tr>
<td>Kameswari and Rajyalakshmi (2012:47)</td>
<td>Internal marketing is the application of marketing inside an organization to enhance customer focused and customer oriented employees.</td>
</tr>
<tr>
<td>Grönroos (2007:389)</td>
<td>Internal marketing is involved with the establishment, maintenance and growth of internal relationships between employees despite their position within the business. Through this process employees must be motivated to deliver a quality service to both internal and external customers of the business.</td>
</tr>
<tr>
<td>Kotler and Armstrong (2006:300)</td>
<td>Marketing by a service organisation to train and effectively motivate its customer-contact employees and all the supporting service people to work as a team to provide customer satisfaction.</td>
</tr>
</tbody>
</table>
Internal marketing for the purpose of this study can thus be defined as:

A philosophy for the management of large service organisations where the employees, in this case GDP employees, are viewed as an internal customer market. Internal marketing includes marketing tactics geared towards the attraction, development, retention and inter-functional coordination of employees with the overall objective of enhancing service quality to the customer, whilst creating value and satisfaction for the employee.

Guven & Sadaklioglu (2012:109) is of the opinion that the successful application of an internal marketing programme translates into positive attitudes towards work such as increased commitment and increased levels of employee satisfaction. For internal marketing to succeed, the following internal market orientation objectives need to be in place. Firstly, the organisation needs to derive an understanding of the GDP employees’ needs and wants and establish an understanding between the employees and managers. Secondly, the organisation’s vision and strategic objectives need to be communicated to all GDP employees mainly through internal mass media communications. Finally, actions need to be taken in response to the GDP employees’ needs through the implementation of the internal marketing mix (Gounaris, 2008b:73). If internal marketing is implemented successfully and the objectives are met, it can lead to the following benefits: effective overall communications, stronger individual performance and productivity, better teamwork and improved employee retention resulting in increased profits (Mieres, Sanchez & Vijande, 2012:408-409).

In order to create value for both internal and external customers, a strong focus on the internal marketing mix is required as each of the elements has the potential to influence employee behaviour and satisfaction.

1.6.4 Internal marketing mix

Many different elements have been identified in internal marketing literature with little agreement as to which elements should be included in the internal marketing mix. The unique characteristics of services drive customers to search for evidence of service in each of their interactions with the organisation. The 7 P’s of the extended services marketing mix provide internal customers with evidence that the service has been delivered and allows them to formulate their own judgement regarding the quality of service received (Mudie & Pirrie, 2006:6). Given that the study is focused on the service sector, the extended services internal marketing mix (7 P’s), namely: internal product,
internal price, internal promotion, internal distribution, internal people, internal process and internal physical evidence will be used as the internal marketing mix for the purpose of the study as suggested by Burin (2011:89). Each of these elements will be discussed next:

1.6.4.1 Internal product

Yang (2012) defines internal product as the employee’s job accompanied with the basic operational skills of the training programme. A successful service organisation must first sell the job to employees before it can sell its services to customers. The following elements, namely training and development, empowerment, career advancement and role fit and clarity are identified as the components of internal product for the purpose of the study (Yang, 2012; Grayson & Sanchez-Hernandez, 2010:9; Gounaris, 2008b:72). Internal product is discussed in more detail in Chapter 3, section 3.2.1).

- Training and development
  Employee training and development is defined as a strategic investment by an organisation in training its employees. If employees are expected to perform their tasks well, they must be provided with the necessary skills and knowledge that are required of them (Che Ha, Abu Bakar & Izzaddin Syed Jaafar, 2007:138). Training and development programmes play a pivotal role in the satisfaction and retention of employees (Emerson, 2007:14) (refer to Chapter 3, section 3.2.1.1).

- Empowerment
  In order for employees to fully appreciate their job (i.e. the internal product), they must also be provided with more autonomy in dispensing their duties. Empowerment should be an essential aspect of internal marketing. Empowerment refers to the practice of enabling an individual to think, behave, take action, control work and make decisions in autonomous ways (El Samen & Alshurideh :2012:86). Through empowerment, employees can make faster decisions which in turn increase productivity, enhance the service experience and improve overall performance (Ueno,2010:78). Further to this Akhbar, Yousaf, Ul Haq and Hunjra (2011:683) proved there is a significant positive relationship between empowerment and employee satisfaction. Empowerment is discussed further in Chapter 3 (section 3.2.1.2).
• Role fit and clarity

Role fit theory states that employees select jobs based on their personalities, their interests and their abilities to perform the job well (Gounaris, 2008b:72). When a good degree of job and personality fit exists between the employee and the organisation, employees are able to thrive at work resulting in higher levels of satisfaction (Edwards & Cable, 2009: 655). Role clarity relates to the responsibilities and expectations of the role which need to be clearly communicated to employees. When employees understand what is expected, uncertainty can be reduced and employees experience higher levels of satisfaction (Ingram, 2013:377). Role fit and clarity are discussed in greater detail in Chapter 3 (section 3.2.1.3).

• Career advancement

Career advancement is defined as the “evolving sequence of a person’s work over time” (Maniam & Uli, 2011:271). Career advancement and a clearly defined career progression plan play a pivotal role in the attraction, satisfaction and retention of quality employees (Cedefop, 2008; Branham, 2005:105) (refer to Chapter 3, section 3.2.1.4).

The underlying view of internal marketing is based on the concept that in order for a service organisation to have satisfied customers, it must first have satisfied employees, as satisfied employees are more capable of providing maximum effort which aids in satisfying the needs and wants of external customers (Guven & Sadaklioglu, 2012:109). It is imperative therefore that employees are able to relate positively to all aspects of their jobs and are satisfied users of the internal product (Che Ha et al., 2007:137). Internal price is discussed next.

1.6.4.2 Internal price

Internal price relates to the costs the employee incurs to work for the organisation. These costs include the opportunity costs, psychological costs and the emotional labour costs employees take on to work for organisations (Strydom, 2004:164). Internal price is discussed thoroughly in Chapter 3 (section 3.2.2).

• Opportunity costs

Opportunity costs relate to the external opportunities the employee gives up to work for his/her current organisation. Opportunity costs also relate to the sacrifices employees
make to adjust to changes within their organisation (Zeithamel et al., 2012:358; Strydom, 2004:164). Opportunity costs are discussed in Chapter 3 (section 3.2.2.1).

- Psychological costs
  Psychological costs refer to the employee’s psychological reaction to their environment and is generally related to employee burnout (Hu & Schaufeli, 2011:9). Psychological costs are discussed in greater detail in Chapter 3 (section 3.2.2.2).

- Emotional costs
  Emotional costs also known as emotional labour relates to the control employees are required to have over their emotions when serving customers. Having to remain calm when dealing with irate customers may be emotionally demanding for employees which can result in emotional strain (Karatepe, 2011:45). Emotional costs are discussed further in Chapter 3 (section 3.2.2.3).

When employees feel the costs are of working for the organisation are too high, they may experience high levels of stress and withdraw either physically or psychologically resulting in adverse affects for the organisation (Mansoor et al., 2011:51).

1.6.4.3 Internal promotion

This element in the internal marketing mix refers to the use of advertising, personal selling (face to face presentations), sales promotions and new /social media in order to inform and influence employee’s attitudes towards the organisation and their job (Gummesson, Lusch & Vargo, 2010:12; Baldauf et al., 2009:441). From an internal marketing mix perspective, promotion directly deals with the internal communication efforts of the organisation. Internal communication is an important element of internal marketing as it is the key factor in creating understanding among employees (Akroush et al., 2013:312). Internal promotion consists of internal advertising, internal personal selling, sales promotion and social media which are discussed next. Internal promotion is covered more extensively in chapter 3 (section 3.2.3).

- Internal advertising
  Internal advertising as an extension of external advertising relates to the mass communication used to attract attention, inform, persuade and remind employees about the internal product (job) (Yurchisin & Damhorst, 2009:458). Further to this basic
information about the organisation or information about employees' jobs can be communicated through formal communication such as internal advertising (Steingrimsdottir, 2011:24) (refer to Chapter 3, section 3.2.3.1).

- Internal personal selling

Internal personal selling entails the direct communication which takes place between the organisation and the employees (Bubnjevic, 2011:371; Koekemoer, 2004:13). In this case it is between managers and employees. Direct or face-to-face communication is still the most effective way to communicate within the organisation due to the speed and control the sender has over the message (Steingrimsdottir, 2011:25) (refer to Chapter 3, section 3.3.3.2)

- Sales promotion

Sales promotion refers to the incentives used to excite and motivate employees. For the purpose of the study, sales promotion relates to the reward and recognition systems used by organisations to communicate to employees that they are cared for (Tag-Eldeen & El-Said, 2011:156; Javadein, Rayei, Estiri & Ghorbani, 2010, 368-369) (refer to Chapter 3, section 3.2.3.3)

- New or social media

New or social media refers to the open community-based online platforms used to connect employees and encourage collaboration (Bulmer & DiMauro, 2009:4; Berman et al., 2007:23-24) (refer to chapter 3, section 3.2.3.4).

1.6.4.4 Internal distribution

This refers to the place and the channels that are used to get internal products (jobs) to the internal customers (employees) (Kasper, van Helsdingen & Gabbott, 2006:400). For the purpose of the study, internal distribution comprises of organisational structure and organisational culture and the role these concepts play in the satisfaction of employees (refer to Chapter 3, section 3.2.4). Each of these are discussed next.

- Organisational culture

Organisational culture is defined as a combination of artefacts, values, beliefs and the underlying assumptions that employees hold about suitable behaviour (Economides,
Organisations that adopt an internally market-orientated organisational culture such as a clan type culture, are able to encourage collaboration and teamwork resulting in higher levels of employee satisfaction and commitment (Braunscheidl et al., 2010:887; Rodrigues & Pinho, 2010:176) (refer to Chapter 3, section 3.2.4.1).

- Organisational structure

Organisational structure is defined as the pattern of relationships between roles and their different parts within the organisation. Organisational structure governs the allocation of work and responsibilities within the organisation so that various activities can be carried out successfully to achieve the organisational objectives (McMillan, 2011). This study focuses on decentralised organisational structures as these structures support decentralised decision-making and empowerment, which results in increased levels of employee motivation and satisfaction (Miri et al., 2011:56-57) (refer to Chapter 3, section 3.2.4.2).

1.6.4.5 Internal people

This refers to the people involved in delivering the internal product (job) and those receiving the internal product (job) who may influence the internal customer’s (employee’s) perception (Peters & Mazdarani, 2008:33; Ahmed & Rafiq, 2002:35). Organisations with a high degree of internal marketing orientation have ongoing processes in place for producing value for their employees through the effective management of the relationships between employees, supervisors and management (Gounaris, 2006:436). From an internal marketing mix perspective ‘internal people’ include: leadership and leadership style, relationship with supervisors/direct managers and relationship with co-workers (refer to Chapter 3, section 3.2.5).

- Leadership and leadership style

Senior leadership is seen as the most important determinant of employees’ attitudes and behaviours and is viewed as the moral and intellectual ability of the upper-echelon management to move the organisation and its employees in the right direction. The leadership style of senior management will therefore impact how leaders behave and act (Che Ha et al., 2007:139). Gharibvand (2012:295) suggests that there is a strong positive relationship between a participative management style and employee satisfaction. In addition to this, transformational leadership has been linked to employee satisfaction as well (Eyal & Roth, 2011:257/259) (refer to Chapter 3, section 3.2.5.1).
• Relationship with supervisors or direct managers

Supervisors are essential in the satisfaction and retention of employees. This implies that supervisors must make all efforts necessary in order to know their employees and their needs, value them and acknowledge their differences, as well as ensure that the employees' training is adequate (Taylor & Poyner, 2008:597). The quality of the supervisor/management-employee relationship has an impact on employees’ levels of satisfaction (Brooke, 2007) (refer to Chapter 3, section 3.2.5.2).

• Relationship with co-workers

This refers to the GDP employees peer group and other employees with whom the GDP employee would interact, but who do not have any managerial authority over the GDP employees (Gu & Siu, 2008:565). Support, encouragement, guidance and help from colleagues are likely to promote a harmonious working environment in which employee satisfaction is likely to be sustained (Lumley et al., 2011:104) (refer to section 3.5.3).

1.6.4.6 Internal process

The process aspect of the internal marketing mix refers to how the internal customer receives the internal product and includes work processes. If the employee knows what to do and how to do it, it promotes competency and improved employee satisfaction (Uzzi, 2010; Ahmed & Rafiq, 2002:34).

Che Ha et al. (2007:136) state that the organisation’s internal resources must be coordinated in order to achieve superior value for customers. No operation’s area can function in isolation, and employees across functional areas must work together in order to deliver value for customers. Chang and Chang (2008:93) suggest that every employee in the customer–supplier chain must be committed to the delivery of quality (French et al., 2011). Internal process is covered more extensively in Chapter 3 (section 3.2.6).

1.6.4.7 Internal physical evidence

This can either be categorised as ‘essential’ or ‘peripheral’ evidence (Ahmed & Rafiq, 2002:34). Each of these concepts is discussed below. Internal physical evidence is discussed further in chapter 3, section 3.2.7.
• Essential evidence

Essential evidence refers to the environment in which the internal product (job) is delivered, usually the normal work environment (Ahmed & Rafiq, 2002:34). The layout of office space and the appearance of the internal environment all have an impact on employee satisfaction and employee performance (Pitt & Bennett, 2008:301). Essential evidence is discussed in more detail in Chapter 3 (section 3.2.7.1).

• Peripheral evidence

Peripheral evidence refers to tangible cues that the internal product (job) has been delivered for. It relates to the ‘proof’ that employees can keep, such as training manuals and performance feedback reports. In this case ‘peripheral’ refers to performance feedback delivered through the performance feedback report (Ahmed & Rafiq, 2002:34). From an organisational perspective, performance feedback keeps its employees’ behaviour directed towards the desired goals and stimulates and maintains high levels of effort (Govaerts et al., 2013:106). Bai (2006:40) suggests that turnover decisions and employee satisfaction are influenced by a number of characteristics, one being employee performance feedback. Peripheral evidence is covered in more detail in Chapter 3 (section 3.2.7.2).

1.7 EMPLOYEE SATISFACTION

Employee satisfaction is an important issue in organisations as it could have a drastic effect on employees as well as organisational performance. Employee satisfaction is commonly defined as a “pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Ahmad, Ahmad & Shah, 2010:257). It refers to the extent to which people feel satisfied or dissatisfied with their jobs. Employee satisfaction plays an important role in the service industry since the industry is characterised by highly demanding customers. Employee satisfaction has been recognised as a predictor of how much stress and pressure someone can handle while on the job. If employees are enjoying their job, they are more likely to be more effective in the handling of daily stressors they will encounter (Zeffane, Ibrahim & Mehairi, 2008:238). Employee satisfaction directly impacts the mood and manner in which the service is performed, and it therefore affects the service quality experienced by the customer (Gu & Siu, 2008:536).
Extensive studies suggest that employee satisfaction plays a crucial role in improving the performance of service employees in the workplace, therefore the service quality provided to customers (Bontis et al., 2011; Naseem, Sheikh & Malik., 2011; Ahmad et al., 2010; Bai, 2006; Karl & Peluchette, 2006; Lee et al., 2006). Employee satisfaction not only ensures customer service quality, but also contributes to employee retention and commitment, hence elevating the organisation’s competitiveness in the market (Gu & Siu, 2008:564). More satisfied employees tend to be less absent, more committed, and less likely to leave the organisation (Zeffane et al., 2008:238).

1.7.1 Internal marketing and employee satisfaction

Gounaris, Vassilikopoulou & Chatzipanagiotou (2010: 1669-1670) stipulate that the underlying objective of internal marketing is the development of a marketing programme which is directed at the internal market of the organisation with the aim of considering and meeting employee needs in order to bring about higher levels of employee satisfaction. In this way, customer value can be created and the external market objectives achieved (Davoudi & Kaur, 2012:61). Through an internal marketing programme the predictors of employee satisfaction, namely: reward and recognition (including salary and benefits), career advancement (promotional opportunities), work environment (including personal safety), leadership, relationship with supervisors/managers, relationship with co-workers, stress and pressure, role clarity and fit, empowerment, training and development, feedback, decentralised decision-making, sharing of knowledge and information and organisational culture (Ahmad Wasay & Malik, 2012:532; Halepota & Shah, 2011:281; Turkyilmaz et al., 2011:676-677/678; Gu & Siu, 2009:565; Schon, 2007:17-18/20; Rad & Yarmohammadian, 2006:xii; Roos, 2005:48), can be addressed. Each of these predictors are discussed in more detail in Chapter 4 (section 4.3.2).

If successfully implemented, these internal marketing activities would ensure the following outcomes: better job design would ensure better role fit and role clarity (internal product) ensuring that jobs match the individual’s abilities and competencies. Weiten et al. (2008:404) suggest that people select jobs that match their abilities, interests and personalities, which then enhances their level of employee satisfaction. Through training and development (internal product), the right processes (internal process) and empowerment (internal product), these GDP employees could be equipped with the required skills, knowledge and authority to perform their jobs competently (Gu & Siu, 2009:565; Che Ha et al., 2007:137). This in conjunction with integration and coordination (internal distribution) across functions and more participative leadership styles (internal
people), would reduce service failures since operations and functions would be better coordinated and aligned with customers’ needs and behaviours during the encounter. As a result conflicts with customers as well as friction between back office and front office staff will reduce, improving relations with co-workers (internal people) which results in higher levels of employee satisfaction. This would help reduce stress and emotional labour costs (internal price) (Grayson & Sanchez-Hernandez, 2010:9; Gounaris, 2008b:75). Communication (internal promotion) would be more effective, and performance feedback (internal physical evidence) as well as the timely exchange of information would improve employee perception of communication quality which would also lead to increased satisfaction. The communication and adherence to a corporate vision (internal promotion) that binds the employee emotionally to the organisation can also lead to greater commitment, productivity, job satisfaction and employee retention (Appelbaum et al., 2009:243). Further to this, a pleasing internal physical environment (internal physical evidence) which facilitates the development of personal relationships and teamwork is conducive for a satisfying internal customer (employee) experience (Yilmaz & Ergun, 2008:292).

Delivering on the organisation’s brand promise is the responsibility of all employees within the organisation (Foster, Punjaisri & Cheng, 2010:402). Internal marketing is responsible for the attraction and satisfaction of customer-conscious employees who are supported to fulfil their role as part-time marketers within the organisation (Grönroos, 2007:389). In this way internal marketing aims to create value for both the employee and the organisation, allowing for the external strategic and marketing objectives to be met (Sincic & Vokic, 2007:5-6).

1.7.2 The link between employee satisfaction and affective commitment

If employees are unhappy in their internal environment, they are likely to feel disengaged, underpowered and highly unappreciated which would drive employees to recede from the organisation and seek employment elsewhere (Turkyilmaz et al., 2011:9-10; Peltier & Dahl, 2009). Peltier and Dahl (2009) suggest that the internal environment affects the service capability of employees which influences employee satisfaction which, in turn, affects the commitment and retention of employees. In other words, if organisations such as retail banks are able to create the appropriate internal environment in which strong relationships are fostered, this would result in more satisfied employees (Emerson, 2007:59).
Employee satisfaction is regarded as a prerequisite for commitment and loyalty, meaning that commitment and loyalty develop from satisfaction and mediate the effects of satisfaction on turnover variables. Therefore, when employee satisfaction is high, employee commitment and loyalty will be higher too (Gibbs & Ashill, 2013:310). Turkyilmaz et al. (2011:9) describe loyalty as the psychological state which characterises the relationship between the employee and the organisation and the employee’s identification and involvement with the organisation which impacts the decision to remain with the organisation. Employees who are loyal exhibit more committed behaviour, and less intent to leave (Farzad, Nahavandi & Caruana, 2008:1481).

Organisational commitment, specifically affective commitment, is synonymous with loyalty and has been identified as the strongest predictor of employee intention to remain with organisations (Calisir et al., 2011:516). Affective commitment has been described as the employee’s state of emotional commitment to the organisation and is influenced by factors such as organisational support (Awwad & Agti, 2011:311). Normative commitment refers to the employee’s belief that he or she should remain within the organisation and develop as a result of social pressures (family, cultural and organisational) (Jonsson & Jeppesen, 2013:6). Continuance commitment is either based on the degree of personal sacrifice associated with leaving the organisation or it is based on the availability of alternatives should the employee leave the organisation (Jha, 2011:266).

The focus of the study is on affective commitment, since it has been demonstrated to have a strong positive relationship with job satisfaction and organisational outcomes such as turnover intentions and financial performance (Dimitriades & Papalexandris, 2011:146).

Appelbaum et al. (2013:226) suggest that there is a strong relationship between employee satisfaction and affective commitment. This is because affective commitment is influenced by the exchange process. If an employee evaluates the costs and benefits of working for the organisation and feels that his/her needs or desires have been met, the employee will experience satisfaction. The results of this is an affectively committed state to the organisation or work environment. Therefore, there is a positive correlation between employee satisfaction and affective commitment resulting in retention (Boles, Madupalli, Rutherford & Wood, 2007:313).
1.8 RESEARCH METHODOLOGY

The research methodology for the study takes into account, the research design, the study population and sample, the data collection process and the analysis thereof. All of which are discussed next.

1.8.1 Research design and plan

The research design is considered to be the blue print or master plan used to achieve the research objectives of the study (Zikmund et al., 2010:66). Research designs may be classified as exploratory, descriptive, or causal. Exploratory research focuses on finding ideas and patterns and is concerned with gaining background information and familiarity on a subject area. Descriptive research focuses on the relationship between variables, measures existing characterises or phenomena at a particular point in time. Causal research focuses on the need to determine causality in relationships between marketing factors (Hair, Bush & Ortinau, 2010:210; Churchill & Iacobucci, 2005:74). Descriptive research has been used in this study since a clear statement of the problem exists together with the information requirements and hypotheses (Zikmund et al., 2010). In addition to this, descriptive research has been used for the purpose of the study as it is best suited to quantitative research (refer to Chapter 5, section 5.2.3). Zikmund and Babin (2007:83) describe quantitative research as research that focuses on the research objectives through empirical observations that involve statistical evaluation and analysis.

Data for the study was collected using a survey method. A survey is described as a technique in which respondents are surveyed of questioned and their responses recorded for analysis. The main advantages of conducting a survey is its versatility, its speed, it is inexpensive, efficient and an accurate means of assessing information about a population (Gaiser & Schreiner, 2009:47).

For the study at hand secondary and primary data was collected. Secondary data refers to repositories of literature and statistics originally collected for a purpose other than the study at hand. Secondary research contributes to the effectiveness of research as this is a prerequisite to the collection of primary data. Further to this, secondary data is quick, inexpensive and simple to access (Zikmund & Babin, 2007:160; Malhotra & Birks, 2006:85,87; Malhotra & Peterson, 2006:106). Secondary sources of data have been included in this study in order to establish a theoretical background to the study. Books, websites, academic journals, internal company information, theses and dissertations were consulted in this study. Primary data is first-hand raw data structures, which have to
receive any type of meaningful interpretation (Hair et al., 2010:60). Primary data for this study was extracted in the form of responses obtained through a structured questionnaire from the sample population.

1.8.2 Population and sample

The target population is defined as the total number of cases that conform to predetermined specifications (Iacobucci & Churchill, 2010:283). The important element of the group is that it shares a common set of characteristics (Hair et al., 2010:131). For the purpose of the study, the population is represented as the employees in Graduate Development Programmes in retail banks in South Africa.

The sampling frame is similar to the target population and relates to the list of elements from which the sample is drawn (Conradie, 2012:279). Sampling is described as the selection of a small number of participants from a larger defined target population of elements with the expectation that the information collected from the small group will provide inferences concerning the larger group (Hair et al., 2006:308; Solomon, Marshall & Stuart, 2006:119). Given that the GDP group of employees is small population, employees could be contacted with ease at a low cost. A census approach was used. All GDP employees from the South African retail banks offering GDP programs were approached to participate in the study. Only three of these banks agreed to participate in the study. These banks are First National Bank, Nedbank and Standard Bank of South Africa. ABSA was undergoing a major restructure at the time of the study so morale was low and their focus was elsewhere, as a result they declined to participate. Capitech had been through a series of surveys at the graduate level and did not want to subject their employees to any further surveys. The remaining retail banks did not have formal graduate development programmes in place at the time of the study.

Therefore the sampling frame was made up of GDP employees from First National Bank, Nedbank and Standard Bank. These three retail banks were seen to be representative of the retail banking population given their size, market share, income and sustainability. First National Bank owns 18.8% share of the market, Nedbank owns 17.8% share of the market and Standard Bank owns 25.5 % of the market. Collectively, these three banks hold 62.1% of the South African market share (The Banking Association South Africa, 2011).
A census approach was used to survey the sample frame, given that the GDP employee population is small and each of these employees could be contacted with ease at a low cost. A census is defined as a research method that includes data from each and every member of the defined population (Hair et al., 2010:351). A fixed amount of graduates are taken into the graduate development programme each year and each bank contains a defined list of these individuals. First National Bank has one hundred and twenty (120) GDP employees in their programme, as do Nedbank and Standard Bank. The banks were unable to make these lists available to external parties given the Access to Information Act 2 of 2000. The researcher however worked through the head of the GDP programme with each of the participating banks. The heads of the GDP programmes sent the cover email to every GDP employee on the programme asking for their participation in the study. Interested employees could then contact the researcher directly and arrangements were made for survey completion. All three hundred and sixty GDP employees in the sample frame were contacted to participate in the study. Table 1.2 provides a summary of the realisation rate.

### Table 1.2. Realisation rate

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total GDP employees in GDP programme</th>
<th>GDP employees participating in study</th>
<th>Total percentage participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>First National Bank</td>
<td>120</td>
<td>20</td>
<td>5.56%</td>
</tr>
<tr>
<td>Nedbank</td>
<td>120</td>
<td>22</td>
<td>6.11%</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>120</td>
<td>22</td>
<td>6.11%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>360</td>
<td>64</td>
<td>17.78%</td>
</tr>
</tbody>
</table>

As determined from Table 1.2, a total of 20 participants agreed to participate from First National Bank, 22 participants agreed to participate from Nedbank, and 22 agreed to participate from Standard Bank. Thus a realisation rate of 17.78% was obtained.

#### 1.8.3 Data collection, instruments, sources and procedure

A number of survey methods are available to researchers such as electronic surveys, person-administered surveys, telephone and self-administered surveys (Aaker et al., 2007:246-270). In accordance with the participating banks' needs, it was determined that a combination of person-administered and electronic survey methods would best facilitate the objectives of this study. Since the study is focusing on a specialised group of employees, the population is relatively small and validity and reliability issues could result
in challenges further reducing the sample size. Since all GDP employees employed with First National Bank and Standard Bank are situated in their head office, a person-administered survey was selected. This would allow the researcher to conduct the survey personally with First National Bank and Standard Bank GDP employees to ensure that all questions and instructions were clearly understood and answered in full.

Nedbank however requested an electronic survey given that their GDP employees are scattered across the region and obtaining access to this group would have been difficult. The same questionnaire was utilised in both the person-administered and electronic surveys. Electronic survey methods allow for high quality data to be collected at rapid rates and at low costs. In addition to this, interviewer bias can be kept to a minimum and respondents are able to complete the survey during their own time whilst remaining completely anonymous, allowing for more truthful answers (Churchill & Brown, 2007:114; Malhotra & Birks, 2006:234; Solomon et al., 2006:116).

A structured questionnaire was designed relevant to the problem statement and research objectives. The questionnaire opened with a demographic section in order to classify the type of employee responding. The first section of the questionnaire measured the participant’s awareness of the internal marketing mix as depicted in the conceptual model (see Figure 1.1). The second section measured the importance of the internal marketing mix to job satisfaction, the third section measured perceptions of employee satisfaction, and the fourth section focused on employees’ perception of affective commitment.

In-depth literature was investigated to aid in the development of the measurement constructs and previous studies were used where possible (Burin, 2011; Petzer & De Meyer, 2011; Awwad & Agti, 2011). Data was collected in these four sections using a five-point interval Likert scale, ranging from ‘strongly agree’ to ‘strongly disagree’. Likert scales are generally used to measure attitudes and perceptions and since this study aims to measure the attitudes and perceptions of GDP employees within the retail banks, the main part of the questionnaire consisted of Likert scales (Cooper & Schindler, 2007:234). The questionnaire was pre-tested with six GDP employees from two of the banks. The person-administered approach was used with three GDP employees from Standard Bank and an email approach was used the three GDP employees from First National Bank.

Once the pre-test had been conducted and relevant changes made, an email was sent out to the First National Bank, Nedbank and Standard Bank GDP employees requesting their participation in the study. Given the restrictions of the Access to Information Act 2 of 2000,
the banks were unable to present the researcher with a list of the GDP employees or their contact details. An email was sent out to these GDP employees through a bank representative and interested parties were asked to contact the researcher directly should they wish to participate in the study. Once responses had been received from the First National Bank and Standard Bank group of employees, the researcher made arrangements to meet with each of these individuals in order to conduct the personal interviews.

Once responses had been received from Nedbank, an electronic link containing the survey was sent through to these individuals via email. The electronic survey conducted with Nedbank was hosted by the Statistical Consultation Service of the University of Johannesburg (STATKON). This allowed the online survey to be accessed through a website for the sample group to read and complete. Given that responses to the survey went straight through to STATKON, response bias was reduced as participants may have felt safer to answer questions honestly.

1.8.4 Data analysis procedures

Statistical procedures to test the research hypotheses and achieve the primary and secondary objectives include descriptive statistics, factor analysis and correlation/regression analysis. Descriptive statistics were used to describe the demographics of the sample as well as to gauge participants’ awareness of the internal mix, the perceived importance of the internal marketing mix elements, employee satisfaction and affective commitment. In addition to this the frequency distribution of sample responses could be observed (refer to Chapter 6, section 6.5). The validity and reliability of the measurement instrument were assessed through the KMO sampling measure of adequacy, Bartlett’s test of sphericity and the Cronbach alpha measure (refer to Chapter 5, section 5.2.5.5 & 5.2.5.6 and Chapter 6, section 6.6 & 6.7 ). Exploratory factor analysis was used to determine how many factors to retain and to help determine the validity of the measurement instrument. Simple linear regression analysis was used to test the relationship between the internal marketing mix elements and employee satisfaction, and to test the relationship between employee satisfaction and affective commitment. STATKON assisted in the data analysis.
1.9 DIVISION OF THE STUDY

The proposed study will include seven chapters. The following provides a description of the contents of each chapter.

Chapter 1: Provides the introduction and background to the study. The formulation of the research problem, the objectives and the hypotheses of the study are outlined in this chapter. Similarly, the purpose and significance of the study, a review of the literature and the scope and limitations of the study are presented in this chapter.

Chapter 2: Concentrates on the services marketing concept and the role of internal marketing within this sphere. The discussion focuses specifically on the definition of internal marketing and the importance of strong internal relationships within the internal environment of the organisation.

Chapter 3: Focuses on the internal marketing mix. Special attention is given to the internal marketing mix elements of internal product, internal price, internal promotion, internal distribution, internal people, internal process and internal physical evidence.

Chapter 4: Focuses on employee satisfaction and the link between internal marketing and satisfaction. In addition to this, retention through affective commitment is discussed as well as the link between employee satisfaction and affective commitment.

Chapter 5: Is centred on the research methodology and design followed to achieve the research objectives. In this chapter emphasis is placed on the research method, research format, research technique, population and sampling methodology which include sample size, sampling type, sampling technique and data analysis.

Chapter 6: Focuses on the analysis and interpretation of data. The research findings and interpretation of the data are presented in this chapter through the measurement of the different stated hypotheses.

Chapter 7: The conclusions and recommendations drawn from the results are described. Further to this, the chapter discusses how the primary and secondary research objectives as stated in the first chapter were achieved.
1.10 DISCUSSION OF TERMINOLOGY

**Retail Banking Industry**: This relates to banking services that are offered to individual customers through local branches of the bank. Examples of retail banking services include checking and savings accounts, credit cards, personal lines of credit and mortgages and so forth (Financial Dictionary, 2011).

**Internal Marketing**: Internal marketing can be defined as a planned effort using a marketing like approach to overcome organisational resistance, to change and to align, motivate, and interfunctionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through the process of creating motivated and customer-orientated employees (Ferrel & Hartline, 2008:324).

**Graduate Development Programme**: These are programmes designed to attract and retain graduates. These programmes enable graduates to quickly realise their potential and achieve fast career advancement (McDermott *et al.*, 2006:460).

**Employee satisfaction**: This relates to an individual’s sense of satisfaction not only with the work, but also with the larger organisational context within which work exists (Schon, 2007:16).

**Affective commitment**: This is described as an employee’s state of emotional commitment to the organisation and as a result employees continue their association with that organisation (Awwad & Agti, 2011:311).

1.11 CONCLUSION

In service environments where customers are highly demanding of employees, coupled with employees who in turn hold high expectations from their jobs as sources of self-actualisation and self-development, the internal marketing programme of the organisation can assist in creating more satisfied employees (Ajang, 2013; Voon, 2011:46; Kameswari & Rajyalakshmi, 2012:48). Increased satisfaction levels will result in higher levels of affective commitment and higher employee retention rates (Gibbs & Ashill, 2013:310).

Chapter 1 provided a background to the research problem and research objectives of the study. An industry background, the problem statement, research objectives and
hypotheses and a short literature review were discussed. This was followed by a discussion on the research methodology as well as the data analysis used for the purposes of this study. The next chapter focuses on the service industry and the importance of internal marketing to service organisations.
CHAPTER 2
AN INTRODUCTORY PERSPECTIVE ON INTERNAL MARKETING

2.1 INTRODUCTION

In order to survive in today's turbulent and complex organisational environment it is vital that service organisations are able to attract and retain loyal customers in order to generate profit (de Farias, 2010:102; Dayan, Al-Tamimi & Elhadji, 2008:321). Specifically in the retailing of financial services where competition has intensified and markets have become saturated, the importance and awareness of customer loyalty and retention is increasing (Atkinson, 2012; Anani, 2010:3). This requires service organisations to place increased focus on service quality and customer satisfaction in order to retain customers and create a competitive advantage. Given the fact that service quality is dependent on the interaction between the service employee and the customer, employees become an important component in the service delivery process and value creation chain (Hoffman & Bateson, 2006:270-272). This has lead to the development of the internal marketing concept whereby organisations realise the importance of building internal partnerships, communicating better with employees, and selling jobs to employees which needs to precede selling services to customers. Competent customer-orientated employees who are well trained and fairly compensated are more productive, require less supervision and are more likely to remain with the organisation (Parry, 2012:24, Mishra, 2010:185).

This chapter focuses on internal marketing as a philosophy for the management of large service organisations (in this case retail banks) where employees are viewed as an internal market. For this internal market, marketing tactics need to be geared towards the attraction, development, empowerment and engagement, motivation, satisfaction and retention of employees in order to help the organisation develop a competitive advantage (El Samen & Alshurideh, 2012:85; Zampetakis & Moustakis, 2007:417). The purpose of the chapter is to highlight the role that internal marketing plays from a services and services marketing perspective. The premise being that a well thought out internal marketing plan will help create strong internal relationships, which in turn will increase employee satisfaction and retention and thereby enhance customer satisfaction and retention (Qayum & Sahaf, 2013:51). The relationship between internal marketing and external marketing will be elaborated on in the discussion on the service marketing triangle (refer to section 2.2.3). As internal marketing forms the focus of this study, Chapter 2 will concentrate primarily on the internal marketing component as opposed to
the external marketing arm of services marketing. This is because internal marketing contributes to employee satisfaction and when employees feel satisfied and appreciated they are motivated to improve business performance and generate a sustainable competitive advantage for organisations (Varnai & Fojtik, 2008:162). The following section considers the service concept and services marketing triangle in more detail.

2.2 THE SERVICE CONCEPT

The concept of ‘services’ has been described as an action which involves transferring value, performed by one party on behalf of, or for another (Molapo, 2010:9). A service is generated by a process or series of activities generally intangible in nature that take place between the customer and service employee, with value being created as the outcome (Edvardsson, Gustafsson & Roos, 2005:110). In the case of a service, as opposed to a product, the consumption of the service takes place where the service is produced (for example in the banking branch) and the customer is present which affects the results in terms of added value and quality. Services are usually regarded as performances (such as medical services) or efforts and experiences (such as spectator sports) which may be mechanically based (such as telecommunications, radio, TV) or human based (such as banking) (Lamb et al., 2010:334). This indicates that services can be viewed from various perspectives, with authors defining the concept of services in different ways. Table 2.1 provides an overview of the various definitions of the services market concept.

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<thead>
<tr>
<th>Reference</th>
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<tbody>
<tr>
<td>Godlevskaja, Van Iwaarden and Van der Wiele (2011:72)</td>
<td>Service is defined as a perspective on value creation where value is seen through the lens of the customer and where the customer has the role of co–producer</td>
</tr>
<tr>
<td>Moeller (2010:361)</td>
<td>Service is something that can be bought and sold, but which is intangible</td>
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<td>Reference</td>
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<tr>
<td>Cant, Strydom and Jooste (2009:282)</td>
<td>A service is any act or performance that one party can offer to another that is essentially intangible and does not result in ownership of anything. Its production may or may not be linked to a physical product</td>
</tr>
<tr>
<td>Lamb et al. (2010:334)</td>
<td>Service is a deed, a performance, an effort that cannot be physically possessed</td>
</tr>
<tr>
<td>Zeithaml, Bitner and Gremler (2012:4-5)</td>
<td>Service is defined as all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms such as convenience, amusement and experience, which are essentially concerns of its first purchaser</td>
</tr>
<tr>
<td>Edwardsson et al. (2005:110)</td>
<td>A service is an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and the service employee and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems</td>
</tr>
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</table>

From the definitions provided in Table 2.1, it can be noted that services encompass creating value for the customer. Grönroos and Ravald (2011:8) suggest that value creation, and particularly the value-in-use concept, are important issues for understanding service and the quality of the service encounter. Customers are not predominately interested in what they buy and consume as such. They are more interested in the positive consequences derived from their possessions or in the service activities they utilise than the actual product they buy and consume. The possession of a gold credit card for someone newly employed out of university is a symbol of success which enables the owner to feel good and uplifted about him/herself. Value is not created from the use of the card, but is rather created from the good feeling or from admiration shown by the owner’s friends (Grönroos, 2008:303).
Furthermore, from Table 2.1, the main characteristics of services can be identified, namely intangibility, heterogeneity, inseparability and perishability (Moeller, 2010:359). These are recognised as the unique characteristics that differentiate goods from services (Lamb et al., 2010:276).

2.2.1 Characteristics of services

Each of the service characteristics as identified from Table 2.1, namely intangibility, inseparability, perishability and heterogeneity leads to challenges for marketers in financial services, as each of these differs from the traditional product functions and requires special strategies for dealing with them (Jan, 2012: 37). It is important therefore that these are understood as part of the services marketing concept. Each of these is discussed in more detail next.

2.2.1.1 Intangibility

The most recognised characteristic of a service is intangibility which emphasises that service is not an object and does not have a physical dimension, meaning that there is no tangible asset which can be touched, smelled or tested prior to the purchase (Yao, 2006). The intangible nature of services can thus create problems for marketers attempting to market the service as well as for the customer (Jan, 2012:37). As customers cannot physically see or hold the service, they are generally required to rely on the reputation of the service organisation when assessing the service (Hellen & Gummerus, 2013:132). Furthermore, services as intangibles are often combined with tangible elements making it difficult to define what is really offered to the customer (Moeller, 2010:361-362). When making a payment over the Internet, there is no physical exchange of money taking place between the sender and receiver making this transfer intangible. There are however physical dimensions to the service in terms of the computer used to make the transaction and the proof of payment which can be printed out. Due to the level of uncertainty in the purchase decision and the overall perception of services, intangibility is often considered the most fundamental service characteristic (Moeller, 2010:361-362).

2.2.1.2 Inseparability

Jan (2012:38) stipulates that this characteristic of services relates to the fact that the production and consumption of a service take place at the same time, in real time, with the provider and the customer co-operating in the process together. The customer needs to
participate in the service process and for this reason service cannot be centralised. (Rust & Chung, 2006:563). Customers also play a role in the service delivery process which influences their level of satisfaction. The quality of the service delivery is however dependent on the exchange which takes place between the service employee and the customer. Service organisations must acknowledge the influential role that service employees play in delivering the service (Jan, 2012:38). Given that services cannot be mass produced, inseparability does provide an advantage in terms of customising the service offering for customers, which can influence the customer's perception of service quality (Grobbelaar, 2008:6). An example of inseparability in the retail banking context would be when conducting a cash withdrawal from a bank teller, or for the collection of a credit card, the customer physically needs to be present in the branch and rely on the employees help.

2.2.1.3 Perishability

Perishability relates to the concept that services, unlike tangible products, cannot be stocked or stored, they perish when the delivery of service takes place (Jan, 2012:37). Once the time of the service passes the opportunity to sell the service perishes. (Moeller, 2010:364; Rust & Chung, 2006:563). Moeller (2010:364) opines that in service marketing literature perishability is not only connected with the outcome of service, but also with the service provider’s capacity. Whereas producers of products are able to carry inventories of their products in order to guard against fluctuations in demand, managing capacity in services is dependent on the demand of customers. Because customers need to participate in the service delivery process as co-producers of service, the organisation becomes dependent on these customer resources (Shaw, Bailey & Williams, 2011:4-5). Katzan (2008:5) states that capacity represented in the organisation’s physical facilities is perishable, meaning that if there are no customer resources available, the capacity to perform the service experience so to speak perishes. For example, an ATM is a store of cash withdrawal. The potential to be of value, however, perishes if there is no customer demand for cash. So the potential capacity to provide service perishes.

2.2.1.4 Heterogeneity

Service involves the use of human resources and heterogeneity comes about as a result of this human labour which is more variable as a result of different employees performing services differently (Correa et al., 2013). Moeller (2010:363) proposes that these variations occur as its human resources performing the service for other human
resources, meaning that no two service encounters will ever be the same. Different employees following the same process will provide different customer outcomes and employees themselves will perform differently on a day to day basis, depending on elements such as personal circumstances. There are some elements of the service which can be standardised in order to create greater efficiencies such as the use of machine intensive operations such as ATMs for the withdrawal of money (Edvardsson et al., 2005:114). An example of heterogeneity in the retail banking context would relate to the service encounter experienced at a branch which could be very different from a service encounter experienced at another branch due to different employees. Likewise, the encounter experienced on one day in the same banking branch could differ on another day (Fisk, 2013).

In light of the above discussion, it is important to note that each service encounter is unique and often highly customised, and all of these characteristics impact the service offering and the manner in which the service is delivered. It also becomes evident that employees play a vital role in service delivery (Hoffman & Bateson, 2006:270). For an employee to be motivated to provide customers with quality services, it is necessary for the organisation to satisfy its employees as satisfied and committed employees, will provide a much higher level of service quality to the external customer thereby influencing the performance of the organisation (Hoang, Hill & Lu, 2011). This results in the organisation needing to be aware of the relationship between itself, the employee and the customer.

The services marketing triangle visually represents and explains the relationship between the organisation, the customer and the employee and how they work together to develop, promote and deliver exceptional service (Peters & Mazdarani, 2008:35). The services marketing triangle is based on the three pillars of services marketing namely external marketing, interactive marketing and internal marketing. Since the study is concerned with internal marketing-specific focus will be placed on the role that the employee plays within the broader services marketing arena (Aburoub et al., 2011:110). The services marketing triangle is discussed next.

### 2.3 SERVICES MARKETING TRIANGLE

A strategic framework known as the services marketing triangle visually reinforces the importance of employees in the organisation in terms of their ability to deliver high quality services and to keep the promises made to customers (Aburoub et al., 2011:110). The
framework assists marketers in addressing marketing challenges which revolve around issues such as understanding customers’ needs and expectations of services; making services tangible to customers, and keeping promises made to the customers (Zeithaml et al., 2012:355).

Zeithaml et al. (2012:356) posit that the three points of the service triangle represent the organisation’s management, external customers and employees as illustrated in Figure 2.1. Between each of the three points of the triangle different marketing activities such as external marketing (the activity of making promises), interactive marketing (the activity of fulfilling a promise) and internal marketing (the activity of striving to keep a promise) have to be carried out successfully for service processes to succeed and for internal and external market alignment to occur (Kurniatun & Heriyati, 2012:43).

**Figure 2.1. Services marketing triangle**

![Services marketing triangle diagram]

Source: Zeithaml, Bitner and Gremler (2012:356).

### 2.3.1 External marketing as part of the services marketing triangle

Zeithaml et al. (2012:355-356) opine that external marketing represents the promises which organisations make to their customers with reference to the services that they offer and how these promises will be fulfilled through the delivery of their offerings. The marketing process involves more than just making promises. Organisations also need to honour the promises that have been made. Marketing activities and processes, such as communicating and pricing, are aimed at making promises, whilst activities and processes such as applications, recovery of problems and mistakes are aimed at keeping promises
An example of external marketing in the retail banking context could relate to the TV and print advertisements utilised by retail banks to call customers to action (Fisk, 2013).

### 2.3.2 Interactive marketing as part of the services marketing triangle

Grönroos (2009:356) stipulates that interactive marketing relates to the interaction between the employee and customer. During this interaction, the promises made through external marketing should be kept. Customer expectations created through external marketing are met by providing assistance to customers’ value creation. This is done by providing resources, processes, information, people, systems, infrastructures and interactions between the customer and these elements. Customers themselves need to be mobilised as a resource in the service delivery process and as a result must be able to use products, services and information, as well as handle systems and infrastructure in a value-creating way. Value creation therefore becomes the responsibility of several functions in the organisation, meaning that marketing is no longer a separate business function. Marketing in this respect helps organisations co-create value propositions with all stakeholders in order to enhance total value for the organisation (Lusch & Webster, 2010:4). All employees in the organisation therefore need to become more customer orientated and take on the role as part-time marketers in order to positively affect marketing strategy success (Fotiadis et al., 2011).

Work activities can no longer be arranged as separate functions as no function is effective if it operates in isolation. Organisations need to ensure that employees in all parts of the organisation serve as part-time marketers. For this reason all employees must be involved in the delivery of quality, have understanding of the operations of service, and be provided with the tools and facilities to do so (Kowalkowski, 2011:485). For example, retail banks make use of call centres to assist customers with service queries or complaints. In order for the call centre to function effectively and deliver service to the external customer, a high level of internal integration is needed to achieve external integration (Zhao et al., 2011:19). (Zhao et al., 2011:19) suggest that three aspects are required for internal integration to influence external integration namely, information sharing, strategic cooperation and working together. The degree to which organisations collaborate within the value chain and manage their internal processes to deliver the efficient and effective flow of services will determine the level of value provided to both internal and external customers (Zhao et al., 2008). Further to this, technology and systems relating to the hardware and software required to deliver services and internal integration (such as a
telephone, computer and corresponding software programmes allowing employees to access customer information) must be in place. With these internal systems and a high level of internal integration, information can be shared in real time and the data can be fully utilised resulting in higher levels of external customer satisfaction (Zhoa et al., 2011:19). Given the importance of the internal integration and the internal environment, internal marketing as a leg of the services triangle is discussed next.

2.3.3 Internal marketing as part of the services triangle

Grönroos (2009:355) posits that promises cannot be successfully kept at all times by the organisation unless employees are willing and motivated to do so, as employees of the organisation are the brand representing the organisation and have the ability to create value and directly influence customer satisfaction through the service encounter. For this reason the ‘right’ employees whose values fit with the organisation’s brand values should be recruited into and retained within the organisation (Anosike & Ahmed, 2006:6).

Internal marketing aimed at attracting employees and improving employee satisfaction therefore becomes critical for external marketing success (Qayum & Sahaf, 2013:51). Sincic and Vokic (2007:5-6) state that internal marketing involves the efforts of an organisation to recruit, train, motivate and reward its employees towards more satisfying marketing behaviour. Internal marketing aims to develop and motivate the internal market (employees) to create value for customers and in that way achieve the external strategic and marketing objectives.

Kale (2008:3) mentions that internal marketing refers to two kinds of interrelated activities namely the ‘customer-focused’ and ‘employee-focused’ activity. Customer-focused internal marketing is based on the belief that all employees of the organisation are part-time marketers (Kimura, 2011:77). The objective of customer-focused internal marketing is to get the most out of customer encounters in order to encourage repeat business from existing customers and generate new business opportunities (Kale, 2008:3). Internal marketing as an employee-focused activity is based on the philosophy of treating employees as internal customers with the intention of shaping jobs and the internal environment to meet employee needs (Muhammad & Yazdani, 2009:84). Kale (2008:3) furthermore divides the employee-focused activity into two domains, namely substantive and symbolic internal marketing. The substantive approach involves the use of externally proven marketing techniques such as market research, marketing communication, positioning, and segmentation to employees making up the internal market (Yang,
The symbolic approach acknowledges that all internal management practices (such as recruitment, induction, training, and employee reward systems) have an embedded marketing dimension to them in that they convey the message to employees that they are trusted and valued (Muhammad & Yazdani, 2009:84, Kale, 2008:3).

Javadein et al. (2010:367) suppose that internal marketing also hinges on the assumption that everyone in the organisation is an internal supplier and customer in the value chain and in order to satisfy external customers, organisations must first satisfy their internal customers’ (employees) needs. Panigyrakis and Theodoridis (2009:606) continue that internal marketing focuses on the exchanges that take place between employees and the various business units as they progress through the value chain which eventually links to the external customer. The focus of internal marketing in this instance is to ensure that employees' needs are satisfied by providing value to the employee-organisation relationship. Further to this, internal marketing is essential in creating an environment focused on providing quality to the next internal customer (Abzari & Ghujali, 2011:96).

Therefore, the provision of a superior quality service to the external customer is influenced directly by the quality of the internal service and the organisation's internal environment (Benea, 2011). As this study focuses on internal marketing, the following section will delve deeper into this concept.

### 2.4 AN INTRODUCTORY PERSPECTIVE TO INTERNAL MARKETING

Employees are critical to the success of organisation’s. Organisations that select, develop, manage and motivate their employees towards outstanding performance have a unique competitive advantage that others cannot copy (Papasolomou, 2006:195). Internal marketing as an ‘employee-focused’ strategy is focused on marketing the organisation inwardly to the employees through their jobs as internal products. In this way employees become more customer orientated and strive for higher levels of service excellence (Akroush et al., 2013:310). Papasolomou (2006:195) specifies that the overall goal of internal marketing in this regard is to create a stable workforce of part-time marketers or organisational fanatics with higher levels of employee motivation, commitment and satisfaction resulting in more satisfied customers, increased productivity and improved employee retention rates. This ensures enhanced organisational performance and increased profits for the organisation (Zaman et al., 2012: 79, Nittala & Kameswari, 2009:208).
In light of the above, an effective internal marketing programme aims at understanding and satisfying employees’ needs and expectations so that they in turn will go above and beyond to deliver value to the customer (Al-Hawary et al., 2013:813). Through an integrated and coordinated approach, employees should be able to function better as a team of internal customer and internal suppliers and add value through every step of the value chain, thereby creating satisfied and loyal customers who will in turn drive the profitability of the organisation (Panigyrakis & Theodoridis, 2009:605-606). Before discussing internal marketing in more detail, it is necessary to provide an understanding into the internal marketing concept.

2.4.1 Defining internal marketing

Table 2.2 provides a summary of the various definitions of internal marketing and what internal marketing means for the purpose of this study.

Table 2.2. Definition of internal marketing

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Al–Hawary et al. (2013:813)</td>
<td>Internal marketing can be defined as a planned effort using a marketing like approach to overcome organisational resistance, to change and to align, motivate, and interfunctionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through the process of creating motivated and customer-orientated employees</td>
</tr>
<tr>
<td>Qayum and Sahaf (2013:50)</td>
<td>Internal marketing is concerned with viewing employees as internal customers, and jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organisation</td>
</tr>
<tr>
<td>Guven and Sadaklioglu (2012:109)</td>
<td>Internal marketing is a comprehensive programme concerned with employee recruitment, training, motivation, communication and retention efforts which results in positive attitudes towards work</td>
</tr>
<tr>
<td>Kameswari and Rajyalakshmi (2012:47)</td>
<td>Internal marketing is the application of marketing inside an organization to enhance customer focused and customer</td>
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</table>
From the different definitions provided, various elements such as a marketing like approach, establishment of internal relationships, jobs as internal products, satisfaction of employees as internal customers, training and development of employees, motivation and empowerment of employees, interfunctional integration and internal communication encompassing the concept of internal marketing can be identified, and are subsequently discussed.

- **“Marketing-like” approach**
  Marketing-like approach is defined as a management philosophy based on the need for customer orientation, profit orientation, and recognition of the role of marketing to communicate the needs of the market to all major organisational departments (Che Ha et al., 2007:136-137). A marketing-like approach implies that internal marketing is a marketing approach within the organisation, meaning that in order to achieve the external marketing objectives, internal marketing is essential to motivate employees to become more customer conscious by using marketing tools and techniques internally. These marketing techniques are applied internally by focusing on internal customers and suppliers with the aim of improving internal relationships, quality and customer service (Naidoo, 2009:47).

- **Establishment and maintenance of internal relationships**
  Dodd (2011) believes that the goal of internal relationship marketing is to plan and build, close and flexible relationships with internal parties. Internal relationship marketing is
required where secondary relationships with employees referring to relationships between managers, co-workers and other departments influence the customer. Internal marketing is based on the understanding that in order to create value for customers, all functions, operations and employees have to work together (de Farias, 2010:101-102, Kowalkowski, 2011:485). Internal marketing therefore supports internal relationship marketing by building and changing relationships across the organisation so that employees are motivated to deliver quality service to customers (Sirenne, 2013:17).

- Jobs as internal products
  Illiopoulos and Priporas (2011:2) state that organisations should use jobs as products in order to attract and retain employees much the same way as products and services are used to attract and retain customers. Given that employees are an organisation’s most important asset, they should receive the most attractive job product package in order to satisfy their needs. Organisations should offer enjoyable job experiences in exchange for employee loyalty and commitment which will then result in improved organisational performance and customer satisfaction and loyalty. In this way both the organisation and employees’ needs can be fulfilled in a proficient manner (Vasconcelos, 2008:1255). The aim of internal marketing in this context is to focus on the design of jobs as products in order to provide higher levels of satisfaction for employees (Yaghoubi, Salehi & Moloudi, 2011:80-81). Treating jobs as products goes beyond the tasks that need to be performed; it needs to take into account reward systems, training requirements, involvement in decision-making and career opportunities. For this reason, organisations need to create jobs that engage employees in the organisation’s philosophy and sustainability (Grayson & Sanchez-Hernandez, 2010:9).

- Satisfaction of employees as internal customers
  Internal marketing starts with the premise that the employees of the organisation are the first members of the internal market. Organisations need to be committed to understanding employees’ needs and expectations and know how to respond to these in value adding ways to deliver the level of service the strategy dictates (Sirenne, 2013:24). If employees’ needs are met, they feel cared for by the organisation which results in more positive attitudes towards their work including motivation, satisfaction and commitment (Davoudi & Kaur, 2010:188). The internal marketing strategy of an organisation must focus on building relationships with employees in order to research and understand employees’ needs and develop ways to meet these needs and expectations. In this way
the organisation demonstrates its commitment to employees by creating value for them in the same way that they create value for their customers (Lings & Greenley, 2010:324).

- **Inter-functional coordination and integration**

Various business units and employees with different skill sets must become actively involved in creating value for both internal and external customers (Chang & Chang, 2008:92-93). These cross-functional activities all have an impact on the final outcome and for this reason employees in all parts of the organisation must become involved in the delivery of service quality throughout the value chain (Esfahani et al., 2013:2). Panigyrakis and Theodoridis (2008:605-606) state that the internal value chain is made up of employees seen as both internal customers and internal suppliers. Internal marketing is focused on the notion that employees need to provide service to each other first in order to deliver service to the external customer.

- **Training and development of employees**

van Dyk et al. (2013:61) define employee training and development as a strategic investment by an organisation in developing its internal market. If employees are required to perform their tasks well, they must be provided with the necessary skills and knowledge that are required of them (Joung et al., 2010:2). Gibbs and Ashill (2010:308) states that employees need to be equipped with the means and know-how to develop the skills and capabilities to deliver the level of service prescribed by the organisation’s strategy. In order for internal marketing to be effectively employed within an organisation, employees must be trained and properly developed to fulfil their service role. This will allow the organisation to utilise the full potential of their employees, thus improving organisational performance (Davoudi & Kaur, 2012:67, Ueno, 2010,:78).

- **Motivation and empowerment of employees**

Organisations need to create an internal environment in which employees are empowered and motivated to create and improve the organisation. Every interaction that takes place between employees and the organisation should be focused on the delivery of service quality and the satisfaction of both internal and external customer needs (Kuar, Sharma & Seli, 2009:597). Hoffman and Bateson (2006:270-271) state that service employees are happiest when they are empowered to make customers happy. This adds value to their jobs, leading to the satisfaction of both the employee and the customer. Through the empowerment of employees, greater depth can be added to their job, keeping them motivated and interested in the challenge of their job for longer (Moodley, 2008:67).
Internal marketing plays a role in ensuring that employees are satisfied with their internal environment and the organisation as a whole which results in higher levels of commitment and productivity and less intent to leave the organisation (Farzad, Nahavandi & Caruana, 2008:1481).

- **Internal Communication**
  Stoyanova (2011:31-32) identifies internal communication as the dissemination of information within the organisation in order to provide employees with a greater sense of ownership, accountability and responsibility. When employees have been informed about the expectations of their internal and external customers as well as the health of the organisation, they are more willing to perform their jobs effectively which in turn improves organisational performance. Internal communication is a key aspect of internal marketing as it is a major factor in creating understanding amongst employees so that they are able to perform their role as part-time marketers (White, Vanc & Stafford, 2011; King, 2010). The next section concentrates on internal market orientation and internal customer orientation as part of the understanding of the internal marketing concept.

### 2.4.2 Internal market orientation

Internal market orientation refers to the manager-employee relations which occur within the internal market of the organisation (Tortosa-Edo, Sanchez-Garcia & Moliner-Tena, 2010:1285). Internal market orientation emphasises the organisation’s commitment to their employees, by firstly generating information in order to obtain a better understanding of their needs and expectations and secondly disseminating the information and then responding to these needs and expectations by ensuring that employees have all the resources necessary to perform their jobs (Kuar et al., 2009:597). Through this approach, employees feel cared for and demonstrate greater commitment to the organisation which translates into greater customer satisfaction and loyalty (Shekary et al., 2012:20-21).

Internal market orientation is therefore based on the need to build effective relationships between employees and management based on a commitment to providing superior value for employees. Managers need to understand and satisfy employee needs in much the same way as the organisation is committed to understanding and satisfying external customer needs (Sahi et al., 2013:387). Gounaris (2008a:406) states that the internal market orientation is made up of three sub dimensions as displayed in Figure 2.2 namely, the effort to collect internal market-related intelligence or internal market knowledge; the
internal communication between supervisors and subordinates; and the organisation’s response to internal-market intelligence with the aim of developing employee satisfaction.

Figure 2.2. Proposed conceptualisation of internal market orientation


In light of the above model (Figure 2.2), the generation of internal market intelligence relates to internal market knowledge creation and consists of segmenting the internal market into various internal customer groups. The purpose of this particular factor is to identify the different employee groups and their needs within the organisation, and to determine how these different employee groups can be communicated with (Gounaris, 2008b:73). Tsiotsou and Vlachopoulou (2011:142) emphasise the importance of understanding customer needs; in this case employees’ needs now and over time in order to create value for them. Once the information and data have been collected pertaining to employee needs this information should be disseminated throughout the organisation.

The dissemination of internal intelligence refers to internal market communication and relates to how managers and employees communicate with each other and how managers communicate with other managers from different business units and at different
levels within the organisation (Steingrimsdottir, 2011:22). This factor serves two purposes. The first purpose is that it allows marketing strategies, corporate values and knowledge to circulate amongst employees, and secondly it provides managers with an understanding of employee needs and desires (Gounaris, 2008b:73).

**Response to market intelligence** relates to how an organisation responds to the needs of its employees by designing job products to fit their needs, as well as training and motivating employees to perform well in their jobs (Chu & Yeh, 2013). The function of internal market orientation is to help facilitate the relationship between the employee and the organisation, so that external customer satisfaction can be achieved (Sanchez-Hernandez & Miranda, 2011:209).

If managers are able to create a strong internal market orientation, it has many benefits for the organisation. Lings and Greenley (2010:324) stipulate the following benefits with which internal market orientation provides the organisation:

- Organisations that have developed an internal market orientation are interested in the views of their employees. Information obtained about employees’ wants and needs are likely to be communicated to the right decision-makers so that responses to these needs can be actioned. In this way organisations that focus on their employees’ needs become more effective than organisations purely focused on their external markets (Sanchez-Hernandez & Miranda, 2011:209; Lings & Greenley, 2010:324).

- The adoption of an internal market orientation leads to a greater level of customer consciousness and external market orientation (Sahi et al., 2013:388).

- Successful implementation of a market orientation requires that all employees in the organisation generate information about customers, communicate this information to the appropriate people and respond in an appropriate manner. Employees therefore become an important source of market research information (Lings & Greenley, 2010:325).

- Internal market orientation could also have important consequences for customer evaluations of their interactions with employees. Customers make judgements about organisations based on the functional quality of their interactions with the employee seeing that it is the employee who links the customer to the organisation. Having the right employees in place to deliver on the promises made through the external marketing strategies is a key determinant of customer satisfaction (Lin & Lin, 2011:195; Lings & Greenley, 2010:324).
An internal market orientation therefore represents a marketing strategy applied internally and focusing on the satisfaction of employee needs, which leads to higher levels of job-satisfaction. As a result, employees become more customer-orientated, enabling the organisation to meet its service objectives and the expectations of its customers (Gounaris et al., 2010:1670).

2.4.3 Internal customer orientation

Internal customer orientation builds on the internal market orientation whereby internal market orientation is focused on treating employees as internal customers and understanding their needs and expectations. The internal customer orientation supports the notion that everyone in the organisation is an internal supplier and customer in the value chain (Chu & Yeh, 2013). Li (2010:17-18) describes internal customer orientation as a mindset in which internal suppliers of services treat consumers of their services as customers. Kilburn (2008) states that the transactional and relational exchange which takes place between these parties is supported and maintained through the display of the right attitudes and behaviours which are grounded in marketing philosophy, theory and practice. Internal customer orientation is considered part of the organisational culture that guides the attitudes and behaviours of organisational members to deliver quality to other employees who then deliver quality to the end customer (Conduit & Quigg, 2013).

Li (2010:15) stipulates that the concept of internal customer orientation evolved from the belief that quality is a function of continuous improvement occurring in the internal value chain of the organisation. Better internal service quality between internal customer-supplier exchanges lead to the provision of superior quality to the external customer. The overarching goal of internal customer orientation is therefore the creation of value in all steps of the value chain (Sirenne, 2013:24; Panigyrakis &Theodoridis, 2008:605-606).

To achieve the above objectives interfunctional coordination and integration are required to utilise the organisation’s resources in creating superior value for customers. However, different business units or functional areas in an organisation often have conflicting perspectives, choosing to focus on the interests of their respective areas (Eng, 2011:256). This leads to a misalignment of goals and work processes which results in functions moving away from each other and this may also be related to turf barriers. Functions often feel compelled to control and defend their power which adversely affects interfunctional relationships (Malshe, 2009:46).
According to Eng (2011:256), all employees need to identify their role in the organisation, implicating that business units should work together through a coordinated approach putting their functional interests aside. For this reason, creating and aligning internal relationships between business units, functions and employees is essential for creating customer value and improving organisational performance. An internal customer orientation has many benefits to offer organisations should they view the employee as both a customer and supplier in the value chain and integrate and coordinate, employees, business units and functions across the organisation in order to create value for customers (Li, 2010:10). When the marketing department is able to form connections and relationships with other business units in the organisation, it has many benefits for the organisation such as enhanced business unit and employee productivity, enhanced learning capabilities, greater customer value and overall organisational performance (Malshe, 2009:46).

To capitalise on the above-mentioned benefits, organisations should concentrate their efforts on developing and sustaining an internal environment that emphasises internal customer orientation and employee well-being in order to achieve external customer patronage. To this end the formulation and implementation of an internal marketing strategy becomes essential (de Farias, 2010:101). There is no single clearly defined strategy in internal marketing literature and a number of possible strategies could be utilised (Aburoub et al., 2011:109). The following section focuses on some of the internal marketing strategies which could be utilised by organisations.

### 2.4.4 Internal marketing strategies

Aburoub et al. (2011:109) state that there is no agreement in academic literature as to the internal marketing conceptual framework or even the correct usage of the term, which results in confusion about internal marketing content and applications. The authors believe that internal marketing strategy refers to any activities that organisations should apply in order to attract and win the hearts and minds of its employees in order to achieve service excellence. For this reason internal marketing strategies, specifically the internal marketing mix, may vary across organisations according to their resources, market conditions and changing customer needs (Goi, 2009:4). Vrontis, Thrassou and Zin, (2010:35) suggest that internal marketing may be used as a change management strategy in that it shifts the marketing targets area from the internal customers (employees) environment to the internal customers' (employees) mind with increased
focus on the management of perceptions. Through this approach, resistance to change can be managed effectively.

Sincic and Vokic (2007:8-9) state that internal communication may be used as an internal marketing strategy, as internal marketing covers contact and communications with all organisational stakeholders. For this reason internal communications must be developed strategically to ensure that employees establish a ‘value-adding attitude’. Further to this, internal communication builds healthy, favourable relationships between managers and employees which results in employee satisfaction and increased productivity. When employees are satisfied with how they receive information, they perform their roles as brand ambassadors well, resulting in enhanced organisational reputation and credibility with external stakeholders (White, Vanc & Stafford, 2011).

Internal marketing may also be considered as an internal branding and employer branding strategy given its positive effect on both internal and external customer perceptions of the organisational brand (Patla & Pandit, 2012:118). From an internal perspective through improved internal service, internal customers develop a more positive image of the organisational identity and the culture conveyed by internal suppliers. This results in the increased ability of employees to positively influence external customer perceptions of the organisation’s brand, thus achieving the external marketing objectives (Vrontis et al., 2010:35, White et al., 2011). Given the complexity of service marketing, a more comprehensive internal marketing strategy may be required focusing on the extended services marketing mix. The extended services mix is considered to be more comprehensive and provides a broader perspective on internal marketing than the traditional 4 Ps mix (Goi, 2009:15). Internal marketing as change management strategy, an internal branding strategy, an employer branding strategy, an internal communication strategy and as the extended services marketing mix strategy will be discussed in more detail next with a final discussion on the strategies used by banks in South Africa (Foster et al., 2010:402; Vrontis et al., 2010:35; White et al., 2011; Goi, 2009:15; Sincic & Vokic, 2007:8-9).

2.4.4.1 Internal marketing as an internal branding strategy

Internal branding is the process of enabling the internal market to deliver on promises made through external marketing (Devasagayam, Buff, Aurand & Judson, 2010:211). It involves aligning business processes, job designs, rewards and recognition, and engaging all employees in the brand process (Punjaísri, 2009:210). Delivering on the brand promise
is dependent on employees, both frontline and back-office employees, meaning that each service encounter could be experienced differently by customers at different times affecting the overall service and brand experience (Patla & Pandit, 2012:116).

All employees are both customers and suppliers so each employee must ensure that he/she provides excellent service to each of their internal customers so that excellent service can be received by the external customer (Panigyrikis & Theodoridis, 2009:605-606; Bellou & Andronikidis, 2008:945). This reflects the notion of effective internal branding, which suggests that both frontline and back-office employees play an important role in the consistent delivery of the brand promise. For this reason, every employee across the organisation needs to understand the corporate brand values (Foster et al., 2010:402). Punjaisri and Wilson (2009:210-211) state that internal branding activities involve communicating and educating employees about the brand values in order to improve their intellectual and emotional commitment to the brand. Matanda & Ndubisi, 2013:1032-1034) state that this clear understanding of the brand promise allows employees to perform well during the service encounter, enabling them to deliver on the brand promise. Employees are more likely to display emotional commitment to the brand if they accept and align themselves to the brand values. Internal marketing can therefore be employed as an internal branding strategy by organisations in order to communicate their brand values to the internal market to ensure the alignment of employees’ behaviour to these values (Punjaisri & Wilson, 2009:210-211). Through the achievement of the internal branding objectives, employees are able to deliver on the promises made to external customers (Khan & Naeem, 2013:56).

2.4.4.2 Internal marketing as an employer branding strategy

Sehgal and Malati (2013:53-54) state that this relates to the importance of recruiting employees whose values fit with the organisation, and is achieved through developing an ‘employer brand’ which creates a perception of the organisation as an attractive place to work within the external labour market. Employer branding allows organisations to distinguish themselves from their competitors in an attempt to attract talented applicants who share values similar to those of the organisation and provides the organisation with the benefit of recruiting customer-orientated employees to better serve their customers (Dawn & Biswas, 2010:23). Devasagayam et al. (2010:211) suggest that a psychological contract is created between the organisation and its employees which encompasses the employees’ expectations from the time of recruitment throughout their employment with the organisation. Internal marketing concepts in this regard encompass employee
recruitment and retention efforts aimed at attracting customer-conscious employees who are supported to fulfil their role as part-time marketers for the organisation (Grönroos, 2007:389).

2.4.4.3 Internal marketing as a change management strategy

The need for organisational change is continuous as organisations constantly have to adapt to changing economic conditions, customer expectations and a shifting workforce (Hallencreutz & Turner, 2011:60). Internal marketing is often used by organisations as a change management strategy in order to assist communication and help overcome organisational resistance to change (Finney & Scherrebeck-Hansen, 2010:326). It informs and involves all employees about new initiatives and strategies. It can be used to market one business unit to other areas of the organisation or to obtain buy-in on projects, new procedures, processes, systems or strategy implementation (Anosike & Ahmed, 2006:11-12).

The National Learning Consortium (2013:2) states that change management strategies create a vision of what the future state should look like, and engage all employees in terms of the change agenda and actions required to achieve the desired state. This involves communicating the vision widely and consistently through all levels of the organisation and empowering employees to act and think differently, adopt the new ways of working, and overcome barriers to learning whilst embedding the change to make it ‘stick’. As new knowledge is produced, employees and the organisation as a whole develop new ways of thinking and behaving (Smith, 2011:119).

2.4.4.4 Internal marketing as an internal communication strategy

Ndubisi (2007:100) refers to internal communication as “the ability to provide timely and trustworthy information” to internal users. Internal communication plays a vital role in the success of internal marketing as its function lies in reconciling the required skills and information needs of the organisation with the purpose of enabling and energising employees to carry out its strategic objectives (Stoyanova, 2011:32-33). If an organisation’s strategy and objectives are not communicated to all employees sufficiently, employees will not be able to carry out their strategic intentions effectively. Internal communication is essential to ensuring that employees understand their purpose and ‘buy in’ to how they contribute to the success of the organisation (Mokgoatlheng, 2010:37). In order to create better cohesion within the internal environment, interdepartmental
communication is required to enhance the transfer of knowledge. This in turn allows for mutual learning, interdepartmental cooperation and the stimulation and generation of ideas and innovations, which result in better organisational performance (Yang, Alejandro & Boles, 2011:155).

2.4.4.5 The extended services marketing mix strategy

Burin (2011:89) proposes the extended services marketing mix as an internal marketing strategy. Through the use of the 7 Ps (product, price, place, promotion, people, process and physical evidence) from an internal marketing perspective, organisations are better able to align internal market activities with the external marketing objectives (Farzad et al., 2008:1481). This type of strategy forms the basis of the study at hand and each of these elements will be discussed in further detail in Chapter 3.

2.4.5 Internal marketing strategies pursued by the retail banks in South Africa

Al–Hawary (2013:812) states that given the growth in the service sector and knowledge-based economy in which retail banks operate, internal marketing is becoming increasingly significant. Retail banks need to have a much better understanding of the role of employees in the delivery of service, which leads to the adoption of internal marketing practices necessitating the need to treat their employees as internal customers (Shekary et al., 2012:8). The justification for the adoption of internal marketing is that this leads to employee satisfaction and the development of more customer-orientated employees who are more willing to create value for customers (Papasolomou, 2006:196). The following section provides examples of the above-mentioned internal marketing strategies within the South African retail banking industry.

2.4.5.1 Internal marketing as an internal branding strategy for South African retail banks

Retail banks make use of internal branding activities to engage employees in their branding process. In this way employees are then able to better represent the bank’s brand to the external market (Devasagayam et al., 2010:211). This is achieved through the open communication of the bank’s brand values, their vision and mission and objectives on a regular basis. This is achieved through yearly road shows conducted by the executive management teams, through monthly circulars and multimedia messaging. Banks also utilise induction programmes to communicate the values, vision and objectives
in order to ensure the alignment of new employees with the bank’s brand and external marketing strategy (Clarke, 2012).

2.4.5.2 Internal marketing as an employer branding strategy for South African retail banks

Banks place a large emphasis on their Graduate Development Programmes in order to attract the most skilled and educated individuals for vacant positions. They make use of current employees to market the banking brand to universities with the intention of creating a desirable perception of the bank (Clarke, 2012). It is through these internal marketing activities that the banks are able to attract the calibre of employees needed to improve performance, serve as brand ambassadors, enhance service quality and deliver on the external brand promise (Yaghoubi et al., 2011:80; Punjaisri et al., 2009:210).

2.4.5.3 Internal marketing as a change management strategy for South African retail banks

A retail bank implementing a service improvement programme across the bank will require all employees to buy into the programme. The programme may require that the employees are expected to adopt new ways of behaving and training, and development may be required in order to teach employees the new skills so that they are able to perform as required. Unless employees understand exactly what is expected of them and understand the “What’s in it for me?”, the change will be met with resistance (Fisk, 2013). Banks in this instance use change management techniques to communicate through various channels in order to create an awareness of the service improvements needed and obtain buy-in to the impending change (Edmonds, 2011:352).

2.4.5.4 Internal marketing as an internal communication strategy for South African retail banks

Most banks have formal communication channels in place. Monthly magazines highlighting past performances, celebrating performances and creating hype about things still to come are frequently utilised by banks. Most banks also make use of a TV channel, predominately in the branch network, to educate and inform staff on all pertinent issues (Fisk, 2013). Interdepartmental communication is also vital for cross-functional alignment between business units (Li, 2010:10). For example, the branch network has regional monthly meetings where various managers from operations, sales, service and other
business units come together to discuss issues and generate possible solutions (Clarke, 2012). Internal communication is a very broad area of research. For the sake of the internal communication discussion in this section, a very-high level view has been provided, and internal communication will be elaborated on in more detail in Chapter 3 (section 3.2.3).

2.4.5.5 The extended services marketing mix for South African retail banks

Retail banks make use of many channels to serve their customers, an example of the 7 Ps in practice is considered from a banking branch perspective which is the channel utilised to serve their walk-in customers. In order to create value using the 7 Ps, the following elements would have to be in place. All employees, both frontline and back office staff, need to have clear job descriptions informing them of their roles and responsibilities. Processes (such as the account opening process) need to be clearly understood, visible and effectively aligned (Clarke, 2012). Effective communication is required between all the internal functions like the branch and operations, the branch and marketing. Given it is the employees who will be serving the customers it is vital that they are properly inducted into the bank, understand the bank’s vision and objectives, are trained and developed, and sufficiently rewarded and incentivised for excellent service delivery (Fisk, 2013). Employees would also need to be empowered to serve customers better and the right kind of physical environment in terms of branch layout, air conditioning and lighting is necessary for increased employee satisfaction which will drive customer satisfaction (Schneider, 2013; Mansoor et al., 2011:52).

An internal focus on marketing and the successful implementation of internal marketing strategies is important as it addresses the internal environment of an organisation, promotes the organisation and its services to employees, and enables a better adaptation of employees to the organisation and their internal environment. In this way, employees are better equipped to deal with external marketing challenges, thus increasing a bank’s chance for success (Rodrigues & Pinho, 2010:174). In order to achieve this, it is important that strong relationships are created internally between management and employees, and between employees across functions and business units (Ali & Haider, 2012:38). The following section focuses on the importance of internal relationships in detail with specific emphasis on the role of internal marketing in the creating of strong internal relationships.
2.5 INTERNAL RELATIONSHIPS

If the function of marketing is to create and deliver value for external markets it is essential that collaborative relationships are established within the internal environment between internal customers and internal suppliers in order to eliminate silo effects which will prevent the flow and transfer of knowledge (Yang et al., 2011:154-155). This implies that marketing will need to work in collaboration with non-marketing areas and employees to exchange information and share the same vision, goals and resources in order to generate value for customers (Guenzi & Troilo, 2006:975-976). In this way, a knowledge-generating environment can be established in which knowledge is effectively coordinated and shared (Kotlarsky, van Fenema & Willcocks, 2008:98-99).

Dodd (2011) suggests that organisations should plan and build close and flexible relationships within and between their internal functions as internal relational exchanges need to be successful before external relationship requirements can be met. The internal marketing concept emphasises the importance of internal relationships and teamwork for strategy success. Thomas and Pretat (2009:14) suggest that teamwork is required for the effective transfer of knowledge which then generates new ideas and ensures that the organisation’s culture can be maintained or improved. Collaborative relationships can also be viewed as a source of social and organisational support to the internal market. It is this support that enhances commitment and teamwork by giving employees a sense of pride in belonging to the organisation. Employees feel they are part of a successful team and believe they are making an important contribution, which is expected to lead to higher levels of commitment and high levels of employee satisfaction which in turn translate into service excellence, increased customer loyalty and higher profits to the organisation (Esfahani et al., 2013:2-3). If employees as internal customers and internal suppliers do not function as a team, service errors are more likely to occur, meaning that any errors or inefficiencies experienced during the service delivery process will affect the customer’s perception of value, causing friction in the relationship between the customer and the organisation and between employees across functions. Such friction can only be reduced through the development of strong internal relationships conditioned and nurtured in commitment and trust (Herington, Johnson & Scott, 2006:373).

2.5.1 The purpose of internal marketing in the creation of internal relationships

Abzari and Ghujali (2011:96) suggest that the purpose of internal marketing is to engage employees in order to overcome organisational resistance to environmental and business
change. Employee engagement has been defined as “an individual employee’s cognitive, emotional and behavioural state directed toward desired organisational outcomes” (Shuck & Wollard, 2010:103). According to Bhatnager (2007:646-647), engagement is described as “a positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption.” Engagement is composed of two vital components: attention and absorption. Attention relates to the level of the employees’ cognitive accessibility and the amount of time spent thinking about their function, whilst absorption refers to the intensity of the employees’ focus on their function (Saks, 2006:601). Employees who feel safe in their environment are far more accessible and highly absorbed in their work as they feel part of something bigger (Shuck, Rocco & Albornoz, 2011:313). As a result, employees who are fully engaged are involved and passionate about their work and the services they provide to customers (Luna-Arca & Camps, 2008:27). Grayson and Sanchez-Hernandez (2010:6) believe that internal marketing should be considered as a method for enhancing employee engagement. These authors suppose that the role of internal marketing involves far more than the attraction and motivation of employees, it highlights the need for cross-functional coordination across employees and business units in order to achieve customer satisfaction (Sincic & Vokic, 2007:10-11). The fundamental nature of internal marketing is to improve internal communications and customer consciousness among employees in an effort to improve external market performance and customer satisfaction. Broadly speaking, the purpose of internal marketing is to involve employees in the organisation’s mission and strategy direction and help them understand the organisation’s objectives and their role in achieving these objectives in order to create value for customers (Mahmood, 2013).

From the above discussion, it can be concluded that the purpose of internal marketing is to concentrate on the internal relationship between employees and the organisation in order to ensure that employees are motivated and engaged and effectively managed to ensure a customer and service orientation (Sanchez-Hernandez & Miranda, 2011:208). This will therefore ensure that customers receive higher levels of service quality resulting in increased customer satisfaction and retention (Hoffman & Bateson, 2006:271-272). The next section looks at the internal environment and the role of internal marketing in creating an internal environment in which strong internal relationships are cultivated.

2.5.2 The internal environment

The internal marketing environment of organisations consists of two characteristics, namely tangible and intangible characteristics. Tangible characteristics include
organisational resources, functional departments, systems and processes, while intangible characteristics would be human capital, culture, mission and objectives, leadership, alignment and teamwork (Klopper, et al. 2006:27; Kaplan & Norton, 2004:12). When both the tangible and intangible aspects are aligned with the external marketing objectives, the organisation has a higher degree of actioning its strategy (Murby & Gould, 2005:15).

Employees are at the heart of organisations. It is the employees who pull everything together, so it is essential that their needs are taken into consideration when designing and developing the organisational strategy (Conradie, 2012:101). It is also essential that employees are included in the development of the organisational strategy and are informed about the organisation’s customer needs, expectations, products, services, concepts and business initiatives. Through this approach, shared goals can be created which results in a common understanding of tasks and outcomes resulting in employees working together as a unit to achieve the organisational objectives (Yang et al., 2011:154). For this reason, internal marketing aims at creating an appropriate internal environment where strong internal relationships are created in which employees are engaged and encouraged to work together in a coordinated fashion in order to transfer knowledge and generate ideas and innovations that create value for customers (Peltier & Dahl, 2009).

In this way organisations can ensure that a continuous flow of knowledge takes place between employees, as well as between the various business units. It is widely recognised that the successful management of tacit knowledge transfer can make a significant contribution to an organisation’s success. Tacit knowledge is defined as knowledge which is derived from personal experience, it is subjective and difficult to formalise, and is generally transferred from one person to another through an apprenticeship. It is tacit knowledge that the organisation needs to nurture and manage in order to develop individual skills and expertise (Paton & Karunarathne, 2009:282-283).

Paton and Karunarathne (2009:282-283) propose that “knowledge and intellect grow exponentially when shared. If two people exchange knowledge with each other, both gain information and experience resulting in a linear growth. However, if both of them share their new knowledge with others, the benefits are exponential”. Naidoo (2009:38) specifies that if organisational knowledge is shared, it becomes entrenched in the organisation’s processes, products and services which makes these unique to the organisation and therefore difficult to copy, giving the organisation a unique competitive advantage. The development of an appropriate internal environment characterised by strong internal
relationships provides the motivation and ability for employees to transfer tacit knowledge within the organisation (Yang et al., 2011:154).

Section 2.5.2.1 and 2.5.2.2. consider how trust and commitment and cross-functional integration help create the required internal environment in which strong internal relationships are fostered, allowing for the transfer of knowledge between employees and the achievement of the internal marketing objectives.

2.5.2.1 Trust and commitment

Trust and commitment have been identified as key virtues which underpin relationships (Ndubisi, 2007:99). Ndubisi (2007:100) defines trust as “a willingness to rely on an exchange partner in whom one has confidence”, and commitment as “an enduring desire to maintain a valued relationship”. Trust, commitment and understanding are fundamental to internal marketing and the creation of the internal environment. The main reason being that these factors create psychological safety for the employee which is referred to as a state in which people feel safe to be honest about what they think and feel. It is through this psychological safety that relationships can be successfully developed as employees are more likely to act transparently and with integrity when they feel psychologically safe in their environment (Eggers; 2013, Williams; 2013, ). In addition, this psychological safety ensures that employees are fully engaged allowing them to perform their roles more competently and deliver service excellence to customers (Slatten & Mehmetoglu, 2011:90; Brown et al., 2009: 6-7). It is important therefore that all internal marketing processes are conditioned in trust, referring to trust in leadership, processes and systems. To build trust and commitment an organisation needs to know and understand its employees and itself thoroughly. Internal marketing helps in the development and growth of trust and commitment among parties. By looking after the needs of the employees, internal marketing provides a clear message to the internal market that the organisation values its employees. If employees feel valued and psychologically safe they will be more willing to share knowledge and generate ideas (Eggers, 2013; Williams, 2013; Ahmed & Rafiq, 2003:1181-1182).

2.5.2.2 The role of cross-functional coordination in creating relationships in the internal environment

Throughout the value chain, each employee is responsible for generating customer value, either directly or through internal cross-functional relationships and teamwork with the aim
of creating value in all steps of the value chain (Panigyrakis & Theodoridis, 2009:605-606). Cross-functional coordination brings employees from all parts of the organisation together in order to achieve the organisational objectives. Through the internal customer-supply chain (value chain) a network of relationships is created and through internal marketing practices, all employees understand their role and their impact on the next customer in the value chain (Matanda & Ndubisi, 2013:1036; Guenzi & Troilo, 2006:976).

Cross-functional coordination is therefore essential in creating and aligning relationships within the internal environment and assisting in the transfer of knowledge. Personal relationship theory suggests that mutual interdependence is also created between parties in the value chain which reduces the risk of one party acting in their own interests as this adversely affects the partnerships. Relationships between internal customers and suppliers are crucial as the outcome of these alliances depends not only on what each party does individually, but also on the joint decisions and actions (Sambasivan, Siew-Phaik, Mohamed & Leong, 2011:552). It is therefore important for organisations to build relationships with their employees on all levels from top management level right down to shop-floor level (Grönnroos, 2007:387). This helps to establish an internal environment which is based on trust, where employees feel psychologically safe, are fully engaged, motivated and committed to the transfer of knowledge and improved collaboration (Willams, 2013; Wang & Noe, 2010:121). The management of internal relationships and the creation of an appropriate internal environment are essential for the satisfaction of employees and their loyalty and retention in the long run (Ali & Haider, 2012:40). The following section provides the backdrop for the discussion of employee satisfaction, retention and the role of affective commitment.

2.6 EMPLOYEE SATISFACTION AND AFFECTIVE COMMITMENT

If employees are unhappy in their internal environment, they are likely to feel disengaged, underpowered and highly unappreciated, which would drive employees to recede from the organisation and seek employment elsewhere (Barnes & Collier, 2013:490-491). Peltier and Dahl (2009) suggest that the internal environment affects the service capability of employees which influences employee satisfaction. This in turn, affects the retention of employees. In other words, if organisations such as retail banks are able to create the appropriate internal environment in which strong relationships are fostered and employees are fully engaged, this would improve the service capability of employees through more empowered decision-making which would allow them to create value throughout the entire internal customer-supply chain. This would result in more satisfied employees, higher
levels and more consistent levels of service quality resulting in higher levels of customer satisfaction (Emerson, 2007:59).

Inadequate retention of employees generates high employee turnover costs for the organisations such as hiring costs, training costs and productivity loss which continue to cause concern for organisations. Replacement costs are usually two-and-a-half times the salary of the individual. The costs associated with turnover may also include lost customers, lost sales, high error rates, longer customer wait times and damaged morale resulting in lower service quality (Hausknecht & Trevor, 2011:360; Workforce Planning Wisconsin State Government, 2005). Furthermore, employees who have left an organisation also increase the likelihood of customer service issues and complaints and create challenges over the long term (Zheng, 2009:497-498). Employee satisfaction therefore becomes a key issue for organisational success and has been recognised as the ultimate motive of internal marketing as it serves to improve loyalty, reduce turnover and therefore improve retention rates (Nittala & Kameswari, 2009:211).

Given that internal marketing efforts have been proven to develop better relationships between employees and their organisations with increasing satisfaction and retention, many organisations are turning to internal marketing practices in order to better motivate, satisfy and retain employees by developing healthy relationships with these employees (Peltier & Dahl, 2009; Sim, 2008:34). As it is understood, healthy, well functioning internal relationships are a prerequisite for healthy, well functioning external relationships (Mitrega, 2012:488). Further to this, satisfied, happy employees develop a stronger level of affective commitment to organisations which results in employees remaining with organisations for longer (Boles et al., 2007:311).

The following discussion focuses on the link between employee satisfaction and affective commitment in creating both employee and customer loyalty and retention.

2.6.1 Role of employee satisfaction and affective commitment in creating internal and external customer satisfaction, loyalty and retention

Naseem et al., (2011:42) believe that employee satisfaction is in fact job satisfaction. Bontis, Richards and Serenko (2011:242) suggest that employees who experience job satisfaction are more likely to contribute more to the organisational objectives, possess a positive self concept about work, and demonstrate greater self-determination which results in greater effectiveness and higher levels of service. Employee satisfaction also
increases enthusiasm and engagement in all service encounters which results in increased customer satisfaction and greater customer orientation, meaning that customer needs are better understood so that value can be created on an ongoing basis (Che Ha et al., 2007:137). Satisfied employees are also more effective at transferring knowledge, specifically in an environment built on trust (Wang & Noe, 2010:118).

Employee satisfaction is regarded as a prerequisite for loyalty, meaning that loyalty develops from satisfaction and mediates the effects of satisfaction on turnover variables. Therefore, when employee satisfaction is high, employee loyalty will be higher too. (Gibbs & Ashill, 2013:310). Turkyilmaz et al. (2011:9) describe loyalty as the psychological state which characterises the relationship between the employee and the organisation, and the employee’s identification and involvement with the organisation which impacts his/her decision to remain with the organisation. Employees who are loyal and committed exhibit higher job performance, less job dissatisfaction, more ethical behaviour, diminished intent to leave, less stress, and organisational citizenship. In addition to this, their personal goals and objectives such as growth and development are aligned with those of the organisation, resulting in happier employees (Farzad et al., 2008:1481).

Calisir et al. (2011:516) state that the strongest predictor of loyalty and employee intention to remain with organisations is organisational commitment. Research conducted by Lumley et al. (2011:107) states that satisfied employees are more committed to organisations and employees who are more committed stay with organisations for longer. In addition to this, they arrive on time, perform well and go the extra mile to serve both internal and external customers.

Organisational commitment can be defined as affective, normative or continuance. Affective commitment is considered to be the most effective measure of organisational commitment and loyalty due to the feelings of belongingness and attachment employees develop towards the organisation. Affective commitment has been described as the employee’s state of emotional commitment to the organisation and is influenced by factors such as organisational support. Employees link their identity to that of the organisation and form an emotional commitment with the organisation which goes beyond the organisation’s instrumental worth. As a result, employees desire to continue their association with the organisation (Awwad & Agti, 2011:311). Ugboro (2006:236) and Baptiste (2008:292) posit that employees with a strong affective commitment remain with organisations because they want to as opposed to having to, and are willing to exert extra
effort on behalf of the organisation in pursuit of the organisation’s objectives (refer to Chapter 4, section 4.5.1).

The focus of the study is on affective commitment since it has been demonstrated to have a strong positive relationship with job satisfaction (Dimitriades & Papalexandris, 2011:146). Boles et al. (2007:311) state that satisfied employees tend to be more affectively commitment and affectively committed employees stay with organisations for longer, which contributes to better service, stronger financial performance and profitability (Moodley, 2008:67; Hoffman & Bateson, 2006: 271). This is due to the fact that organisations benefit from affective commitment and employee loyalty in the form of reduced attrition costs and in the form of stronger employee-customer relationships resulting in increased sales volumes, increased cross-sell opportunities, better operating efficiencies, positive word-of-mouth publicity, improved customer feedback and decreased marketing expenses (Izquierdo, Chillan & Gutierrez, 2005:233). One of the major elements contributing to organisational success and profitability is customer satisfaction. The more satisfied the customer, the more durable the relationship meaning that customers are more effectively retained (Ibhar Technologies, 2011).

Datta (2010:1-2) posits that customer retention is a prime issue for organisations looking to improve profitability and build a sustainable competitive advantage. For retail banks in particular, the longer customers are retained, the better the benefits in terms of a sustained income stream. This is due to more effective cross selling of banking products which relates to the number of products held by one customer leading to higher net present value of customers (Datta, 2010:1-2; Farquhar, 2004:88). In addition to this, satisfied, loyal customers become advocates of the organisation and are more likely to make recommendations which lead to better revenues, profit and cash flow which all influence the organisation’s stock price and market valuation (Williams & Naumann, 2011:10-20). Given that satisfied employees make satisfied customers, the satisfaction and retention of talented employees create a stable and experienced labour force that delivers higher service quality to customers at a lower cost, leading to greater customer satisfaction, retention and profitability (Ibhar Technologies, 2011).

2.7 CONCLUSION

Given the dynamic nature of the banking environment, complex work environments and high levels of stress, retaining employees remains a challenge for the banking industry, specifically GDP employees. This poses a challenge which has serious cost implications
for banks given the substantial level of investment put into these employees (Anani, 2010:2; McDermott et al., 2006:457). In order to achieve a sustainable competitive advantage created through these customer-orientated employees, retail banks have to look at a variety of solutions aimed at satisfying this internal group and retaining them over the long run in order to create value for customers. One solution to the challenge at hand is the implementation of an internal marketing programme (Illiopoulos & Priporas, 2011:2-3).

This chapter provided a background into the characteristics of services and how internal marketing plays a role in the services industry. The chapter focuses on the role of internal marketing in enhancing internal relationships (a prerequisite for external relationship success) and in the development of the internal environment. Organisational structure and culture were also discussed as necessary components to support internal relationships. The chapter concluded with a discussion on enhanced customer satisfaction through enhanced employee satisfaction, loyalty and retention.

The following chapter delves deeper into the internal marketing concept by considering the internal marketing mix elements and the role they play in creating and supporting an appropriate internal environment which enhances internal relationships and drives greater levels of employee satisfaction, loyalty and retention.
CHAPTER 3  
THE INTERNAL MARKETING MIX

3.1 INTRODUCTION

The purpose of internal marketing is to apply the concepts of external marketing within the organisation's internal market. For this reason, in order to utilise external marketing principles it is essential that an internal marketing mix be developed and implemented (Abzari & Ghujali, 2011:96). Dhiman and Sharma (2009: 456) define the marketing mix as an important component of the marketing function as it relates to the strategy used to perform marketing activities and the package of elements used to achieve the organisational objectives. The internal marketing mix applies the same definition, but purely from an internal perspective with focus on the internal package of elements required to achieve both the internal and external organisational objectives.

Initially, 12 Ps were put forward as the marketing mix, these elements consisted of: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, fact finding and analysis (Singh, Chakraborty & Raju, 2011:49). The marketing mix was refined further and viewed as a combination of all the factors at the marketing manager’s disposal to satisfy the target market. The 12 marketing mix elements were thus regrouped to four elements, namely product, price, promotion and place (distribution) (Goi, 2009:3).

The concept of the internal marketing mix proposed that the four Ps of the external marketing mix discussed in the previous paragraph be applied internally. The internal product, internal price, internal promotion and internal distribution could be used to facilitate the process of organisational change as each of these influence the techniques, systems, the structure of power, and the culture of the organisation’s internal environment (Abzari & Ghujali, 2011:96; Javadein et al., 2010:366-367). The initial 4 P marketing mix however was based on a world characterised by stability, economic growth and much less competition rendering it inadequate in the modern world (Afridi, 2011:139). In the 1990’s a new perspective of internal marketing emerged known as the processional perspective whereby the focus shifted to the development of relationships between organisational members with the concept of the internal customer and internal supplier being emphasised. A stronger relational approach to internal marketing is necessary, as both internal and external customer behaviour have evolved due to the shifting of mass
marketing to a more customised relationship building approach (Kotler & Armstrong, 2006:67). Technological advancements have provided customers with easy access to information which has resulted in the increased sophistication of customers (Kimmel, 2005:135). Organisations are having to constantly evolve and improve communication with customers in order to meet their changing needs. In addition to this, organisations need to respond quickly to competitive actions and for this reason, organisations must have strong relationships with the internal and external market (Constantinides, 2006:413).

Academics therefore propose that if the four Ps are accepted as the marketing mix, in this case the internal marketing mix, modified versions and new elements would need to be added to these factors. Additions would need to be made in the service sector specifically where the four Ps as an internal marketing mix is considered insufficient, given the intangible nature of the 'product' being marketed in the internal marketing context and the simultaneous production and consumption of internal services (Afridi, 2011:139; Constantinides, 2006:409). In addition to this, internal marketing stresses the need for integrated effort and strong internal relationships which requires additional elements to be added to the traditional four Ps marketing mix (Ali, 2012: 244; Ahmed & Rafiq, 2002:27).

The internal marketing mix was developed even further to include an additional three Ps of services marketing namely people, process and physical evidence into the mix. The unique characteristics of services drive customers to search for evidence of service in each of their interactions with the organisation. These additional elements provide internal customers with evidence that the service has been delivered and allows them to formulate their own judgement regarding the quality of service received (Mudie & Pirrie, 2006:6). Given that the study is focused on the service sector, Ahmed and Rafiq’s (2002) extended services internal marketing mix will be used as the internal marketing mix for the purpose of the study as suggested by Burin (2011:89). Each of these elements will be discussed in detail next.

### 3.2 INTERNAL MARKETING MIX ELEMENTS

Mudie and Pirrie (2006:5) state that the marketing mix, or in this case the internal marketing mix, is composed of the controllable elements inside the organisation to satisfy or communicate with internal customers. For the purpose of this study, the internal marketing mix elements refer to the extended services marketing mix elements comprising: internal product, internal price, internal promotion, internal distribution, internal
people, internal process and internal physical evidence. These controllable internal marketing elements are used to influence employee attitudes and behaviours and if used correctly, are able to obtain the desired organisational results.

For the purpose of the study, internal product is referred to as the employee’s job and the additional factors which go beyond the tasks such as training and development, empowerment, role fit and clarity and career advancement opportunities (Yang, 2012; Grayson & Sanchez-Hernandez, 2010:9). Internal price is referred to as the price that employees pay to work for the organisation, in other words the sacrifices that they make (Ziethaml et al., 2012:517). Internal price will thus include opportunity costs, psychological costs and emotional labour costs. Internal promotion refers to activities (internal communication) and incentives (reward and recognition) geared towards getting employee attitudes in line with the organisational objectives and values (Javadein et al., 2010:369). Internal distribution refers to the channels needed to get the job to the internal customer and for the purpose of the study includes organisational culture and organisational structure (Kasper et al., 2006:400). Internal people refers to the human factor involved in the service delivery process and for the purpose of the study includes, relationship with supervisor/direct manager, relationship with co-workers and leadership style (Peters & Mazdarani, 2008:33). Internal process refers to the processes and procedures in which the internal product and the service are delivered (Zeithaml et al., 2012:27). Finally, internal physical evidence is referred to as essential or peripheral. Essential evidence relates to the actual physical environment in which the internal job is delivered and peripheral evidence relates to the proof that the product has been delivered, specifically relating to the things employees can keep such as performance feedback reports (Ahmed & Rafiq, 2002:34). Figure 3.1 provides a framework of the internal marketing mix elements and the relevant discussion points (developed from the literature).
These internal mix elements and each of the factors making up the elements are discussed in detail below.

### 3.2.1 Internal product

From an external marketing perspective, product is described as anything that organisations offer to their customers in order to satisfy needs. For service organisations the product represents the service provided to customers by the organisation’s employees (Yang, 2012). From an internal perspective, product generally relates to the employee’s job. Approaching jobs as products goes beyond the tasks which need to be fulfilled on a daily basis; it also takes into consideration factors such as training, level of responsibility, involvement in decision-making (empowerment) and career opportunities as the components of internal product. Without well designed internal products the organisation has limited hope of engaging employees and achieving the organisational objectives (Yang, 2012; Grayson & Sanchez-Hernandez, 2010:9).

Conradie (2012:118) suggests that an internal product can be presented at three levels, namely the strategic level, tactical level and fundamental level. The strategic levels refer to the organisation’s marketing strategies. Kotler and Keller (2009:43) state that marketing
strategy and marketing plans should be incorporated into internal products, the marketing strategy that should be entrenched into employees includes values, thoughts and behaviours, whilst the marketing plan is the tool used for directing and coordinating all marketing efforts in order to create value for customers. The tactical level refers to the services and training offered to employees by Human Resources. Fair HR policies and practice result in employees feeling respected and treated fairly, which leads to increasing trust in internal relationships and the internal environment (Conradie, 2012:118; Vasconcelos, 2008:1256). At the fundamental level, internal product refers to the job itself. The employee’s job plays a key role in the exchange process which takes place between the employee and the organisation (Cano & Sams, 2009:286; Anosike & Ahmed, 2006:6). This implies that organisations use marketing tools to sell jobs (internal products) to employees and employees buy and assess these internal products much the same way as customers buy and assess a product or service (Vasconcelos, 2008:1255).

In a nutshell, organisations need to provide satisfying job experiences in return for employees’ expertise and commitment. In addition to this, organisations must concentrate on role fit and role clarity to ensure that employees have clarity about performance expectations which will result in heightened feelings of satisfaction (Halepota & Shah, 2011:285). Organisations therefore need to offer jobs as products that are designed to offer features employees value rather than just describing the task requirements. In this way jobs can be used to attract and retain customer orientated employees in the organisation (Conradie, 2012:118; Vasconcelos, 2008:1255-1256).

Esfahani et al. (2013:2-3) and Vasconcelos (2008:1256) suppose that in order to create jobs as internal products which create value for employees, it is important that organisations understand employee needs and conduct research internally in order to better understand their job aspirations, dreams and goals. In this way internal products can be designed for different employee segments based on their needs and core competencies. In addition to this, factors which are important to employees need to be incorporated into internal products which will then create value for employees and increase their levels of satisfaction. If employees are satisfied they are less likely to leave the organisation, meaning that talented customer-orientated employees can be retained within the organisation (Bowers & Martin, 2007:91). This has many benefits from a cost-reduction perspective, but additionally it ensures that quality customer-oriented employees are in place to serve as part-time marketers, therefore delivering on the external promises made (Bhatnager, 2007:641; Kale, 2008:5).
Based on the previous discussion, training, empowerment, role fit and clarity, and career opportunities for advancement have been selected as the components of internal product (Yang, 2012; Grayson & Sanchez-Hernandez, 2010:9; Gounaris, 2008b:72). The following section considers each of these factors in more detail below.

3.2.1.1 Employee training and development

Oyitso and Olomukoro (2012:70-71) describes training as the acquirement of knowledge and skills that enable employees to perform their jobs more effectively. Pynes (2009:216) claim that employees need to understand their purpose within the organisation and they need to feel competent and valued. Markos and Sridevi (2010:93) recommend that organisations contribute to these needs through informing and educating employees about what needs to be done and by providing the resources to complete their work effectively. This makes training a powerful marketing tool and an essential ingredient in enhancing employee engagement. Shuck et al. (2011:319) also suggest that learning and development programmes closely aligned with the organisation’s vision, mission and values and strongly grounded in the organisational culture, should be available at all levels of the organisation. These learning and development programmes can take place through many channels. One of the most effective is through a supervisor or mentor who coaches employees based on feedback from compliments or complaints, in this way they learn skills as and when they are needed (Burin, 2011:91).

Training as a component of the internal product also helps build self esteem, allowing employees to feel more professional and more respected by customers and more dedicated to handling difficult customers and situations which can reduce both person and role stress (Lovelock, Writz & Chew, 2009:291). Further to this, given that employees are such an important part of the internal product or service delivered, they need to be trained as part-time marketers with customer retention skills. This would allow employees to build and maintain relationships with customers on an ongoing basis (Illiopoulos & Priporas, 2011:2). However, employees cannot contribute to customer satisfaction or organisational performance if they do not have the necessary information, skills or training and coaching to do so (Brown et al., 2009).

Training contributes to the internal marketing objectives as the sharing of knowledge and information is vital for the creation of an internal environment based on trust (Wang & Noe, 2010:118). Training as a component of internal product is essential as this is viewed as the leading factor for professional growth (GRReporter, 2011). Retail banks send their
employees to seminars and various internal and external training programmes in order to increase their knowledge and skills in their field. Retail banks invest a substantial amount into their Graduate Recruitment Programmes whereby selected graduates undergo extensive training across various organisational functions with the intention of fast tracking these talented employees into key managerial positions (McDermott et al., 2006:460; SBSA, 2011). Training increases promotional prospects for employees and helps increase awareness of new trends and procedures which is crucial for professional development (GRReporter, 2011). Oyitso and Olomukoro (2012:75) believe that training improves employees' skills and abilities enabling them to perform tasks better, which results in an increase in job satisfaction and commitment hence improving employee and organisational performance.

3.2.1.2 Employee Empowerment

Kim (2013:6) put forward that empowerment can be seen as an important element for employee satisfaction as it fulfils basic human needs in a job situation such as personal development and feelings of meaning and worth. It also links to the heterogeneity characteristic of service in that no two customers are the same. Each customer has his/her own unique needs and demands which means that employees need to understand these various needs and adapt their behaviour accordingly (Slatten & Mehmetoglu, 2011:92).

Organisations should also apply a similar approach internally and recognise that each employee in the internal customer value chain has their own unique needs and demands which need to be taken into consideration. This can be a very challenging task for employees, but empowerment allows the constraints of the service blue print to be removed, giving the employees more power to act when serving different external and internal customers (Gounaris, 2008a:409). For employees to experience satisfaction, they should be given more authority in dispensing their duties which makes empowerment an important aspect of internal marketing (Gupta, 2012:176).

Empowerment provides greater autonomy to employees in terms of how they think, behave, control work and make decisions. Employees tend to feel more confident and appreciated if they see the meaning in what they do. This allows them to respond to customers faster, increasing productivity, and improving the service experience (El Samen & Alshurideh :2012:86) Empowerment is an important part of internal marketing
given it can have a major impact on employee satisfaction when implemented correctly (Kim, 2013:1; Sahi et al. 2013:387).

Sim (2008: 26) states that in a retail banking setting, employees fill a myriad of different roles ranging from frontline customer contact employees to back office, process administration employees, to employees in various management and support functions such as HR and marketing. Employees in frontline positions need to match the organisation’s products and services with customer needs. They collect and disseminate customer intelligence and act as part-time marketers in terms of promoting the bank’s image to the external market (Kyriazopulos et al., 2007:2). Employees in back office, management and support functions, although not in direct contact with customers, need to respond to customer requests in a timely manner in order to ensure that quality services are provided (Sim, 2008:26). For this reason, in order to deliver value to internal customers in the internal value chain, it is essential that employees throughout the organisation are empowered to act and are provided with the discretion to fulfil their job roles successfully (Palmer, 2011:445).

3.2.1.3 Role fit and role clarity

(Saeed & Asghar, 2012:12180) posit that it is essential to ensure that the job fit between the employee and the role is right, meaning that there needs to be a sufficient level of comfort between the employees, their role and the internal environment. If employees adapt well to an organisation, they are less likely to leave (Matanda & Ndubisi, 2013:1032). Important to note here is the employees’ value orientation. A bank employee may have a higher preference for the technical aspect of their job, such as an IT specialist looking after a core banking system (task orientated), or they may have more interest in the social aspect of the job like a private banker interacting with high networth customers on a daily basis (people orientated). Organisations that are aware of their employees value orientation and take this into consideration when designing jobs are more likely to retain their workforce (Matanda & Ndubisi, 2013:1032; Holtom & O’Neill, 2004:5-6). Gounaris (2008b:83) states that through an internal marketing programme, organisations are required to understand the value employees look for in their jobs and ensure that there is a good fit between employee needs and specific tasks.

Although employees look for challenges, their knowledge, skills and abilities must match their jobs, otherwise they are likely to experience stress which will impact negatively on their job performance (Towers Watson, 2012:12; Saeed & Asghar, 2012:12180).
Employees who experience a good degree of job fit, are able to use different skills and develop personally and professionally and are more likely to be engaged with their work and are overall, more productive employees (Shuck et al., 2011:319; Martensen & Gronholdt, 2006:98). This makes role fit an important component of internal product.

Holtom and O’Neill (2004:4) suggest that role fit can also contribute to the internal marketing objectives specifically from an employer branding and ‘employer of choice’ perspective, as talented customer-orientated employees can be obtained and retained in retail banks through better role fit. When organisations focus on elements such as salary and bonuses, short-term victories may be achieved, but over the long run if factors such as role fit are ignored, these employees will leave the organisation. One of the most important factors therefore in employee performance and retention is a good fit between the employees and their job (June & Mahmood, 2011:97). Additionally, Halepota and Shah (2011:285) suggest that role clarity is essential for improved employee productivity and performance. Role clarity relates to the responsibilities and expectations of the role which must be made clear to employees to enhance their performance (Ryan, 2012:20). When employees are clear about role and job expectations, uncertainty can be reduced as employees adjust to their jobs more comfortably (Halepota & Shah, 2011:285).

From a retail bank’s internal marketing perspective it becomes essential that employees are provided with information pertaining to the external marketing strategy and external promises made to customers. When banking employees understand the organisation’s internal and external brand or marketing strategy, they are better able to understand the role they play in delivering the strategy and the rationale behind management decisions (Melcrum Connecting Communications, 2013). This in turn enables the delivery of service quality through the desired organisational behaviours. From a retail bank perspective the right employees should be recruited into the organisation and provided with clear job descriptions and KPIs (Key Performance Indicators) which clearly specify performance deliverables. Further to this, employees should understand how their individual performance criteria tie into the broader banking objectives (King, 2010).

3.2.1.4 Career advancement

Organisations could also market jobs to employees as a source of status enhancement which can be achieved through career development programmes. If employees perceive that they are gaining benefits in terms of status enhancement, they are more likely to be
fully engaged and adopt more innovative approaches to customer service (Slatten & Mehmetoglu, 2011:101).

Salvato, Minichilli and Piccarreta (2008:2) define career development as “the evolving sequence of a person’s work experience over time”. This is assisted through a career progression plan which is a clearly defined plan of action which prepares the employee for the future by showing the different steps in the career development path and how the employee progresses along these steps (Merchant, 2013). Regular competency assessments need to be conducted to ensure that employees possess the adequate skills to achieve their career aspiration. If employees are lacking skills required to obtain their goals and the benefits of status enhancement, mentoring and coaching should be provided by management to assist employees in this regard (Slatten & Mehmetoglu, 2011:101; Branham, 2005:101).

Danske Bank, the largest financial services provider in Denmark provides employees with IT tools to access information about the skills and capabilities needed for particular jobs throughout the bank. Further to this, employees have access to e-learning tools to develop their skills and experience to move into the jobs that interest them. In this way Danske Bank empowers their employees to take control of their careers (The Economist, 2007:10).

Internal product can therefore be considered as an important element of the internal marketing mix given that the provision of service quality to customers is dependent on the level of dedication and motivation of the service employees (Ahmad, Wasay & Malik, 2012:532). Since employees purchase jobs (internal products) from organisations, organisations need to ensure that they create internal products that attract, develop and inspire the right kind of employees. In this way organisations are able to develop strong employer brands and become the employer of choice, enabling employees to deliver on promises made through the marketing strategy (Brown et al., 2009; Kale, 2008:5).

Similar to external marketing principles, employees pay a price for internal products which relates to the sacrifices made by employees to work for the organisation (Yang, 2012). Yang (2012) and Burin (2011:97) refer to internal price as the opportunity costs, the psychological costs and the emotional costs employees pay to engage in their jobs. The next section discusses internal price and the components thereof in further detail.
3.2.2 Internal price

Zeithaml et al. (2012:517) suggest that monetary price is not the only price customers pay for products or services. In terms of internal price, there are many costs borne by the employee which are not monetary based, but more intrinsic in nature. These intrinsic costs relate to the price employees pay to work for the organisation, in other words the sacrifices they make. Job demands have been defined as demands that relate to the physical or psychological aspects of the job that require continual physical or psychological effort on behalf of the employee and in this way contribute to the psychological and emotional costs paid by the employee (Karatepe, 2011:48; Bakker & Demerouti, 2007:312). The following section considers opportunity costs, psychological costs and emotional costs as the components of internal price as each of these represent the intrinsic costs employees pay to work for organisations (Strydom, 2004:164). Each of these will be discussed in more detail.

3.2.2.1 Opportunity costs

Strydom (2004:164) and Zeithamel et al. (2012:358) believe that there are two kinds of opportunity costs borne by employees working for organisations. The first refers to external career advancement opportunities which the employee does not consider since he/she decides to remain with the organisation. The second refers to the costs incurred as a result of adapting to organisational change in terms of loss of freedom, teamwork and sharing of information. An example of this is when a system change may require employees having to learn how to operate the new system and adapt themselves to new ways of working. This requires additional time and effort on behalf of the employees which distracts them from achieving other deliverables (Grayson & Sanchez-Hernandez, 2010:3).

These costs are not always negative though, as new systems may provide employees with the opportunity to improve their employability or create an opportunity in which they feel better by doing the right things or doing things more efficiently (Conradie, 2012:122). Furthermore, the employees’ perception of value will determine their level of involvement with the organisation (Grayson & Hernandez-Sanchez, 2010:15). If employees experience stress or distress it may cost them their success due to their natural resistance leading to a lost opportunity from a professional growth perspective (Vakola & Nikolaou, 2005:161). Value can be added through internal relationships which enhance the employment relationship between the employee and the organisation so that the employee has the
opportunity to experience satisfying interactions, relationships and opportunities which will lead to increasing levels of employee satisfaction within the organisation. (Grayson & Hernandez-Sanchez, 2010:15; Kuo & Kuo, 2010:629).

### 3.2.2.2 Psychological costs

Psychological costs such as stress relate to the psychological reactions arising from the comparisons between the demands of the job and the employee’s ability to cope with these demands (Leung, Chan & Dongyu, 2011:313). Psychological costs incurred by employees relate to dissatisfaction, distress and burnout (Hu & Schaufeli, 2011:9). Distress is covered in the next section on emotional labour and this section focuses on employee burnout as a psychological cost. Burnout refers to employees’ psychological reactions to their environment (Hu & Schaufeli, 2011:9). Egan (2006:5) describes burnout as the combination of three interacting factors namely exhaustion, depersonalisation (disengagement) and reduced personal accomplishment. Karatepe (2011:49) states that exhaustion is the result of intensive physical or cognitive strain experienced over a long time period leaving employees feeling tired and strained and unable to meet customer demands. Depersonalisation refers to a detachment to work with employees developing negative attitudes towards work or customers. Employees distance themselves from work and may even experience feelings of dehumanisation. Reduced personal accomplishment relates to the employees’ negative self-image and reduced satisfaction with their professional development (Egan, 2006:4). Each of these factors result in increased levels of employee dissatisfaction and disengagement. Further to this, if an employee’s task performance is affected and he/she are not able to perform their job effectively, this will result in conflict with co-workers, supervisors and senior management. If the psychological costs can be controlled, employees are able to perform their jobs well which will positively impact interpersonal relationships with others. This in turn leads to a more integrated internal environment and stronger organisational performance (Leung et al., 2011:315-316).

### 3.2.2.3 Emotional cost and labour

Karatepe (2011:45) believes that service employees need to deal with customers on an emotional level. They are often required to be empathetic to customers’ needs and have to remain calm when dealing with irate customers, all of which can be emotionally demanding for the employee and result in emotional strain. This has been referred to as
emotional labour which is defined as the planning, effort and control needed to express the emotions required by the customer and the organisation during the service encounter. This implies that employees are often expected to behave in ways which are in conflict with how they feel emotionally at a given point in time. This may also result in the exploitation of employees as they are expected to fake their true feelings and express false emotions which result in depression, exhaustion, isolation and loss of identity (Walsh & Bartikowski, 2013:1215-1216/1218). Lin and Lin (2011:17-18) state that as customers perceive the employees’ emotional interaction as part of the service itself, employees’ positive inner emotions become key to the emotions they display to the customer. Service delivery is at its best when employees genuinely feel the positive emotions they display; this has been referred to as deep acting and results in increased feelings of personal achievement.

The issues of internal price can be addressed through the internal product component of the mix specifically through the training and role-fit factors. Schermuly, Schermuly and Meyer (2011:254,259) suggest that if employees are provided with training to meet the requirements of the jobs, they will display more confidence in their skills and abilities thereby reducing stress. To perform emotional labour, employees are encouraged to develop deep-acting strategies as an approach to reduce the psychological costs and emotional costs discussed previously (Motaghi-Pisheh & Harianto, 2011:167). For this reason organisations such as retail banks should put frontline employees through rigorous training on how to control their inner emotions and act in accordance with the ‘emotions/feelings’ guidelines. This encompasses role playing situations and training employees to imagine customers in certain scenarios such as pretending they are children in order to reduce negative inner emotion (Lin & Lin, 2011:193).

Further to this, if the fit between the employee and the job is right, greater alignment will exist between the beliefs, values and behaviours of the employee and the job, thereby psychologically empowering employees and reducing stress (Schermuly et al., 2011:254). Emphasis should also be placed on the recruitment of customer-orientated employees and ensuring that the correct fit between the employee and the organisation takes place. Frontline employees in a bank should display friendly, accommodating, cheerful and extroverted personalities which will help regulate inner emotions and create more positive service encounter. It is important to note however, that continuous customer service training is essential for reinforcing desirable employee behaviours (Lin & Lin, 2011:193; Emerson, 2007:111).
Internal price can also be addressed through the internal people component of the mix, specifically through management commitment and support. Karatepe (2011:45, 49) proposes that management commitment and support are also required to create the perception that employees are cared for. If organisations and management are supportive of employees, employees are more likely to feel that the organisation is backing them and providing them with the help needed to complete their tasks and cope with the stressful demands placed upon them (Markos & Sridevi, 2010:93). This in turn reduces role conflict, role ambiguity and burnout resulting in happier, more productive, more satisfied employees (Karatepe, 2011:45, 49).

In addition, Huang (2010:3-4) suggests that work-family balance is a major contributor to internal price from a stress and burnout perspective and needs to be taken into consideration. If work-family life is not balanced in an effective manner, employees are likely to seek employment elsewhere. Retail banks could create flexible work hours in which employees have the freedom to arrange their own work hours in accordance with their needs (Schneider, 2013).

To create a supportive internal environment in which employees feel supported, it is important that trust is built internally. For this reason organisations must openly share information with employees in order to strengthen internal relationships and increase service excellence (de Farias, 2010:108). Knowledge sharing and internal communication is discussed next as part of the internal promotion element of the internal marketing mix.

3.2.3 Internal promotion

Promotion has been described as the activities used to create an awareness of the organisation and any new or existing products or services (Pride & Ferrell, 2010:8). The main objective of promotion is to inform, influence and remind customers about the organisation’s product or service offering and to position the product or service in the marketplace (Hoffman et al., 2005:18).

White, Vanc and Stafford (2011) suggest that from an internal marketing perspective, promotion relates to the internal communication which takes place within the organisation to ensure that employees are sufficiently informed about the organisation’s vision, mission and objectives and the role they play in contributing to these. Chen and Huang (2007:105) believe that the main purpose of internal promotion is to create knowledge and skills within the organisation so that employees understand exactly what is expected of them to
perform their jobs well. Well informed employees who understand the organisation’s vision, objectives and brand and how this relates to their jobs, become the organisation’s best brand ambassadors. This in turn allows employees to deliver on the brand promise, and enhance the organisation’s reputation and brand image (King, 2010).

Communication is only effective when a shared understanding is obtained amongst employees and when a top-down approach combined with two-way interaction is employed as managers are required to listen to employees so that they can understand and address their needs and frustrations in order to increase satisfaction levels and reduce employee turnover (Kale, 2008:9; Kalla, 2005:303-304). To communicate effectively with employees, different communication channels and media are required to ensure the delivery of the message to the selected target audience (Steingrimsdottir, 2011:22). Employees have access to many channels of communication and choosing the most appropriate medium or media is an important issue in communication success (Ali & Haider, 2012:39; Steingrimsdottir, 2011:22). The media is often referred to as the message itself as each medium engages employees in different ways and determines the scale, pace and acceptance of the communication which ultimately influences employees’ level of participation in organisational activities (Berger, 2008).

For this reason an internal promotional mix similar to the external promotional mix is required. This internal promotional mix consists of media such as advertising, personal selling, sales promotion, and social media (Gummesson et al., 2010:12; Baldauf, Cravens, Daimantopoulous & Zeugner-Roth, 2009:441).

**3.2.3.1 Internal advertising**

Advertising has been described as the paid for mass, non-personal presentation and promotion of goods and services by a sponsor. This is usually the first point of contact between the organisation and the customer or employee, making advertising a powerful communication tool (Müller, Alt & Michelis, 2013). The main objectives of advertising are to attract attention, to inform, to persuade, and to remind customers of a product or service, in much the same way as the objective of internal advertising is to attract attention and inform employees about the internal product and services (Yurchisin & Damhorst, 2009:458).

Christensen (2011) suggests that service organisations make extensive use of adverts to communicate with their employees as well as their customers, with the understanding that
employees constitute an important audience for these adverts, especially given the fact that they are expected to deliver on the promises made through these communications. To this end advertising supports internal marketing as it makes employees aware of the organisation's strategies and goals and helps to create clarity for employees. In addition to this, internal advertising helps create an internal environment focused on understanding employee needs and communicating what the organisation is doing to fulfil these needs. If employees believe that the organisation is doing everything it can to aid in their well-being, they feel more motivated and higher levels of satisfaction are experienced (Hedrick, Beverland & Minahan, 2007:64).

Retail banks make extensive use of internal advertising in the form of posters and billboards situated in prominent areas within the bank’s offices and branches. The banks make use of monthly magazines such as SBSA’s “The Standard” to communicate with employees in terms of new initiatives and to celebrate successes (Clarke, 2012). They can also ensure that the vision and values are clearly communicated to employees ensuring that the strategic objectives are met (Christensen, 2011). The intranet is an additional internal advertising tool used to advertise and sell job products internally with the intention of motivating and retaining employees within the organisation (Clarke, 2012). Internal advertising creates an environment that caters for the needs of employees and lets them know what the organisation is doing to fulfil their needs. This in turn results in higher levels of employee motivation and satisfaction (Hedrick et al., 2007:64).

### 3.2.3.2 Internal personal selling

Personal selling refers to the direct personal communication that takes place between the customer and the employee whereby the employee learns about the customer needs and seeks to satisfy them by offering suitable products and services (Bubnjevic, 2011:371). From an internal perspective this would relate to the face-to-face interactions that occur between managers and employees whereby managers seek to understand employee needs with the intention of selling job products and ideas to employees. In this way managers are able to customise the message delivered to internal customers based on the feedback obtained from these customers (Kotler & Keller, 2009:536; Kasper et al., 2006:416).

Ahmed et al. (2003:1226) suggest that personal selling is linked to internal marketing as it aids in understanding the individual needs of each employee and allows for customised job-products to be created. This results in greater levels of satisfaction and loyalty as
employees feel that the organisation cares about them. This is vital from an internal marketing perspective because if quality employees are retained, they have higher levels of organisational knowledge and a greater understanding of their roles within the organisation, allowing them to offer quality service to customers. (Schmitt, 2011:54,58-59; Ahmed et al., 2003:1226).

In the retail banking setting, personal selling takes place between managers and employees generally in group meetings or in a one-on-one context. The managers will sell the organisation’s vision, mission and objectives to their subordinates and explain exactly what is required of employees to achieve these aims. It also encourages feedback and two-way communication in order to achieve a better understanding of employee needs (Fisk, 2013). Personal selling is a powerful internal marketing tool as it allows managers to interact face-to-face with employees. This supports managers by enabling them to understand employees’ aspirations, goals, dreams and expectations with regard to job products and the organisation, and how to respond to these needs which results in better internal relationships (Vasconcelos, 2008:1256).

3.2.3.3 Internal sales promotion

A sales promotion is used to stimulate customer demand through the use of communication tools generally involving some kind of incentive (Omotayo, 2011:68). The aim is to encourage customers to use the product or service more frequently and generally within a specific time period where it may be offered at a discounted price (Tung, Kuo & Kuo, 2011:32, Linholm, 2008:31). Promotion generally takes on several forms such as: price discounts, store displays, or advertising features and are used most effectively when services have a low perceived risk, are purchased frequently, and compete on the basis of price (Lindholm, 2008:31-32).

Clarke (2012) states that from an internal perspective, sales promotion could be used to sell internal training programmes or market the services of various business units. HR may offer business coaching services to managers as part of their service offering to the organisation. Sales promotion could also be used to encourage and motivate employees through incentives such as financial bonuses, awards, recognition and competitions. Fisk (2013) states that retail banks make use of sales and service incentive programmes to reward frontline employees, annual bonuses, star awards for recognising outstanding individual performance, and competitions in order to encourage employees to adopt changes and new ways of doing things.
If employees are not learning new skills, transferring knowledge and working together in a coordinated fashion, the banks will not be able to survive and prosper in the long run. Promotions therefore act as an incentive to encourage employee development, knowledge transfer and promote interfunctional coordination (Tag-eldeen & EL-Said, 2011:156). For this reason sales promotion for the purpose of the study refers to reward and recognition systems as these communicate to employees that they are cared for. Further to this, when employees are sufficiently rewarded and recognised, desired behaviours and actions are repeated on an ongoing basis (Danish & Usman, 2010:160). Rewards and recognition are discussed in more detail next.

- Employee recognition and rewards

Reward and recognition is an important component of internal promotion specifically when it comes to motivating employees and influencing employee behaviour (Javadein et al., 2010). Further to this, Danish & Usman (2010:160) propose that employee satisfaction and commitment are closely linked to reward and recognition systems. If organisations want to retain their best performers, they must reward and promote these employees (Palmer, 2011:460). Employees also need to understand how their performance will be measured and must believe and experience the reward system to be fair and consistent (Kale, 2008:9). Palmer (2011:460) believes that the main objective of a reward system is to improve employee performance by rewarding them with something they value once the organisational objectives have been achieved. Sawar & Abugre (2013:24) state that rewards can either be monetary or non-monetary in nature, both will be discussed in more detail next.

i) Monetary reward

Monetary reward serves as an enticement for attracting the right calibre of people into the organisation, motivating them, satisfying them, and retaining them over the long term (Carraher, 2011:25-26). Monetary reward for the purpose of the study relates to the employees’ compensation (salary), bonuses (financial incentives) and benefits such as medical aid and pension fund contributions. Organisations can use these monetary rewards to create the perception that employees are valued (Gough & Arkani, 2011:175). Gough and Arkani (2011:175) suggest that through the provision of benefits such as pension funds, employees believe that the organisation is providing for their future financial security which creates the perception that they are valued and cared for by the organisation. Employees are willing to accept greater risks and take on greater workloads and put in extra time if they are compensated for their efforts through a salary and/or
additional benefits as a fair trade-off. Monetary reward is regarded as a job resource as it fulfils basic human needs such as food and clothing and indirectly promotes growth and development too (Hu & Schaufeli, 2011:9). Kilburn (2008) and states from an internal marketing perspective, that in order to create a strong internal customer orientation, the incentives must outweigh the costs, otherwise employees will resist.

ii) Non monetary reward

Non-monetary reward relates to the recognition and appreciation of employees which enhances the employees’ pride in their job and results in positive behaviour basis (Danish & Usman, 2010:160). Ongoing, public appreciation in front of peers and colleagues can offset the costs employees pay to work for organisations (internal price), as employees feel a greater sense of self worth as their efforts are noticed and appreciated. (Bowers & Martin, 2007:92). Retail banks use non-monetary rewards in the form of certificates for the completion of training programmes, public recognition of performance in the banks monthly magazine, special dinners and events or parties to celebrate both individual and team success, and managers congratulating employees in public forums (Clarke, 2012). Given that rewards and recognition contribute to the attraction, satisfaction and retention of talented employees, it can therefore be concluded that the rewarding and recognising of employees contribute to the internal marketing strategy of retail banks (Palmer, 2011:460).

3.2.3.4 Social media

Singh (2011) suggests that technology and the Internet have changed the business environment significantly with the market place now often referred to as the market space given the electronic exchange of information and communication. Technology and electronic communications have changed the physical environment substantially, and provides more opportunity for value creation given that the constraints of time, place and geographic boundaries are eliminated. New or social media is now the new buzzword referring to open community-based online platforms that allow for user-generated content and information to be present and to circulate to employees across the organisation (Berman et al., 2007:23-24). Social media forms a key part of the social dynamics and internal communication within an organisation, since it connects employees and promotes collaboration through online communities (Bulmer & DiMauro, 2009:4). The objective of these online communities is to distribute information to employees within the organisation and they can also be used for promotional purposes (Berman et al., 2007:24; Kasper et al., 2006:417; Finin et al., 2005:418). From a retail bank perspective, through access to this information employees are able to collaborate, participate and interact (Bonson &
Flores, 2011:34). By adapting their internal communication strategies, banks are able to encourage the involvement and participation of employees and provide a seamless flow of relevant information and feedback through honest communication enabling employees to complete their jobs more effectively (Lalic, Marjanovic & Lalic, 2012:546).

Electronic communications have evolved with the development of the Internet and a number of new media tools are used frequently both internally and externally by modern-day organisations. These new media electronic communications include: intranet, social networking, wiki’s and blogs (Burin, 2011:104; Finin et al., 2005:418). Each of these is discussed next.

- Internet and intranet
Organisations make use of the Internet in order to provide detailed information to employees and allow employees to participate more effectively through the use of new platforms. The idea is to encourage multidirectional flows of information between employees and management, in that way making communication more interactive (Bonson & Flores, 2011:35). For example, retail banks are able to engage in Internet conferences whereby employees situated in regional offices across the country can participate in these virtual meeting (Banerji & Dutta, 2009:606). Banks also make use of the Internet for broadcasting news such as their periodic results by means of real-time web video or audio programmes. This kind of material can be downloaded once the event has taken place and re-used in other devices such as cell phones and I-pods at a much lower cost than print material (Bonson & Flores, 2011:35; Rowe, 2007:602).

Organisations also make use of intranets to share information and encourage open communication and integration within the organisation, contributing significantly to the internal marketing objectives (Lehmuskallio, 2008:96). Retail banks make use of intranets to advertise jobs available within the organisation, to provide functional support and to market various business units within the bank in this way satisfying employees’ needs through informing and connecting them (Fisk, 2013).

- Social networking
Social networking refers to platforms which allow for the exchange of personal and professional information in a special marketplace (Bonson & Flores, 2011:36). Social networking enhances the communication tools and communication channels within the organisation (Willem & Buelens, 2009:152). In addition to this, social networking sites give employees the ability to maintain strong relationships with colleagues through a consistent
identity which goes beyond time and space. Through these relationships, collaboration amongst employees can be enhanced as deeper social bonds develop. These friendship ties across groups enable employees to collaborate and coordinate in times of crisis (Baltatzis, Ormrod & Grainger, 2008:77-78).

The most commonly used social network sites include Facebook and Linkedin (Topper, 2007:378). Topper (2007:378) and Finin et al. (2005:418) explain that retail banks make use of Facebook to produce an internal social network, specifically for the GDP group of employees. These employees are able to create a profile and connect with other graduates throughout the bank, allowing these employees to share information via online conversations.

- Wikis
Bonson and Flores (2011:36) state that wikis constitute a specific kind of website set up to support entries from numerous users. It refers to a website that encourages information sharing by allowing individuals to add content, make changes to content and provide opinions in a controlled manner (Gorman, 2005:225). Wikis contribute to the internal marketing objectives by integrating knowledge and information across all levels of the organisation with the intention of improving external customer understanding, employee empowerment, internal communication and knowledge sharing, efficiency and productivity (Long, 2006:158). Wikis have also been considered helpful for improving an organisation's relationship with its employees, under certain conditions (Bonson & Flores, 2011:45).

- Organisational blogs
Organisational blogs are described as a means of communication between the organisation and its public. From an internal perspective, organisational blogs refer to the communication between the organisation and its employees forming the intersection between personal and professional communications (Kelleher & Miller, 2006). Baxter, Connolly and Stansfield (2010:518) state that blogs are defined as publishing tools for the purpose of modifying web pages in which entries are documented in reverse chronological order.

It is the conversational nature of blogs that makes them appealing and encourages the exchange of views and opinions between employees. In the case of sensitive information, employees may be more reluctant to share information with each other and will weigh the benefits against the costs before making comments. Blogs also allow for limited exchanges as the author controls the ownership of the content. They are however useful
in providing information, problem-solving and in the provision of mutual support (Savolainen, 2011:863,866-867).

The CEOs of retail banks could use these internally to communicate the bank’s vision and various initiatives as well as deal with issues relating to the bank. Blogs could also be a valuable tool for detecting credit problems and for obtaining ideas for new financial products and services (Bonson & Flores, 2011:44). Other web-based media sharing systems should also be mentioned in terms of video sharing through YouTube, photographs through Flickr, documents through Docstoc and presentations through SlideShare which could also enhance internal promotion and contribute to the broader goals of internal marketing (Bonson & Flores, 2011:36).

Given that communication can have a significant impact on employees, Christensen (2011) suggests that organisations should design their marketing communication messages in accordance with employee needs. The author argues that the values of employees, their hopes and their vision for the future need to be taken into consideration. Given the focus on employees and employee needs in internal marketing, the next section discusses the element of internal people in more detail.

3.2.4 Internal distribution

Kasper et al. (2006:400) describe distribution as the strategic and operational activities that take place in making products or services available to target customers. It involves the channels, outlets and methods of transportation needed to ensure that the product or service is delivered to the right customers at the right time and place in the right condition (Owomoyela, Ola & Oyeniyi, 2013:488; Kasper et al., 2006:400). From an internal perspective, distribution includes both the physical and non-physical aspects of the work environment in which exchanges take place between the organisation and employees. Physical distribution relates to the visible and tangible aspects which will be discussed under the internal physical evidence (discussed in section, 3.7), whilst non-physical relates to the invisible and intangible aspects such as the cultural and symbolic aspects of the organisation (Abzari & Ghujali, 2011:97). An important element in creating the culture and paradigm of the internal environment is the organisational structure (Grayson & Sanchez-Hernandez, 2010:17). Organisational structure is discussed as a component of internal distribution as it has been described as the ‘invisible hand’ which brings the organisation to life (McMillan, 2011). The non physical aspects relating to the culture and
structure and how these aspects ensure the delivery of the internal product will be discussed next.

3.2.4.1 Organisational culture

Mehr et al. (2012:1030) describe organisational culture as the core beliefs, values, norms and social customs that dominate the way individuals act and behave in an organisation. Culture represents the agreement within the organisation in terms of how activities should be conducted and can be viewed as the outcome of the group’s shared experience and knowledge (Melewar & Karaosmanoglu, 2006:854). Employees form psychological contracts with their organisation. Psychological contracts refer to expectations and obligations that employees share with their organisation. These psychological factors are part of the organisation’s culture and ultimately affect the attitudes and behaviours of employees within the organisation (Lucas & Kline, 2008:281).

Ubius and Alas, (2009:92) identified four archetypes of culture, namely adhocracy, clan, hierarchy and market respectively, which have been selected for the study. Gounaris (2008a:407) believes that the organisation’s cultural archetype will influence the adoption of internal market orientation within the organisation. The author proposed that organisational culture be considered from the Competing Values Model perspective as shown in Figure 3.2.
The model presented in Figure 3.2 suggests that two key dimensions define the four archetypes. The first of these dimensions refers to the emphasis organisations place on flexibility, spontaneity and individuality as opposed to control, stability and order. The second dimension relates to the focus placed on integrating and coordinating functions as opposed to emphasis on competition and environmental factors (Prajogo & McDermott, 2011:714-715). The combination of these two dimensions results in an archetype of culture characteristics reflected in each of the four quadrants, namely: adhocracy culture, clan culture, market culture and hierarchy culture (Ubius & Alas, 2009:92). Each of these is discussed next.

- **Adhocracy culture**
Adhocracy culture emphasises entrepreneurship, creativity, proactiveness, and innovativeness in discovering new markets and opportunities for growth (Trivellas & Dargenidou, 2009:386). Open system or adhocracy culture values adaptability, capacity to change and customer orientation in terms of flexibility in meeting customer needs. In this kind of culture, management encourages employee creativity and initiative and values their commitment to the organisation (Saame, Reino & Vadi, 2011:532).
• Clan culture
Clan culture values employee commitment, loyalty, empowerment, openness, morale, participation, teamwork, personal involvement and cohesiveness by stressing the need for flexibility and internal focus (Braunscheidl et al., 2010:887). Organisations adopting these human relations or clan type of cultural values place emphasis on building trust and close internal relationships between employees, whilst containing conflict and resistance to change (Saame et al., 2011:531; Trivellas & Dargendiou, 2009:386).

• Market culture
Market culture is focused on external orientation and stability and control. Market culture emphasises goal achievement, productivity, task accomplishment, profitability, planning and setting objectives and efficiency (Braunscheidl et al., 2010:887). In this type of rational goal or market, culture emphasis is placed on external positioning and the objective is about winning and focusing on results (Saame et al., 2011:532).

• Hierarchy culture
Hierarchy culture emphasises inward orientation and formalised structures with specific focus on order, uniformity, certainty, stability, and control. Braunscheidl et al., 2010:887). Rules and regulations, definitions of responsibilities, centralisation of decision-making, and standardisation of procedures, measurement, dependability and reliability are principles promoted by hierarchy cultures (Trivellas & Dargendiou, 2009:386). The aim of an internal process of hierarchy culture is to create stability and control and continuity through formulised communication and a centralised approach. They are often characterised by detailed job descriptions and a strict reporting system (Saame et al., 2011:532).

It is important for organisations and leaders to understand the dimensions and different types of organisational culture in order to assess which cultural values they wish to promote in order to drive the desired employee behaviours. When organisations are clear about which organisational culture and organisational values they are promoting, they are able to articulate this definition of culture to all managers and employees throughout the organisation (Shaw & Ivens, 2005:119). When the culture and the cultural values have been clearly communicated, employees understand how to act and behave (Madu, 2013). A culture supportive of internal marketing is one that highly values collaboration and cross-functional integration, as this allows for the transfer and distribution of skills and knowledge. This kind of culture encourages employees to come together and interact,
exchange ideas, create, share and apply knowledge, thereby empowering them to perform their jobs better (Wong, 2005:269).

In order to provide support to internal marketing programmes, Trivellas and Dargenidou (2009:386) assume that the corporate culture will become a certain combination of all four cultural types. Simberova (2009:517) argues that the market orientation culture should become the dominant culture pulling the organisation together. Market-orientated or customer-orientated organisations tend to deliver higher levels of service quality. In addition to this, organisations need to have a clan culture in order to focus on the transfer of knowledge as well as creating internal cohesion, trust and loyalty aiding the distribution of the internal product. Further to this clan, cultures could contribute to collaborative intelligence (Simberova, 2009:517; Trivellas & Dargenidou 2009:386). Leonardo (2008) stipulates that collaborative intelligence is defined as the ability to generate, contribute and harness the power within networks of people which allows employees to synchronise their activities. Collaborative intelligence aids in attracting and retaining talented customer-orientated employees, creating a sense of community amongst employees, and helps create a sense of purpose which is necessary for engagement.

In order to facilitate the distribution of skills, information and the flow of communication within the organisation, the structure of an organisation forms an important component of internal distribution. The design of the organisational structure is the invisible hand which weaves all aspects of the organisation together so that activities are able to function as a complete unit (McMillan, 2011). Organisational structure is now discussed in more detail.

3.2.4.2 Organisational structure

Due to the need for organisations to develop internal environments characterised by highly engaged teams of employees and the flow of knowledge it is important that the internal organisation structure and communication paths are analysed (Chang & Chang, 2008:92-93). This is essential to ensure that the organisation is structured for cross-functional communication purposes and in this way allows for the free flow of information and the learning of new skills which enhance the delivery of service both within the internal and external environment. In order to achieve these objectives a certain level of trust is required between managers and employees (Esfahani, 2013:1-2, Chang & Chang, 2008:92-93). Managers need to create an internal environment in which employees are engaged, empowered to make decisions and are motivated to work, discover and connect. The more involved and connected employees feel in their job, the more job
satisfaction they will experience (Kale, 2008:8). In order to develop an internal market orientation, organisations are required to move away from bureaucratic vertical structures (centralised structures) to more flat, decentralised structures that allow for open communication and participation of all functions (Boshoff & Du Plessis, 2009:200).

Leviatan (2013:150) states that hierarchical structures are based on strict principles of hierarchy. Control, centralised decision-making and management, long term planning and clearer representation of the organisation to the outside world embody these hierarchical structured organisations. The challenge with this kind of centralised structure is that it restricts communication, decision-making and innovation and intensifies rivalry which is not conducive from a relationship development perspective (Meehan, 2011). From a service organisation perspective, such a formal structure may result in employees feeling that demands from management are impossible to meet and subsequently negative effects are visible in their attitudes during the delivery of the service (Grönroos, 2007:422). In order to improve service and in order for internal marketing to be effective, decentralised organisational structures are required. These structures follow a more decentralised approach with business units having far more autonomy and fewer centralised features (McMillan, 2011). Decentralised structures will be discussed in a little more detail next.

- **Decentralised structures**

Employee communication, interfunctional integration and involved decision-making become critical within decentralised structures (Kilburn, 2008). Organisations that practise internal marketing require team-based organisations that value employee engagement and give priority to decentralised structures making these organisations more successful (Avital, Boland & Cooperrider, 2008). Organisations characterised by decentralised structures allow for high levels of internal communication and flow of information, better integration between departments and the formation of teams, and greater autonomy to execute work functions (Egzibo, 2012:125-126). This kind of decentralised structure implies that frontline employees often assume more responsibility, work more independently and are empowered to make decisions in all service encounters (Boshoff & Du Plessis, 2009:200). Furthermore, a decentralised organisational structure supports learning in organisations and enables the seamless flow of tacit knowledge which encourages and empowers employees to make their own decisions in performing their job functions and service customers more effectively (El Emary, Bader & Arif, 2012:358-359; Spreitzer, 2007; Gilmore, 2003:162).
Given that internal marketing involves the building and sustaining of relationships over time, internal suppliers need to feel that they have some control over decisions impacting their internal and external customers (Kilburn, 2008). In addition to this, through a decentralised structure a more informal bond develops between management and employees allowing for knowledge sharing and the prompt recognition and implementation of ideas (Huang & Chen, 2009:12137). From an internal marketing perspective and specifically from an internal customer-orientation perspective, success is dependent on the internal supplier’s ability to freely exchange information across managerial levels and departments in order to better serve internal customers. If that is limited due to the structure of the organisation, suppliers are less likely to have an internal customer orientation, making the achievement of the internal marketing objectives and value creation difficult (Huang & Chen, 2009:12137; Kilburn, 2008).

The objective of internal distribution therefore is to create an internal environment that is supportive of the accomplishment of specific goals and objectives in order to achieve higher levels of satisfaction. This may be achieved by examining where changes are required, what resources are required and employee empowerment through cultural and structural adjustments to achieve higher levels of satisfaction resulting in enhanced service delivery and a positive brand image (Baldauf, Cravens, Diamantopoulos & Zeugner-Roth, 2009:437-438). The internal people element is discussed next.

3.2.5 Internal people

Peters and Mazdarani (2008:33) state that ‘people’ relates to the human factor and all the people involved in the service delivery process that have an impact on customer perceptions. These role players include employees, customers and other customers in the service environment. Whilst consuming the service, the customer comes into contact with the physical facilities of the organisation, employees, other customers and other visible elements which all provide clues to the customer regarding the quality of the service (Avlonitis et al., 2012:568). In these cases, the customer’s perception of the service encounter could be affected by the physical environment, other customers or more importantly, by the employee. From an internal marketing perspective, the employee is the internal customer whose perception of the service encounter is affected by internal suppliers and other employees in the environment (Guzman, Rodriguez & Manautou, 2013).
Turkyilmaz et al. (2011:678) suggest that from an employee satisfaction perspective, the relationship with leaders, supervisors/direct managers and co-workers all have an impact on the employee as employee behaviour depends on their interaction with others in the internal environment. Leaders, managers and supervisors have a powerful influence over employees and their work behaviours. Leadership aims to produce change, whilst management seeks to create predictability and order (De Jong & Den Hartog, 2007:42, 45).

Co-workers or colleagues are defined as “a fellow worker or member of a staff” (Collins English Dictionary, 2012). The following section considers the role of senior leaders and the leadership style adopted, supervisors/direct managers and co-workers in the building of strong internal relationships, and how they facilitate the transfer of knowledge and the development of a highly engaged internal environment.

3.2.5.1 Senior leadership and leadership style

Leadership is defined as “The process of influencing others towards achieving some kind of desired outcome” (De Jong & Den Hartog, 2007:44). The role of senior leadership encompasses the selling of ideas to employees and convincing other business units or subordinates to take on difficult tasks. It is the role of senior leadership to ensure that employees experience healthy quality relationships within the organisation (Sim, 2008:28). Quality and the values organisations wish to embed within the culture begin with top management and are then disseminated throughout the rest of the organisation. Senior leadership must establish the vision and objectives for the organisation and ensure that these are clearly communicated to all employees, so that a shared vision can be created and all employees throughout the organisation know exactly where the organisation is heading. This results in higher levels of employee commitment, satisfaction and loyalty (Tsai, 2011:2).

Direct access to senior leadership can be very advantageous for organisations as it helps create an environment of trust and commitment within the organisation. The creation of the internal environment and an organisational culture that supports the generation of new ideas and effective internal market orientation, is one of the major responsibilities of senior leadership (Martensen & Gronholdt, 2006:95). From an internal marketing perspective, employees should be enabled to learn and improve their skills and abilities and they should be empowered ensuring that knowledge generation is a natural part of the organisation's culture and value system. In this way senior leadership influences an
employee's level of satisfaction and loyalty (Kuo, Lai & Lee, 2011:1124-1125; Tsai, 2011:2).

Against the background provided above, leadership is essential to providing direction, building relationships and anticipating future trends (Lings & Greenley, 2009:49). By using appropriate leadership styles, managers are able to influence employee satisfaction, commitment and productivity (Gharibvand, 2012:289-290). There are two styles of leadership namely transformational and participative. De Jong and Den Hartog (2007:44-45) and Conradie (2012:142) suggest that a combination of a participative and transformational leadership style creates employees who are team-oriented, knowledge sharing and engaged. This in turn contributes to the organisation's performance through the generation of ideas which result in higher quality services.

Participative or empowering leadership is aimed at the self-development of employees encouraging behaviours such as self-leadership, participative goal-setting and teamwork which is necessary for knowledge sharing and the generation of ideas specifically in decision-making. Increased emphasis on employee empowerment has also lead to greater focus on empowering leadership concepts such as participative management (Dewettinck & van Ameijde, 2011:285 & 287). It is through this kind of leadership style that an environment supportive of internal marketing can be created in which knowledge can be shared, employees empowered, and work activities co-ordinated (Kuo et al., 2011:1122).

Transformational leadership involves the charismatic communication of the vision which leads to the emotional commitment of the employees. This style of leadership involves behaviours such as providing a sense of vision, engaging of idealism, and providing stimulation and inspiration. These leaders are able to motivate employees to look at problems in creative ways thus helping them to go above and beyond their personal development prospects (Dewettinck & van Ameijde, 2011:287; De Jong & Den Hartog, 2007:44). By using appropriate leadership styles such as participative and transformational leadership, managers are able to influence the quality of the relationship between leaders and subordinates thereby influencing employee satisfaction, commitment and productivity (Hamidifar, 2013).
3.2.5.2 Employee relationships with supervisors

Supervisor or direct manager support is defined by Hsu (2011:235) as “the degree to which an employee feels that they are supported by their supervisor”. Given that supervisors/direct managers are responsible for maintaining the psychological contract of employees, the level of consideration and support they give to employees has an impact on the employees’ level of motivation, their well-being and their commitment to service excellence (Hsu, 2011:235; Heish, 2012:251).

Sim (2008:28-29) states that internal marketing is concerned with relationship and knowledge management and focus should be given to building close relationships between supervisors and subordinates. When employees are encouraged by supervisors and when supervisors model the desired behaviours, employees feel more comfortable in their roles and as a result display higher levels of commitment to the organisation (Wong, 2005:267). Supervisory support takes on the form of peer cohesion, fair treatment of employees and performance feedback (which will be discussed in greater detail under section 3.2.7.2 of this chapter) (Rad & Yarmohammadian, 2006:xiii).

Given that the sharing of knowledge is key to internal marketing, open communication between supervisors and employees is vital to building strong teamwork (Sim, 2008:28-29). Porter, Wrench & Hoskinson (2007:13) state that employees often feel that supervisors can be approached through informal discussions which make them more real to employees. Through this approach, employees feel cared for and are encouraged to communicate more freely allowing for the healthy exchange of knowledge, skills and services (Clarke, 2012). Employees may experience stress when overloaded with work which will increase the internal price paid by employees. When supervisors help manage these workloads, assign meaningful tasks, include employees in decision-making and reward them for their efforts, employees feel that they have been treated fairly and become more motivated and satisfied (Hsu, 2011:235). In addition to this, it is the responsibility of supervisors and managers to create an internal environment of engagement through the creation of a safe area (both physically and psychologically) for employees to work and provide them with the necessary resources to complete their jobs, thus achieving the internal marketing objectives as the sharing of knowledge, open communication, joint problem-solving and engagement are the essence of the supervisor-subordinate relationship (Shuck et al., 2011:306; Kular et al., 2008:16). Through supervisor support, work stress and turnover intention can be reduced and greater levels of satisfaction achieved (Hsu, 2011:235).
3.2.5.3 Employee relationships with co-workers

Ladebo, Awotunde and Salaam-Saghir (2008:207) state that relationships with co-workers have a significant impact on employee satisfaction. Lenka, Suar & Mohapatra (2010:1318) state that when employees feel comfortable at work and feel that the people they work with care for them, the emotions they express are positive, having a positive impact on the internal environment and the way in which they serve both internal and external customers. For this reason it is important that co-workers treat each other with respect. When employees treat each other with respect and refrain from making negative comments to or about their co-workers and when employees feel as though they are a valued member of the team, they feel respected by others. These positive interactions that reflect the importance of co-worker relationships in motivating employee engagement and performance (Shuck et al. 2011:306; Peltier & Dahl, 2009). Stronger relationships with co-workers aid in the creation of an environment conditioned in trust and for this reason, employees feel safe to share information and ideas enhancing the flow of knowledge throughout the organisation (Lau & Cobb:2010, 901,906).

Further to this, employees’ perception of co-worker satisfaction has an impact on engagement levels and employee satisfaction. Social studies confirm that people change their attitudes and behaviours to conform to social expectations and norms within a collective environment. Positive employees send positive cues to their co-workers which results in a more productive environment. When employees demonstrate satisfaction with their job and the organisation and are intent on staying with the organisation, they send positive messages and cues to their co-workers to do the same (Liu et al., 2011). The next section looks at internal process and how this contributes to the achievement of the internal marketing objectives.

3.2.6 Internal process

Kumar et al.(2008:176-177) state that in an era of increased competition and little differentiation between banking products, the importance of achieving high levels of customer satisfaction has been receiving increased focus. Many organisations, particularly banks are focusing on service quality improvement issues in order to drive high levels of customer satisfaction and therefore compete more effectively. In order to ensure that both external customers and employees are satisfied during the service encounter, the design, management, improvement and implementation of effective
processes (Business Process Management) become important to the delivery of service excellence. Zeithaml et al. (2012:27) define process as the procedures, methods and manner in which the service is delivered. Process therefore refers to the service delivery and operating systems of the organisation. From an internal perspective, internal processes that are streamlined and effective lead to better service delivery and organisations that succeed in the delivery of service excellence and faster turnaround times will have more satisfied customers (Gebre, Hallman, Minukas & O’Brien, 2012).

Ahmed and Rafiq (2002:34) state that from an internal marketing perspective, internal process relates to how the employee receives the job product. HR processes for instance become important in terms of recruitment, induction, training and day-to-day processes required for delivering internal service quality.

The design and delivery of internal processes in terms of efforts of employees and the reliability of the process becomes essential to organisational success and the delivery of the internal product (Kasper et al., 2006:382). The importance of process design and delivery is discussed next.

### 3.2.6.1 Internal process design

Process design involves the design of products or services from the very beginning of their lifecycle through the use of process design tools and methodologies to ensure that these processes meet customer expectations. The purpose is to design effective internal processes from the start in order to ensure that both internal and external service quality is delivered (Chang, 2010:3). Lu and Wood (2006:1125) propose that process design involves understanding the characteristics of products or services well in order to translate the product or service design into knowledge, organisational capabilities and operating processes needed to deliver the service.

Technology and the various system designs should also be considered during the design of processes, given that technology allows for processes to be automated and greater efficiencies can be achieved from a monetary, employee energy, and time perspective (Burin, 2011:122; Hasgall & Shoham, 2008:52). Retail bank employees may be required to use a technologically based performance management system as part of the performance management process. The system needs to be available to all employees (all employees have computers with the performance management application installed), and employees need to be trained on how to use the system increasing their comfort level.
with this technology. This technology provides access to performance data and the ability to track performance against objectives, compare ratings, and it provides information to support decision-making (MacMillan, 2006:10).

### 3.2.6.2 Internal process delivery and improvement

An important component in satisfying both external and internal customers in the context of services is not only the design of the service and the internal service process, but also the delivery thereof. This is specifically important given the high level of variability and customisation experienced during the service encounter (Rust & Chung, 2006:568).

Bellou and Andronikidis (2008:944-945) specify that employees play a vital role in the delivery of processes. High levels of customer service arise from high levels of internal service between frontline employees and other employees within an organisation. Employees expect the internal service experience to be reliable, meaning that the service experience is consistent and dependable and that integrity is applied throughout the process (Khanji, 280:580; Kasper et al., 2006:387). If the customer, in this case the internal customer, feels that the service delivery from the service provider, in this case internal suppliers is consistent and reliable, it results in greater levels of satisfaction (Vella Gountas & Walker, 2009:41; Khanji, 2008:580).

In addition to the design and delivery of internal processes, internal processes need to be constantly improved. Internal business process improvements reduce errors and improve decision-making ability resulting in greater levels of internal quality and employee satisfaction (Holtzman, 2011:50). Further to this, cost and time reductions can be achieved. Time reductions relate to the productivity of employees being internal suppliers and how efficiently they perform their jobs within a period of time. Business process improvements assist in eliminating waits, streamlining processes and through knowledge retention efforts, allow for more effective coordination between internal customers and suppliers (Holtzman, 2011:50; Makhfi, 2009). Better coordination between internal customers and suppliers results in a strong network of internal relationships focused on the generation of value through internal cross-functional relationships and teamwork (Panigyrakis & Theodoridis, 2008:605-606). Internal physical evidence is discussed next.
3.2.7 Internal physical evidence

Holder and Berndt (2011:390-393) define the physical environment or servicescape as the physical facility or actual working environment where the service is provided; it refers to the non-living features of the service environment. Organisations rely heavily on physical evidence to create perceptions of service quality for customers (Lenka et al., 2010:1318). The physical environment also helps to create positive word-of-mouth as customers recommend pleasing environments, and physical evidence also improves employee satisfaction, as well designed areas improve employee satisfaction, create a positive work ethic and reduce employee turnover (Newsham et al., 2009:4; Lee, 2006:343).

Physical evidence is categorised as either essential or peripheral evidence. Essential evidence relates to the actual environment in which the service is delivered, such as the working environment of the employees. Peripheral evidence relates to the things which employees can keep such as training manuals, performance feedback reports, memos and guidelines. This is the proof that the service has been delivered (Conradie, 2012:150). Considering that memo’s, guidelines and training manuals form part of other sections of this chapter (such as internal product and internal promotion), the section of peripheral evidence will focus on performance feedback as this is seen as crucial for employee satisfaction (Gu & Siu, 2009:565). The next section looks at the role of essential evidence and performance feedback specifically from an internal marketing perspective.

3.2.7.1 Essential evidence

Essential evidence relates to the physical environment being the tangible aspects used to improve service quality, influence employee productivity and satisfaction (Kasper et al., 2006:389). These tangible aspects include elements such as the office layout, lighting, music, air quality and work space density, all of which enhance positive employee behaviour and the strengthening of internal relationships (Lin & Lin, 2011:189). Parkin et al., 2011:31, 33) and McGuire and McLaren (2009:35-39) posit that internal environments should be designed so as to facilitate the distribution of knowledge and information between employees. These authors suggest that employees should be placed with other employees who excite and stimulate them as co-workers play a significant role in the sharing of knowledge. An employee’s social and physical environment can also have an impact on his/her level of motivation to complete certain activities and therefore impact their performance (Guven & Sadaklioglu, 2012:108). For this reason, the environment...
needs to be appropriately designed. The physical work environment and the design thereof therefore impacts collaboration, interaction and social bonds (Zagenczyk, Murrell & Gibney, 2007:124-125). Employees whose work stations are in close proximity of their colleagues are more likely to interact with each other, given the ease of accessibility and visibility of these work stations allowing for the seamless flow of communication and knowledge sharing (McGuire & McLaren, 2009:35-39). The physical environment therefore influences employee performance and their communication with each other and external customers (Holder & Berndt, 2011:390-391).

In the retail banking environment, internal physical evidence would refer to the head office buildings, branches and websites. The look and feel of the branches and head office or regional offices should encourage both employee and customer interaction and create a positive experience with the bank (Lenka et al., 2010:1321). The physical environment and the interactions amongst employees and between employees and customers should be designed in such a way that employees and customers develop a perception of superior service quality. In this way both internal and external customers will continue to purchase the organisation’s offerings (Lings & Greenley, 2009:44). The exterior environment includes aspects such as the branch buildings, exterior signage, parking and landscaping. The internal physical environment or servicescape is essential in creating value and enhancing perceptions, and the interior environment would include the branch or office layout, the internal decor, waiting areas, equipment used, and dress code of employees (Lenka et al., 2010:1322). It would also relate to the product brochures and internal marketing/promotional material used in the branches and offices in order to create a sense of comfort and security for employees and create a satisfying experience for customers (Yilmaz & Ergun, 2008:292). Further to this, the organisation’s website should be designed for ease of use and convenient navigation (Fisk, 2013).

3.2.7.2 Peripheral evidence

Peripheral evidence refers to performance feedback. The tangible evidence that feedback has been provided usually takes the form of a performance feedback report or an appraisal form. Jawahar (2006: 213-214) believes that from an individual perspective, feedback relates to the need for information in terms of how well personal goals are being met, as well as the need for social comparisons about how employees are performing relative to their colleagues. Kuvaas (2011:124) states that goal setting forms an important part of the process with the objective of providing feedback to improve performance. Performance feedback also enlightens employees in terms of how their behaviour
contributes to the organisational goals and this can in turn increase their commitment levels. MacMillan (2006:9) suggests that organisations should provide performance feedback more frequently. If feedback, recognition and support are built into the day-to-day interactions and combined with increased visibility into goals, the environment will encourage development and performance improvement. Bai (2006:40) suggests that turnover decisions and employee satisfaction are influenced by a number of characteristics, one being employee performance feedback.

For employees in the retail banking environment, monthly one-on-one meetings should take place between managers and employees in order to determine personal goals and development plans and discuss key performance areas, whilst ensuring the alignment of day-to-day actions with strategic business objectives (Clarke, 2012). Individual performance to support compensation and career planning should be well documented and should provide a focus for skill development and learning activity. At the end of each year, a final appraisal should be held summarising job expectations, key areas of contribution, and previously discussed goals and evaluation methods (Schneider, 2013). Three hundred and sixty degree performance appraisals allowing for professional feedback from colleagues as well as management can also have a positive impact and provide valuable feedback to employees (MacMillan, 2006:28). When managers clearly communicate expectations and how these expectations tie into compensation and when employees understand how they add value, they feel more satisfied and become more engaged as a result thereof (The Economist, 2007:7).

### 3.3 CONCLUSION

Through using the elements of the internal marketing mix discussed in the previous section, retail banks are able to improve internal relationships and internal service quality resulting in satisfied employees who are engaged, more productive, more knowledgeable and empowered to serve internal customers well. These employees are then more motivated to improve external service quality resulting in delighted customers (Fisk, 2013). According to Vella et al. (2009:408), successful internal marketing should produce positive relationships between employee attitudes and actions and therefore result in higher levels of customer satisfaction and service quality. By satisfying the needs of employees, organisations are able to enhance their ability to satisfy the needs of the external customers (Kimpakorn & Tocquer, 2010:381). The next chapter focuses on the link between employee satisfaction and internal marketing. Chapter 4 discusses the service
profit chain and the importance of employee satisfaction and loyalty in the delivery of customer satisfaction and loyalty. A discussion on the link between the internal marketing mix elements and the predictors of employee satisfaction is provided. Finally, employee retention through affective commitment is discussed.
CHAPTER 4
EMPLOYEE SATISFACTION

4.1 INTRODUCTION

The implementation of the internal marketing mix and internal marketing principles is essential to employee satisfaction. Internal marketing is regarded as the mechanism needed to balance the relationship between employee satisfaction and customer satisfaction through improved service quality (Tortosa-Edo et al., 2011:1281). The focus on employee satisfaction in internal marketing is attributable to the fact that customers rely on human acts of performance to establish an image of the organisation (Nittala & Kameswari, 2009:208). Thus, the attitude and behaviour of employees exhibited during the service encounter determines the quality of the relationship and the quality of service provided to customers, in this case internal customers (Tortosa-Edo et al., 2011:1281; Nittala & Kameswari, 2009:208, Martensen & Gronholdt, 2006:92).

Employee satisfaction has received increased attention from service organisations since its importance in terms of organisational effectiveness has been better understood (Roos, 2005:37). Employee satisfaction is associated with increased productivity, commitment, engagement, lower levels of absenteeism and employee turnover, all of which increase organisational effectiveness (Abdullah, Djebarni & Mallahi, 2011:127; Roos, 2005:37). This is because satisfied employees are more productive and motivated in delivering higher levels of service quality to their internal and external customers (Aburoub et al., 2011:108; Roos, 2005:37).

For this reason, Chapter four focuses on the definition of employee satisfaction, the link between internal marketing and employee satisfaction, and how this impacts on employee productivity and retention. To place the relationship between internal marketing, employee satisfaction, employee productivity and retention into context, a brief discussion of the service profit chain concept is discussed.
4.2 THE IMPORTANCE OF EMPLOYEE SATISFACTION AND INTERNAL MARKETING IN THE SERVICE PROFIT CHAIN

The service profit chain illustrated in Figure 4.1, identifies the direct strong relationships that exist between profit, growth, customer loyalty and satisfaction, the value of services, employee capability, employee satisfaction, employee productivity and retention (Moodley, 2008:67-68). Simply put, satisfied employees result in satisfied customers and satisfied customers purchase more resulting in increased revenue and profit (Gelade & Young, 2005:2).

**Figure 4.1. The service profit chain**

![Service Profit Chain Diagram](source.jpg)


Ratanjee (2007:53) states that the service profit chain is a powerful model that emphasises the importance of people, both employees and customers. This study is
specifically focused on the employee dimension. The following section discusses the service profit chain and the various links in more detail, with specific emphasis on the employees’ role.

4.2.1 Link between internal service quality and employee satisfaction

In an attempt to address global competition, many organisations are focusing their efforts on the enhancement of customer service through increased levels of service quality. In order for organisations to improve their external service levels, they must first improve the quality of their internal service delivery (Sirenne, 2013:5). Internal services are defined as the services provided by business units or the employees within these business units to other business units within the organisation (Dimitriades & Papalexandris, 2011:144). The provision of quality internal services to employees and their levels of satisfaction with the internal service are crucial to the success of the organisation. Further to this employee satisfaction is impacted by the quality of the internal environment and the strength of the relationships therein (El Samen & Alshurideh, 2013:85). For this reason, internal marketing aims at creating an appropriate internal environment where strong internal relationships are created in which employees are engaged and encouraged to work together in a coordinated fashion in order to create value for both internal and external customers (Dimitriades & Papalexandris, 2011:144; Pettier & Dahl, 2009). The internal service quality dimensions are similar to the internal marketing mix elements and elements such as training and development opportunities, relationship with managers and co-workers, and empowerment of employees become pertinent issues from an internal perspective (Moodley, 2008:68). If employees are well trained and have positive attitudes towards their jobs, they are able to complete their jobs more effectively which increases employee satisfaction (Heskett, Jones, Loveman, Sasser & Schlesinger, 2008:123).

4.2.2 Link between employee satisfaction and employee productivity

When new employees are recruited into organisations they are not as knowledgeable as their peers and are often experiencing customer interactions and internal processes for the first time. In these instances, specifically where a new recruit has replaced a knowledgeable employee, a certain level of customer dissatisfaction is expected (Hurley & Estelami, 2007:188). Experienced and skilled employees are generally more productive than newly recruited employees who still require a fair amount of training (Boshoff & du Plessis, 2009:13). Therefore organisations that focus on understanding employee needs
and delivering on these needs to create employee satisfaction are more likely to retain their employees resulting in higher levels of service quality, customer satisfaction and reduced costs (Zheng, 2009:488-489).

4.2.3 Link between employee satisfaction and employee retention

There are steep costs associated with employee turnover, not only in the cost of recruiting, hiring and training employees, but also in the loss of productivity and reduced customer satisfaction (Heskett et al., 2008:122). To this end, employee satisfaction becomes essential as satisfied employees are more likely to remain within the organisation. If employees are well trained and empowered, are well paid and have well designed jobs and internal environments, they will experience higher levels of satisfaction which results in higher levels of loyalty and commitment towards the organisation, resulting in higher levels of retention (Liu, Petrucci & Sudharshan, 2007:25; Hoffman & Bateson, 2006:272).

4.2.4 Link between employee productivity and employee retention and external service quality

Customer orientated employees tend to be more productive and these higher levels of productivity and improvement are reflected in the quality of service delivered to external customers (Moodley, 2008:68). In addition to this, employees who are satisfied with their jobs treat customers better which also results in greater levels of external service quality (Ahmad et al., 2012: 532).

4.2.5 Link between external service quality and customer satisfaction

Patla and Pandit (2012:116-117) state that the quality of the service experienced by external customers is highly correlated to the quality of the internal service and relates to how employees are treated within the organisation. For this reason, a healthy internal environment comprising of collaborative internal relationships is required for external service quality and market success (Pantouvakis, 2011:14). Higher levels of external service quality result in customer satisfaction, loyalty and retention which are cited as the only reasons as to why organisations exist. It is further argued that external service quality, customer satisfaction and profits in turn drive employee satisfaction, and higher levels of employee satisfaction drive higher levels of internal service quality which in turn

4.2.6 Link between customer satisfaction and customer loyalty

Loyalty is a direct result of customer satisfaction. If customers are satisfied they are more likely to repatronise the organisation at some point in the future. Satisfied customers are also more likely to recommend the organisation to others thereby creating future profits for the organisation (Boshoff & du Plessis, 2009:14-15; Heskett et al., 2008:120). In the retail banking market, higher levels of customer satisfaction lead to increased cross selling of products at a branch level. To this end customer satisfaction is a predictor of revenue and growth in customers and bank branches (Gelade & Young, 2005:5).

4.2.7 Link between customer loyalty and increased organisational revenue and profitability

Profit and growth are stimulated primarily by customer loyalty (Heskett et al., 2008:120). Burin (2011:137-138) suggests that satisfied customers remain loyal to organisations and as a result the transaction and marketing costs associated with acquiring new customers can be reduced. Profits and growth can be increased as organisations develop a better understanding of their customers’ needs and offer products and services aligned with these needs. Efficiency can be improved through reduced cycle or turnaround times as new information does not need to be gathered from customers to cross-sell other products and services to them (Burin, 2011:137).

4.2.8 Increased profitability and growth improves internal service quality

The study is focused on the upper portion of the service profit chain model concentrating on the enhancement of the internal environment through internal marketing principles and the impact of this on employee satisfaction and employee retention. Considering the significance of employee satisfaction in the attainment of customer satisfaction and organisational profitability, the following section focuses on employee satisfaction and the motivators and drivers behind this concept.
4.3 EMPLOYEE SATISFACTION

The service profit chain highlights the importance of employee satisfaction as the precursor of external customer satisfaction, growth and profitability. To fully understand the impact of employee satisfaction within the organisation it is fundamental to reiterate the importance of employees in service organisations (Yavas, Babakus & Ashill, 2010:369-370). Zeithaml et al. (2006:349) believe that employees in service organisations are comparable to the service itself, both from an external and from an internal service perspective. This is because employees represent the most tangible clue to both internal and external customers. Employees are the service, employees are the organisation in the customer’s eyes, employees are the brand, and employees are the marketers. This implies that employees personify the organisation and the customers perception of the brand is influenced by their interactions with the service organisation’s employees (Peters & Mazdarani, 2008:33-34). Given the intangibility, production and simultaneous consumption of services, it is the attitudes and behaviours of service employees that influence customer satisfaction (Sirenne, 2013:20).

The relationship between the service employee and the customer is paramount and a healthy balance between employee satisfaction and customer satisfaction is necessary (Maritz & Nieman, 2008:14). To this end, satisfied employees make for satisfied internal and external customers. This is attributable to the demonstration of employee satisfaction in the service delivery process. Employee satisfaction impacts the mood and manner in which the service is performed and therefore affects internal and external service quality and ultimately internal and external customer satisfaction (Sirenne, 2013:13, Gu & Siu, 2009:563). Mohammad, Al-Zeaud and Batayneh (2011:38) posit that employee satisfaction is a means to attract and retain quality employees. Employee satisfaction is therefore key to organisational success and for this reason the next section deliberates employee satisfaction in further detail.

4.3.1 Employee satisfaction defined

There is a plethora of definitions, explanations and characterisations of what constitutes employee satisfaction, but no agreed upon definition which sums up employee satisfaction in its entirety. Table 4.1 highlights some of the most prominent definitions of employee satisfaction.
Table 4.1. Definitions of employee satisfaction

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition of employee satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norizan (2012:12)</td>
<td>Employees’ feelings or attitude associated with the job</td>
</tr>
<tr>
<td>Spagnoli and Caetano (2012:256)</td>
<td>An attitude individuals have about their jobs. It results from their perception of their jobs and the degree to which there is a good fit between the individual and the organisation</td>
</tr>
<tr>
<td>Abdullah, Djebarni and Mallahi (2011:127)</td>
<td>Employees' feelings towards aspects of the job such as the nature of the work itself, level of pay, promotion opportunities, and satisfaction with co-workers</td>
</tr>
<tr>
<td>Halepota and Shah (2011:281)</td>
<td>The pleasurable emotional state resulting from the appraisal of one's job or job experience</td>
</tr>
<tr>
<td>Turkyilmaz et al. (2011: 677)</td>
<td>An index of preference for the experienced job against outside opportunities conditional on information available at the time</td>
</tr>
<tr>
<td>Wong (2010:24)</td>
<td>Employees' affective relations to their work role and the perceived relationship between what one wants from one's job and what one perceives it is offering</td>
</tr>
</tbody>
</table>

From the definitions provided in table 4.1, two main themes have been identified, namely: employee feelings, attitudes and emotional state and appraisal of one’s job. Each of these is discussed next.

4.3.1.1 Employee feelings, attitudes and emotional state

Lutgen-Sandvik, Riforgiate & Fletcher (2011:2) suggest that feelings are closely related to emotions and all emotions are intentional. Employees respond emotionally to perceptions about objects in their environment, the most important of these being people. If employees perceive interactions with other people in the organisations to be pleasant, they are more likely to experience positive feelings and higher levels of satisfaction (Lutgen-Sandvik et al., 2011:2; Alam, 2009:126-127).
4.3.1.2 Appraisal of one’s job

Employee satisfaction is closely related to employees work needs and expectations. Employees positively assess the extent to which their needs and expectations are met by various episodes and events. When employee needs and expectations have been met, feeling of satisfaction increase (Martins & Coetzee, 2007:21). Employees value close co-worker relationships for example, because they enhance collaboration and friendships and support networks can be established as a result thereof. This would result in a positive assessment about what is good about working for the organisation (Lutgen-Sandvik et al., 2011:3).

Feelings of satisfaction may be determined by a variety of factors relating to the person, the job or the organisation as whole (Roos, 2005:48). Employee satisfaction in the context of this study is defined as an employee’s sense of satisfaction not only with the work, but also with the broader organisational context within which the work exists (Schon, 2007:1).

Various authors have identified the predictors of satisfaction. The following dimensions have been put forward and have been defined as the generic predictors of employee satisfaction, namely: reward and recognition (including salary and benefits), career advancement, work environment, leadership, relationship with supervisors/managers, relationship with co-workers, stress and pressure, role clarity and fit, empowerment, training and development, feedback, decentralised decision-making, operating process and policies, sharing of knowledge and information and organisational culture (Ahmad et al., 2012:532; Halepota & Shah, 2011:281; Lumley et al., 2011:103; Turkyilmaz et al., 2011:676,677-678; Gu & Siu, 2009:565; Schon, 2007:17-18,20; Rad & Yarmohammadian, 2006:xii; Roos, 2005:48).

Turkyilmaz et al. (2011:678) state that employee satisfaction involves an evaluation of the various predictors related to the employee’s job. Therefore it is important that the predictors identified earlier are comprehended in more detail.

4.3.2 Predictors of employee satisfaction

The following section delves into the employee satisfaction predictors as identified in section 4.3.1.
4.3.2.1 Reward and recognition

Reward and recognition refer to the pay, intrinsic and extrinsic fringe benefits that attract an employee’s attention and result in higher levels of productivity and commitment to the organisation (Danish & Usman, 2010:160). Reward and recognition are recognised as two of the most important predictors of employee satisfaction (Van Dyk, Coetzee & Takawira, 2013:60).

4.3.2.2 Empowerment

Empowerment involves the creation of values for employees so that they are able to perform their jobs independently (Kazlauskaite, Buciuine & Turauskas, 2102:141). When employees are able to perform their jobs independently without the intervention from management, they experience higher levels of satisfaction (Kim, 2013:15).

4.3.2.3 Training

Joung et al. (2010:2) state that training provides employees with opportunities for learning which in turn helps their career and personal development. In this way training results in positive employee feelings and attitudes and is therefore an important predictor of employee satisfaction (Halepota and Shah (2011:283).

4.3.2.4 Stress and pressure

Stress relates to the negative reactions (mental, physical or behavioural) that employees’ exhibit towards excessive pressure and job demands (Moodley, 2008:51). The loss of work-life balance and too much change cause stress for employees and result in lower productivity. Stress and pressure in turn cause both psychological and emotional problems for employees and result in burnout. Burnout is a major predictor of job dissatisfaction (Schon, 2007:19-20).

4.3.2.5 Decentralised decision making

In decentralised organisations, top management delegates most of the decision-making to the lower echelons of the organisations. This approach results in less rigid policies, a wider span of control and flatter, decentralised organisational structures which result in self-managed, cross-functional work teams and greater employee empowerment (Ezigbo,
In this way, a decentralised organisational structure creates empowerment which results in positive feelings and attitudes and increased employee satisfaction (Miri et al., 2011:56-57; Yang, 2012).

4.3.2.6 Organisational culture

Employees’ feelings and attitudes towards their job (such as satisfaction) are influenced by the way in which they perceive the organisational culture (Roos, 2005:48). For this reason, there is a strong link between organisational culture and employee satisfaction, making culture a predictor of employee satisfaction (Mehr et al., 2012:1030).

4.3.2.7 Career advancement

Career advancement refers to promotional opportunities within the organisation (van Dyk et al., 2013:61). In addition to increased social status, career advancement provides opportunities for personal growth and more responsibility which results in positive emotional states and greater levels of employee satisfaction (Loong, 2011:346-347).

4.3.2.8 Physical environment

The physical environment refers to the employees’ working conditions and includes factors such as the look and feel of the workplace (Pitt & Bennett, 2008:301). Physical environment is a predictor of employee satisfaction since employees want a comfortable, safe, physical environment to work in (Pantouvakis, 2011:13).

4.3.2.9 Feedback

Lenka et al. (2010:13191) states that feedback relates to clear performance feedback provided to employees generally through a formal performance appraisal. Performance feedback is important for employees to assess how they are performing and regular feedback influences employee attitudes and behaviours such as their level of job satisfaction (Jawahar, 2006:213).

4.3.2.10 Role fit and clarity

Cedefop (2010:7-8) posit that it is important that the employees’ skills and knowledge match the job they have been assigned to, otherwise the employees may experience
feelings of inadequacy resulting in dissatisfaction. Secondly, role clarity needs to be enforced in which employees are clear about their deliverables and what values and behaviours are expected from them within the internal environment. When employees have clarity about what is expected, they experience stronger emotional states and higher levels of satisfaction (Ingram, 2013:377).

4.3.2.11 Relationship with co-workers

When co-workers are friendly and supportive they serve as a source of support and comfort to each other, which strengthens the internal bonds (Kehinde, 2011:34). Given that relationships with co-workers create a harmonious internal working environment, this factor is recognised as a predictor of employee satisfaction (Gu & Siu, 2009:565).

4.3.2.12 Relationship with supervisors/managers

Sahi et al. (2013:388) state that employee satisfaction increases when supervisors/direct managers are understanding and supportive, provide feedback and praise, and adopt open lines of communication with employees. This is because supportive supervisors are perceived as caring which enhances the relationship between supervisors and subordinates (van Dyk et al., 2013:61).

4.3.2.13 Leadership and leadership style

Leadership relates to the function of managing employees and social interaction as well as the influencing of employees to achieve the organisational objectives (Rad & Yarmohammadian, 2006:xii-xiii). The leadership style chosen by an organisation is viewed as one of the most important predictors of employee satisfaction (Hamidifar, 2013:48).

4.3.2.14 Sharing of information and knowledge

The sharing of information and knowledge refers to the provision of information and know-how to help employees perform their jobs. Further to this, the flow of knowledge and information facilitates the creation of a healthy internal environment through collaboration, problem-solving and sharing of ideas (Wang & Noe, 2010:117). A high level of knowledge sharing and effective communication has been associated with increased levels of satisfaction (Almahamid, McAdams & Kalaldeh, 2010:332).
4.3.2.15 Operating processes and policies

Process is described as the activities and tasks necessary to perform work consistently (Allen, Curtis & Gates, 2011:1). It is important that employees are provided with processes so that they are able to perform their jobs, understand their internal and external customer needs, and build relationships both within and outside of the organisation (Eichorn, 2004:156). Lumley et al. (2011:103) state that process and operating procedures increase levels of employee satisfaction.

Viewing these employee satisfaction predictors in isolation may not be very effective and could be counterproductive. For instance, increasing employees’ training and development opportunities will not accomplish much unless employees are empowered to use and share their knowledge (Schon, 2007:18). Collaboration and knowledge sharing will not be effective if an organisation’s leadership style is not aligned and adapted to meet these requirements (Almahamid et al., 2010:331).

Internal marketing is therefore essential in bringing these elements together in a formal internal marketing programme where each of these predictors of employee satisfaction can be addressed through the elements of the internal mix discussed in Chapter 3. The relationship between the internal marketing mix elements and employee satisfaction is discussed next.

4.4 THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION AND THE INTERNAL MARKETING MIX

Through the implementation of an internal marketing mix, internal marketing focuses on treating employees with the same level of importance as customers in order to achieve both the internal and external marketing objectives (Farzad et al., 2008:1481). In this way employees feel cared for by organisations, which results in increased levels of employee satisfaction and more positive attitudes towards their work such as increased organisational commitment and loyalty (Sahi et al., 2013:388).

Chapter 3, section 3.2 identified the internal marketing mix (internal product, internal price, internal promotion, internal distribution, internal people, internal process and internal physical evidence) for the purpose of this study. The previous section identified the generic predictors of employee satisfaction. Each of the internal marketing mix elements contains factors which are very similar or are closely aligned to the predictors of employee
satisfaction. By implementing the internal marketing mix proposed in the study, each of these employee satisfaction predictors would be addressed through a formal programme, in that way contributing to higher levels of employee satisfaction. Figure 4.2 provides a conceptual framework (developed from the literature) to explain the relationship between the internal marketing mix elements and the predictors of employee satisfaction.

**Figure 4.2. Conceptual framework of the relationship between employee satisfaction and the internal marketing mix**

![Conceptual framework of the relationship between employee satisfaction and the internal marketing mix](image)

Source: Researcher’s own construct.

The following section focuses on the link between the internal marketing mix elements and the predictors of employee satisfaction in greater detail.

### 4.4.1 The relationship between employee satisfaction and internal product

Zampetakis and Moustakis (2007:417) postulate that internal marketing is concerned with the creation of attractive job products to satisfy employee needs through the development and motivation of best qualified employees. Satisfied employees are more responsive to internal and external customers’ needs and build stronger relationships with both internal...
and external customers as they are able to draw on previous experience and knowledge (Luna-Arocas & Camps, 2008:40; Lee, 2006:343). For this reason, organisations should focus on the development of attractive internal products (in this case the employee’s job) and aspects pertaining to the performance of their jobs (Cano & Sams, 2009:286). Kehinde (2011:33) supposes that employees prefer jobs that allow them to apply their skills and abilities, jobs that empower them to make their own decisions, and that provide them with constant feedback on how they are performing. Hence it is imperative that organisations make employees’ jobs more interesting in order to increase levels of employee satisfaction. If employees are satisfied with their jobs, they are more likely to deliver better quality work. The following components of internal product positioned in Chapter 3 (section 3.2.1), namely training and development, empowerment, role fit and clarity, and career advancement, are discussed next in terms of how they align to and influence the predictors of employee satisfaction and therefore contribute to overall employee satisfaction.

4.4.1.1 Employee satisfaction through training and development as a factor of internal product

From an internal product perspective, training and development provide employees with opportunities to improve their knowledge and abilities and develop themselves as individuals thus permitting employees to perform their jobs more effectively (Joung et al., 2010:2). Employees who undergo such training and development programmes develop stronger self-confidence and believe that their organisations are making an investment in them (Halepota & Shah, 2011:283). This is because training and development practices communicate to employees that they are cared for, resulting in higher levels of employee satisfaction (Rehman et al., 2011:19-20). From an internal market orientation perspective, training and development are considered to be a response behaviour to employee needs, and when these needs have been met, employees feel increased satisfaction with their jobs (internal product). In this way the training and empowerment as a predictor of employee satisfaction (Panigyrakis & Theodoridos, 2009:607).

Satisfied employees who are well trained and better informed than their counterparts in competing organisations, are able to play their role in business activities and in team efforts more effectively, thus positively impacting productivity (Vet Consulting Group, 2012). For retail banks, it is essential that customer-facing employees are provided with the required knowledge and skills to understand customer needs and address these needs in a courteous manner. Satisfied employees achieve better results with customers
contributing to customer satisfaction with the service and enhanced organisational performance. (Ahmad et al., 2012:532).

4.4.1.2 Employee satisfaction through empowerment as a factor of internal product

From an internal marketing perspective, in order to deliver value to internal customers in the internal value chain, it is essential that employees throughout the organisation are empowered to act and are provided with the discretion to fulfil their job roles successfully (Palmer, 2011:445). Empowerment involves the process of providing employees with the power and autonomy to make job related decisions without a high level of management involvement (Gupta, 2012:176). By reducing the standardisation in frontdesk operation facilities and providing employees with more discretion to make decisions and to serve internal and external customers well, employee satisfaction can be enhanced (Gounaris, 2008b:69,74). This is because employees are allowed to think about their jobs and solve their own problems which results in more positive employee attitudes and higher levels of employee satisfaction. Thus empowerment as a predictor of employee satisfaction is influenced through the internal product element (Turkyilmaz et al., 2011:681).

Peters and Mazdarani (2008:51) found in a study focused on retail banking that if employees are empowered to make decisions affecting customer service, they are more satisfied. It was established in the study that if employees were not able to handle a given situation or did not have the knowledge, they would consult fellow employees for advice. It was important however that the employees had the autonomy to do so.

4.4.1.3 Employee satisfaction through role fit and role clarity as a factor of internal product

Role fit theory suggests that employees choose jobs based on the fit between their own personalities and the job. When employees select jobs that best match their abilities and interests, they are more likely to thrive at work resulting in the enhancement of employee satisfaction (Gounaris, 2008b:72,75; Martensen & Gronholdt, 2006:98). Markets change however, as do organisational objectives which require jobs to change too. This may result in situations where employees find themselves in miss-fit positions. In retail banking the salesforce may initially have been office bound, but in order to capture additional market share the banks resorted to mobile banking. For a bank employee who has does not enjoy being ‘on the road’ this would pose a problem resulting in feelings of dissatisfaction (Atkinson, 2012).
Through the development of an internal market orientation and through the internal product element, employees' need can be monitored and organisations can respond to these changing needs ensuring that employee satisfaction is maintained (Gounaris, 2008b:75). Further to this, role clarity as a factor of internal product reduces uncertainty amongst employees. When employees are clear about their deliverables and have been provided with the information needed to perform their job well, they experience higher levels of satisfaction (Ingram, 2013:377). Peppers and Rogers (2010) suggest that retail banks should also match employee skills with customer segments so that each internal or external customer receives the level of experience and service required to meet their needs. Through correct role fit and clarity, employees feel that their jobs are significant and meaningful, and as a result experience higher levels of satisfaction resulting in increased performance. Both role fit and role clarity as satisfaction predictors are addressed through the internal product element (Peppers & Rogers, 2010; Halepota & Shah, 2011:285).

4.4.1.4 Employee satisfaction through career advancement as a factor of internal product

From an internal product perspective, career advancement and a clearly defined career progression path are recognised as significant tools in the attraction, satisfaction and retention of quality employees (Cedefop, 2008; Branham, 2005:105). Career advancement or development equips employees with the opportunity to build skills and capabilities and put these to optimal use resulting in increased satisfaction and employee performance (Scales, 2013).

Loong (2011:346-347) believes that career advancement as an extrinsic reward is one of the most significant predictors of employee satisfaction. Traditional rewards can only motivate employees to a point. One approach to keep employees motivated and satisfied is to help them take charge of their careers. This can be achieved by helping employees assess their skills, determine what they like or dislike about their jobs, and identify areas they would like to develop in or change. This approach assists employees in identifying what motivates them so that they are able to make their work more satisfying. Through the internal product element, by recognising and responding to the job needs of individual employees such as their career needs, organisations are able to satisfy employees and get the best out of them (Cedefop, 2008). Career advancement in retail banks is performance based, meaning that employees are able to advance at a faster pace. As
long as employees perceive promotional decisions to be fair and just, they are likely to experience satisfaction with their jobs. Career advancement as a satisfaction predictor can thus be dealt with through the internal product element (Shrivastava & Purang, 2009:75).

### 4.4.2 Relationship between internal price and employee satisfaction

The internal price paid by employees as discussed in Chapter 3 (refer to section 3.2.2) can contribute to both the employee satisfaction and dissatisfaction (Mansoor et al., 2011:51). Mansoor et al. (2011:5) offer that employees may gain new knowledge and skills, but in order to learn these skills and acquire the new knowledge, sacrifices have to be made which may result in stress and lower levels of satisfaction or even dissatisfaction. When employees feel high levels of stress, the cost of working for the organisation becomes too high and employees will try to avoid the stress and ‘increased costs’ by withdrawing either psychologically or physically. In extreme circumstances they may leave the organisation altogether.

It is imperative that organisations understand the costs employees pay to work for them and find ways to reduce these costs. By understanding the predictors of satisfaction and responding to these in meaningful ways, employees feel supported and cared for. When employees feel cared for and supported, their stress levels are reduced and the costs or internal price of working for organisations may be diminished resulting in higher levels of employee satisfaction (Karatepe, 2011:45, 49).

### 4.4.3 Relationship between internal promotion and employee satisfaction

The main objective of promotion is to inform, influence and remind customers about the organisation's product or service offering and to position the product or service in the marketplace (Hoffman et al., 2005:18). From an internal perspective, the role of internal promotion is to inform, influence and remind employees about the organisation’s internal products, internal service offerings and how these fit into the internal environment. The next section contemplates the relationship between employee satisfaction and internal communication, and reward and recognition as factors of internal promotion (refer to Chapter 3, section 3.2.3).
4.4.3.1 Employee satisfaction through internal communication (advertising, personal selling and social media) as a factor of internal promotion

From an internal promotion perspective, the need for information about employee needs and the communication of this information are essential aspects in creating an internally-market orientated culture (Panigyrakis & Theodoridos, 2009:606). Communication of information and knowledge sharing ensures the adherence to shared goals and a harmonious working relationship between employees, which enables value to be created throughout the internal value chain (Stoyanova, 2011:31). This is because an internal environment based on honesty and openness is created in which everyone is for everyone and no secrets are kept (Mitrega, 2012:488/491). Further to this, knowledge sharing increases employees' flexibility and adaptability which enhances their level of satisfaction. This is mainly because of employees being exposed to information about what has and has not worked previously in the organisation (Almahamid et al., 2010:330).

The level of employee adaptability and flexibility to perform their jobs more competently comes from employees being better informed about the organisation’s vision and objectives, and through the learning that transpires when knowledge is transferred effectively (Almahamid et al.,2010:332,334). Increased flexibility results in greater internal customer responsiveness as the free flow of knowledge allows for better integration and cross-functional coordination across teams and business units. In addition to this, through increased competence, greater creativity and innovation, stress levels can be reduced and higher levels of job satisfaction achieved (Almahamid et al.,2010:332,334; Niehaves & Plattfaut, 2011: 2-3). Thus, a high level of knowledge sharing and effective communication lead to increased employee satisfaction (Niehaves & Plattfaut, 2011: 2-3).

Peppers and Rogers (2010) state that within a retail banking context, integrated communication is important for employees. These authors suggest that retail banks should not only listen to their internal and external customers, they should also respond to these customers through social networking tools such as facebook and organisational blogs. In this way banks communicate that internal and external customers are cared for, which increases satisfaction and customer enthusiasm. In this way sharing of information (communication) as a predictor of satisfaction is attended to through the internal promotion element.
4.4.3.2 Employee satisfaction through reward and recognition (sales promotion) as a factor of internal promotion

From an internal marketing perspective, organisations use reward and recognition programmes to attract qualified employees into the organisation, retain them in the organisation, and motivate them to achieve higher levels of performance (Pushpakumari, 2008:91). Reward and recognition support internal marketing objectives in that they serve as an incentive to facilitate knowledge sharing and the creation of strong internal relationships (Wang & Noe, 2011: 118).

Reward and recognition systems communicate to employees that they are valued by the organisation which increases the occurrence of positive work behaviours such as organisation citizenship behaviour (Wilches-Alzate, 2009:24). Martin and Martin (2005) state that regardless of the type of compensation, it is necessary that reward and recognition are closely tied to the specific internal market-orientated behaviours that organisations are trying to elicit from their employees. Reward and recognition systems are thus important determinants of employee behaviour and determine the level of work improvement and service quality to internal customers, thus supporting internal marketing objectives (Danish & Usman:160). Employees assess the rewards provided, and if the rewards are perceived to be adequate and equitable, employees experience satisfaction. Reward and recognition are viewed as some of the most important factors related to employee satisfaction (Sarwar & Abugre, 2013:30). Improved levels of employee satisfaction will affect the employees’ work effort, thereby improving their performance and productivity (Pushpakumari, 2008:91). If employees have not been sufficiently rewarded and recognised for their work, they will not promote the organisation’s services or serve customers well thus affecting both internal and external marketing success (Panigyrakis & Theodoridos, 2009:603,605). Thus reward and recognition (sales promotion) as a factor of internal promotion influence employee satisfaction (Wilches-Alzate, 2009:24,29). Bowers and Martin (2007:92) espouse that service organisations such as retail banks should celebrate exemplary performance, and offer praise in a formal ceremony. In this way employees feel recognised, which heightens their levels of satisfaction and service consciousness. Bowers and Martin (2007:92) also suggest that from a reward perspective, retail banks should tie compensation to performance, in this way, rewarding customer and quality conscious employees whilst motivating other employees to improve performance.
4.4.4 Relationship between internal distribution and employee satisfaction

From an internal perspective, internal distribution is concerned with the operational activities that take place in making the internal product available to internal customers (Kasper et al., 2006:400) (refer to Chapter 3, section 3.2.3). Service excellence is dependent on various business units working together to create quality throughout the value chain (Sirenne, 2013:21-122). To achieve the desired levels of quality, a network of internal relationships is required with a strong focus on collaboration and interfunctional coordination (Conduit & Quigg, 2013). For this reason, the organisation’s culture is important as it represents how the internal environment functions (Popescu & Grigore, 2007:175). An essential element in creating the organisational culture and internal environment is the organisational structure (Grayson & Sanchez-Hernandez, 2010:17). The following section focuses on how employee satisfaction can be enhanced through organisational culture and organisational structure as factors of internal distribution.

4.4.4.1 Employee satisfaction through organisational culture as a factor of internal distribution

Culture represents the organisation’s internal environment; it represents how employees treat each other and how decisions are made (Popescu & Grigore 2007:175). Understanding culture is important as it provides an understanding of employee behaviour (Mehr et al., 2012:1030). Organisations that emphasise an internal environment built on trust facilitate behaviours such as collaboration and the sharing of knowledge between employees and across departments (Wang & Noe, 2011:118).

From an internal distribution perspective, organisations must adopt a collaborative or clan style of culture to enhance collaborative intelligence and lay the way for an integrated organisation (Chang et al., 2010:52, Leonardo, 2008). Johnson (2013) believes that for a retail bank to succeed, a collaborative networked culture of trust is required to increase organisational performance. Beer (2012) suggests that organisations must become more organisationally orientated rather than individually orientated in order to contribute to internal-market orientation behaviours and objectives. In this way employees work together to achieve organisational success. Further to this, the organisation’s cultural environment is vital in keeping the organisation and employees focused, yet flexible in the way they approach work (George et al., 2012:38). Popescu and Grigore (2007:175) believe that organisations bring people together and in order to obtain the best from employees, employees’ needs must first be satisfied. Employee-centred or a clan-type
organisational culture characterised by higher levels of employee support and collaboration, are associated with meeting employee needs and therefore higher levels of employee satisfaction (George et al., 2012:38; Beer, 2012; Ahmadi, 2010:464-465; Newsham et al., 2009).

Emerson (2007:222) states that the predictors of employee satisfaction such as training and development, strong relationships with co-workers and reward and recognition would not be able to exist within the organisation without a culture that nurtures and cultivates these elements. Organisations must constantly seek to ensure that a culture supportive of employee satisfaction is harnessed. If through the element of internal distribution such a culture can be developed and maintained, it will result in maximum employee satisfaction and subsequent organisational profitability. Mehr et al. (2012:1030) found that there is a strong link between organisational culture and employee satisfaction, thus organisational culture is a driver of employee satisfaction.

4.4.4.2 Employee satisfaction through organisational structure as a factor of internal distribution

From an internal distribution perspective, it is essential that the organisational structure is a good fit for the internal environment. For an internally market-orientated environment focused on engaged teams, strong internal communication and interfunctional coordination as well as a decentralised organisational structure allowing for decentralised decision-making, would make the best fit (Kilburn, 2008). These decentralised organisational structures which permit decentralised decision-making allow internal suppliers to better serve internal customers resulting in increased employee productivity and performance. To this end, organisations are able to respond to their internal market needs more effectively and efficiently, thus supporting the internal marketing objectives (Beer, 2012; Tata, Prasad & Thorn, 2011). Further to this, a more decentralised/horizontal organisational structure supports internal marketing objectives as it helps to create an internal environment in which internal relationships can be harnessed (Wang & Noe, 2010:119).

Decentralised structures are the embodiment of decentralised decision-making and are thus essential for responding to needs such as empowerment, flexibility, freedom and action (Miri, Rangriz & Sabzikaran, 2011:56-57).

Peters and Mazdarani (2008:52) believe that the organisational structure of a retail bank should be flat in order to remove barriers and create relationships both within the
organisation and with customers. This provides employees with access to top management and with employees from other areas of the bank, which results in the better flow of information. When the organisational structure supports the flow of information, empowerment and freedom of employees to make decisions, employees experience higher levels of satisfaction. Decentralised decision making as a satisfaction predictor is therefore influenced by the internal distribution element of the internal marketing mix (Yang, 2011:274; Miri et al., 2011: 56-57).

4.4.5 Relationship between internal people and employee satisfaction

Internal people are focused on the employees themselves (refer to section 3.2.5). Employees define the customer’s perception of service quality and for this reason it is important that the customer has a positive encounter with the organisation’s employees (Gummesson, 2007).

Employees are therefore critical to a service organisations success as employees are viewed as the service itself and play an essential role as part-time marketers (Zeithaml et al., 2012:349). Gummesson (2007) suggests that organisations such as retail banks realise that it is imperative that all employees influence customer relationships. Those who don’t influence the customer relationship are redundant. For this reason, service organisations must develop strong internal relationships through interfunctional integration and collaboration with other employees (Mitrega, 2012:488). In this way, all employees understand the mechanisms involved in the service delivery process and are able to influence the customer experience as a result thereof (Gummesson, 2007). Through strong internal relationships with leaders, supervisors/managers and co-workers, employees are able to fulfil their affiliation needs and work together as a team which results in greater feelings of satisfaction (SHRM, 2012:15-16).

4.4.5.1 Employee satisfaction through relationships with co-workers as a factor of internal people

From an internal people perspective, it is the relationship with co-workers that provides the notion of ‘teamwork’ and the feelings of a team spirit. Team spirit is based on how employees feel about their co-workers as this group collectively depend upon one another as they work together to achieve common objectives. If positive relationships exist between co-workers, these employees will bond better as a team resulting in greater levels of employee satisfaction (Halepota & Shah, 2011:284; Bateman, 2009:6).
Employee satisfaction is increased when co-workers are friendly, competent and supportive, as these employees serve as a source of support, comfort and advice to each other (Parvin & Kabir, 2011:115). Employees observe the satisfaction levels of other employees in the organisation and then model these behaviours. If older employees speak positively about the organisation and work hard, new employees will model this behaviour too, resulting in higher levels of employee satisfaction. In this way relationships with co-workers as a satisfaction predictor is influenced through the internal people element of the mix. (Kehinde, 2011:34).

4.4.5.2 Employee satisfaction through leadership style as a factor of internal people

Gharibvand (2012:289) opines that organisational success in obtaining its goals and objectives depends on managers and their leadership style. From an internal people perspective, leadership style encompasses the extent to which managers operate with honesty and integrity, promote efficiency, treat employees with respect, and adopt open lines of communication resulting in higher levels of employee satisfaction (Rad & Yarmohammadian, 2006:xiii). Organisations with a strong internal marketing orientation should adopt a combination of both participative and transformational leadership styles, as these create employees who are team orientated and committed to knowledge sharing, resulting in higher levels of internal service quality (De Jong & Den Hartog, 2007:41). From an internal marketing perspective, both participative and transformational leadership styles bring about higher levels of employee satisfaction. Newsham et al. (2009) found that participative management styles have the strongest relationship with employee satisfaction. Alkahtani et al. (2011:77) believe that in retail banking a participative management style has benefits for both managers and employees. Through this kind of management style employees become part of the team and managers are able to make better decisions resulting in satisfaction for both parties. Mohammed, Al-Zeaud and Batayneh (2011:39) espouse that transformational leadership styles reduce employee work pressure and stress and increase employee morale, thereby resulting in increased levels of employee satisfaction.

The correct application of leadership style as an element of internal people is important as it influences the relationship between managers and their subordinates which results in higher levels of employee satisfaction. In this way, leadership style as a satisfaction predictor is influenced by the internal people element of the mix (Hamidifar, 2013).
4.4.5.3 Employee satisfaction through relationship with managers/supervisors as a factor of internal people

The supervisor is the first link between the employee and the organisation and a positive approach by supervisors towards employees could generate more positive attitudes and behaviours such as job satisfaction from employees resulting in increased internal market orientation (Panigyrakis & Theodoridos, 2009:607).

The relationship with the employee’s immediate supervisor/manager has been determined as a major factor in an employee’s level of satisfaction and loyalty to the organisation. When supervisors or managers as an element of internal people provide support and resources necessary for employees to perform their jobs, treat employees with respect, and adopt open lines of communication, employees feel more engaged, more satisfied with their job and they become more loyal and committed as a result thereof (SHRM, 2012:15-16; Heish, 2012:251). This helps promote interfunctional integration in which all banking employees understand the operations behind the service process, enabling them to perform their role as part-time marketers (Gummesson, 2007). In addition to this, if employees feel that they matter to supervisors/managers, their level of satisfaction is further enhanced (Kehinde, 2011:34). From retail banking perspective the relationship with supervisors supports the internal marketing objectives in that if supervisors and direct managers create a supportive internal environment and open channels of communication, employees experience satisfaction and are more willing to share information and develop internal relationships. In this way, relationships with supervisors as a satisfaction predictor is addressed through the internal people element (Wang & Noe, 2010:118).

4.4.6 Relationship between internal process and employee satisfaction

Gupta, McDaniel and Herath (2005:391) believe that if the internal processes that are put in place are practised often and enforced, they will ensure that a consistent level of service quality is delivered (refer to section 3.2.6). From an internal process perspective, consistent processes contribute to confidence levels as employees understand exactly what is expected from them, allowing them to perform their jobs more effectively. Effective and efficient processes allow employees to create value throughout all steps in the value chain. In retail banking the delivery of operational excellence requires a consistent service experience across channels under both normal and abnormal circumstances. Processes need to be constantly examined for improvement opportunities, contingency plans must be developed for disruptive events, and internal and external customer loops must be
closed following customer problems to ensure both internal and external customer satisfaction (Peppers & Rogers, 2010). Processes should be automated as much as possible by providing employees with self service systems such as an HR administration system. Costs can be reduced and employee satisfaction increased as employees feel a greater sense of control over their work life (The Economist, 2007:7).

Internal customers will assess the service and service-delivery process they receive from internal suppliers. If the service process is perceived to be consistent and reliable, these internal customers will experience higher levels of satisfaction (Lovelock et al., 2009:23-24; Vella et al., 2009:411; Kasper et al., 2006:387). Bellou and Andronikidis (2008:944-945) further support this notion by stating that employee satisfaction is dependent on the quality of the internal service process.

4.4.7 The relationship between physical evidence and employee satisfaction

The physical environment refers to physical facility in which the service is provided (Holder & Berndt, 2011:390-393). Organisations rely on internal physical evidence to create perceptions of service quality for employees. The happier the employee is with the physical evidence, the higher the level of satisfaction (Holder & Berndt, 2011:390-393; Newsham et al., 2009:3). The internal physical evidence for the purpose of this study relates to both peripheral (performance feedback) and essential evidence (physical environment) as discussed in Chapter 3 (refer to section 3.2.7). The next section focuses on the achievement of employee satisfaction through the physical environment and performance feedback as factors of internal physical evidence.

4.4.7.1 Employee satisfaction through the physical work environment (essential evidence) as a factor of internal physical evidence

From an internal perspective, physical working conditions relate to factors such as a comfortable working environment, ventilation, lighting, temperature, safety, better and cleaner office space. These factors have a strong influence on the employees’ feelings of physical comfort and safety within their internal environment (Mansoor, et al., 2011:52). Changing or improving the physical environment of employees is one of the most effective tools for changing individual behaviour, as it allows for improved outcomes such as increased productivity and internal market-orientated behaviours (Martin & Martin, 2005). Better work environments which are considered to be more physically pleasing mean more satisfied employees and more satisfied employees make for a more productive work
environment. This is because well designed work environments signal the values and objectives of the organisation, which in turn has a significant impact on employee satisfaction. How well the organisation satisfies and engages employees impacts their level to perform, which in turn influences the employees error rate, level of innovation and level of collaboration with other employees, their level of absenteeism, and ultimately how long they remain with the organisation. The physical environment as a satisfaction predictor is therefore addressed through the internal physical evidence element of the internal marketing mix (Mansoor et al., 2011:52; Al-Anzi, 2009:10,13; Newsham et al., 2009).

According to a retail banking study conducted by Peters and Mazdarani (2008: 49), it was found that the employees’ work environment influenced the level of service provided to customers. Given that employees have direct access to banking customers, if employees are satisfied with their work environment, this impacts the level of individual service provided to both internal and external customers.

4.4.7.2 Employee satisfaction through performance feedback (peripheral evidence) as a factor of internal physical evidence

Organisations focused on providing ongoing feedback in terms of how employees are performing their tasks relative to expectations, are able to reduce uncertainty amongst employees and achieve higher levels of employee satisfaction (Halepota & Shah, 2011:285). Further to this, feedback as a factor of internal physical evidence is recognised as self-rewarding and provides the opportunities for improved performance through trial and error learning which in turn leads to enhanced satisfaction. In this way, internal physical evidence influences performance feedback as a satisfaction predictor (Sage Publications, 2011).

In summary, the primary objective of the study is to determine the influence of the internal marketing mix on employee satisfaction. Should the internal marketing mix elements have a positive impact on employee satisfaction as assumed in the above discussion, a comprehensive internal marketing programme should be implemented in order to achieve the objectives of employee satisfaction. Achieving increased employee satisfaction should be a major goal of all service organisations as increased employee satisfaction results in increased employee productivity, quality output and retention (Antoncic & Antoncic, 2011:593). The next section focuses on employee retention and the role of employee satisfaction and internal marketing in the retention of quality employees.
4.5 RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION, AFFECTIVE COMMITMENT AND EMPLOYEE RETENTION

“The challenge today is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives” (Lockwood, 2007: 2). To achieve these objectives, service organisations are placing increased importance on understanding employee satisfaction as this has been associated with improved employee productivity and increased employee retention, which results in increased organisational effectiveness (Abdullah, Djebarni & Mallahi, 2011:127). Employee retention is defined as a commitment to continuously exchange with a specific organisation over a period of time (Alkandari & Hammad, 2009:7). From a service profit chain perspective, employee satisfaction is directly linked to employee retention. Many organisations fail to recognise the loss of productivity and decrease of both internal and external customer satisfaction that result from poor employee satisfaction and increased employee turnover (Emerson, 2007:3).

Berry and Morris (2008) state that healthy employee turnover in an organisation can be positive as new ideas and techniques and fresh ways of thinking are introduced into the organisation, which can result in greater levels of success. Turnover among highly productive, quality employees however is a very costly and destructive exercise for organisations. Research by Ongori (2007:51-52) indicates that the replacement cost for a lost employee is approximately 50% of the employee’s annual salary. Apart from the direct costs related to turnover, these organisations are subject to high indirect costs such as the induction, training and development costs of employees. Additional costs involve lost productivity, lack of commitment, inconsistency in the provision of service to customers, reduced customer satisfaction and customer defection when a productive employee quits. High turnover is detrimental to organisational profitability and performance as organisations are losing these valuable employees to direct competitors (Chiboiwa, Chipunza & Samuel, 2011:2911; Ongori, 2007:51-52; Heskett et al., 2008:122; Chartered Institute of Personnel Development, 2008).

There is no agreed upon framework for understanding the employee turnover process as a whole, but a there are several factors which have been identified as drivers of retention such as culture, salary and career development to name a few (in this case the employee satisfaction predictors) (Nujjoo & Meyer, 2012:2; Alkandari & Hammad, 2009:7). When employees are satisfied they are less likely to leave organisations. This is because highly
satisfied employees demonstrate high levels of organisational commitment and committed employees stay with organisations (Pepe & College, 2010:42). Farzad et al. (2008:1481) recognise that creating a sustainable competitive advantage in service organisation starts with stronger focus on the internal market and the conversion of employees into organisational supporters, part-time marketers and exceptional customer service providers which requires organisational commitment, specifically affective commitment (Benjamin, 2012:54-56; Farzad et al., 2008:1481). The next section discusses affective commitment in more detail.

4.5.1 Affective commitment

Affective commitment synonymous with loyalty has been identified as the strongest predictor of employee intention to remain with organisations (Calisir, Gümüşsoy & Iskin, 2011:516). Organisational commitment can be best understood through the three component model which proposes three types of organisational commitment namely, affective commitment, normative commitment and continuance commitment (Jha, 2011:266). Normative commitment refers to the employee’s belief that he or she should remain within the organisation and develop as a result of social pressures (family, cultural and organisational) (Warsi, Fatima & Sahibzada, 2009:402). Continuance commitment is either based on the degree of personal sacrifice associated with leaving the organisation, or it is based on the availability of alternatives should the employee leave the organisation (Gonzalez & Guillen, 2007:404). Affective commitment is described as the employee’s state of emotional commitment to the organisation and is influenced by factors such as organisational support. Employees link their identity to that of the organisation and form an emotional commitment with the organisation which goes beyond the organisation’s instrumental worth. As a result, employees desire to continue their association with the organisation (Jha, 2011:266). Baptiste (2008:292) believes that affective commitment relates to the employees positive attachment to the organisation. Affectively committed employees are willing to exert extra effort on behalf of the organisation in pursuit of the organisation’s objectives.

The focus of the study is on affective commitment since it has been demonstrated to have a strong positive relationship with job satisfaction and organisational outcomes such as turnover intentions, retention and financial performance (Dimitriades & Papalexandris, 2011:146).
4.5.2 Relationship between employee satisfaction, internal marketing and affective commitment

Employees demonstrate affective commitment to organisations in return for certain rewards which can either be extrinsic, such as reward and recognition, or intrinsic such as belonging and employee satisfaction (Baptiste, 2008:292). When employees feel that they are able to develop with organisations and are satisfied with employee satisfaction predictors such as relationship with co-workers, pay and supervision, their level of commitment to those organisations is greater (Warsi et al., 2009:402).

Appelbaum et al. (2013:226) suggest that there is a strong relationship between employee satisfaction and affective commitment. This is because affective commitment is influenced by the exchange process. If an employee evaluates the costs and benefits of working for the organisation and feels that his/her needs or desires have been met, the employee will experience satisfaction. The results of this is an affectively committed state towards the organisation or work environment. There is a positive correlation between employee satisfaction and affective commitment and thus retention (Boles et al., 2007:313). Chang and Chang (2008:163) suggest that one way of improving employee satisfaction is through the implementation of an internal marketing programme.

Given that internal marketing efforts have been proven to develop better relationships between employees and their organisations whilst increasing satisfaction and retention, many organisations are turning to internal marketing practices in order to better motivate, satisfy and retain employees by developing healthy relationships with these employees (Peltier & Dahl, 2009; Sim, 2008:34). Boshoff and Du Plessis (2009:13) advocate that organisations that focus on understanding employee needs and deliver on these needs as per internal marketing principles, are more likely to retain their employees in the long run.

Through the implementation of an internal marketing, internal marketing focuses on treating employees with the same level of importance as customers in order to achieve both the internal and external marketing objectives. In this way employees feel cared for by organisations, which results in increased levels of employee satisfaction and more positive attitudes towards their work, such as increased affective commitment and loyalty (Farzad et al., 2008:1481). Committed employees demonstrate high levels of performance, less dissatisfaction and less intent to leave organisations (Appelbaum et al., 2013:224). Thus internal marketing is the driver of employee satisfaction and employee satisfaction is the precursor for affective commitment and employee retention (Lee & Chen, 2013:199; Guven & Sadaklioglu, 2012:109).
4.6 CONCLUSION

Organisations, in particular retail banks that are characterised by high levels of employee turnover specifically within the GDP employee group, must attract, engage and retain talented employees in order to survive and compete effectively. The satisfaction of employee needs therefore becomes of pivotal importance for retail banks and these organisations must ensure that the predictors behind employee satisfaction are well understood. If the drivers behind employee satisfaction have been identified and clearly understood, programmes can be developed to better satisfy employee needs. Internal marketing has been viewed as a potential programme for the satisfaction of employee needs as the internal marketing mix elements are able to effectively address the factors of employee satisfaction.

Chapter 4 explored the theory of employee satisfaction with specific focus on the discussion of the factors of employee satisfaction and the theoretical relationship between internal marketing and employee satisfaction. Chapter 4 also considered the link between internal marketing, employee satisfaction, productivity and retention. Literature throughout this study purports the notion that internal marketing impacts employee satisfaction which in turn impacts employee productivity and retention ultimately effecting customer satisfaction and organisational profitability.

The following chapter will explain the research design and methodology utilised to prove the hypotheses stated in Chapter one. Chapter five will focus on the research design, survey techniques and the sampling process in detail. In addition to this, the questionnaire design and data analysis methods considered for the study will be discussed in depth.
CHAPTER 5
RESEARCH METHODOLOGY

5.1 INTRODUCTION

Research involves the activities that increase the sum of human knowledge, and for this reason the research process begins with recognising the need for information. Once the need for this information has been identified, the plan to meet and resolve these information needs must be designed (Moodley, 2008:76).

A research design serves as a blueprint of the methods used to gather and evaluate data. Determining the most suitable research design is based on the research objectives and the precise information requirements of the study. The choice of research design is determined by the nature of the data necessary for collection and by the sampling methods and procedures (Hair et al., 2006:63).

This chapter focuses on the various steps in the research process with specific focus on the sampling method and research method and design. Further to this, data collection methods and questionnaire design with particular focus on measurement scales will be explained, followed by a section on data processing and analysis. The following section will open with a discussion on the research process.

5.2 THE RESEARCH PROCESS

The research process consists of a number of steps, some with a high level of interdependency. The purpose of the research process is to provide a holistic understanding of the different steps to be followed when conducting research (Cant, Gerber-Nel, Nel & Kotze, 2005:39). Different authors have different steps in their research processes. This study makes use of research process steps as proposed by Iacobucci and Churchill (2010:31) in Figure 5.1. The different steps in the research process are discussed next.
Figure 5.1 will be discussed in detail in this chapter. Steps one and two focus on the formulation of the research problem and the research objectives as discussed in Chapter 1. Steps three and four will be discussed in order to determine what type of research design is required based on the research problem, objectives and hypotheses discussed in Chapter 1. Steps five, six, seven and eight will consider the sampling strategy, statistical procedures and empirical validation of the research objectives. Steps nine and ten will be discussed in Chapter 7.

5.2.1 Step 1: identify and formulate the research problem

Chapter 1 (section 1.3) emphasised that internal marketing is aimed at “attracting, developing, motivating and retaining employees through job products that satisfy their needs” (Kale, 2008:3). Internal marketing could serve as an enabling tool to improve satisfaction among retail banking GDP employees within South Africa. By satisfying these internal customers’ needs, the banks should be in a better position to deliver the quality service desired to satisfy the external customer. The reason for this is that fulfilling the employees' needs, enhances employee motivation and as a consequence the higher the degree of employee satisfaction, the higher the possibility of generating external...
satisfaction and loyalty (Zampetakis & Moustakis, 2007:417–418). Pushpakumari (2011) and Boles et al. (2007:313) state that increased employee satisfaction results in higher levels of affective commitment and thus retention.

Previous internal marketing studies within the banking industry have focused on employee understanding of corporate values, employee commitment, service quality, customer satisfaction and loyalty (Sahi et al., 2013; Kameswari & Rajyalakshmi, 2012; Aburoub, et al.; 2011, Abzari & Ghujali, 2011; Awwad & Agti, 2011). Pelitier et al. (2008) have conducted a number of studies exploring the link between internal marketing and employee satisfaction in the nursing industry. However, no studies either locally or internationally could be found exploring the influence of internal marketing as a means to achieving employee satisfaction amongst retail banking GDP employees. In addition, no studies could be found linking the elements of the internal marketing mix (product, price, promotion, place, people, process, physical evidence and interfunctional coordination) to employee satisfaction.

This raises the question as to whether internal marketing does in fact have a positive influence on the satisfaction levels of retail banking GDP employees in South Africa. Various studies (Appelbaum et al., 2013:226; Boles et al., 2007:313) link employee satisfaction to affective commitment and the researcher was interested in exploring the link between employee satisfaction and affective commitment. Taking the above into consideration, the problem statement and aim of this study can be formulated as follows:

To determine the influence that the internal marketing mix elements have on employee (graduate) satisfaction within the retail banking industry in South Africa. The study also aims to identify whether a link between employee satisfaction and affective commitment can be observed in this context (refer to Chapter 1, section 1.3).

5.2.2 Step 2: Determine the research objectives

Once the research problem and purpose have been identified, research objectives can be developed. The research objectives are based on the research problem definition identified in Step 1 and provide the guidelines for the remainder of the steps in the marketing research process (Hair et al., 2010:35). The primary and secondary research objectives have been developed from the research problem (refer to section 1.3 in Chapter 1).
5.2.2.1 The primary research objective

To investigate the influence of the internal marketing mix on employee satisfaction from GDP employees' perspective in order to enhance their satisfaction at retail banks with graduate development programmes in South Africa. In addition to this, the relationship between employee satisfaction and affective commitment is also explored.

5.2.2.2 The secondary objectives

This section will provide insights into the secondary objectives set for the study in order to achieve the primary objective. The secondary objectives that the researcher aims to investigate include:

- To examine the theory relating to the seven elements of the internal marketing mix, employee satisfaction and affective commitment
- To determine whether GDP employees are aware of the internal marketing mix elements at their bank
- To determine GDP employees’ level of satisfaction with their bank as an employer
- To determine whether a significant positive relationship exists between internal product and GDP employee satisfaction
- To establish whether a significant positive relationship exists between internal price and GDP employee satisfaction
- To explore whether a significant positive relationship exists between internal promotion and GDP employee satisfaction
- To determine whether a significant positive relationship exists between internal distribution and GDP employee satisfaction
- To establish whether a significant positive relationship exists between internal people and GDP employee satisfaction
- To explore whether a significant positive relationship exists between internal process and GDP employee satisfaction
- To determine whether a significant positive relationship exists between internal physical evidence and GDP employee satisfaction
- To determine whether a significant positive relationship exists between employee satisfaction and affective commitment
5.2.2.3 Hypotheses

Based on the objectives identified, the following hypotheses have been put forward:

H1: There is a significant positive relationship between the internal product and GDP employee satisfaction
H2: There is a significant positive relationship between the internal price and GDP employee satisfaction
H3: There is a significant positive relationship between the internal promotion and GDP employee satisfaction
H4: There is a significant positive relationship between the internal distribution and GDP employee satisfaction
H5: There is a significant positive relationship between the internal people and GDP employee satisfaction
H6: There is a significant positive relationship between the internal process and GDP employee satisfaction
H7: There is a significant positive relationship between the internal physical evidence and GDP employee satisfaction
H8: There is a significant positive relationship between GDP employee satisfaction and affective commitment
Figure 5.2. A presentation of the hypotheses for the study

5.2.3 Step 3: Research design

Solomon et al. (2006:109) describe research design as a framework that specifies what information will be gathered and what kind of study the researcher will be conducting. Research designs may be classified as exploratory, descriptive, or causal (Solomon et al., 2006:109). Exploratory research focuses on finding ideas and patterns, and is concerned with gaining background information and familiarity on a subject area. Descriptive research refers to the collection of data in order to describe and measure existing characterises or phenomena at a particular point in time (Zikmund & Babin, 2010:45). Causal research focuses on the need to determine causality in relationships between marketing factors (Hair et al., 2010:77).

To meet the research objective of determining the influence of internal marketing on employee satisfaction and to determine the link between employee satisfaction and affective commitment, a descriptive research design has been selected since descriptive...
research is best suited to quantitative research (Zikmund & Babin, 2007:83). The following section focuses on descriptive research designs and the importance of quantitative research. Quantitative research is defined as research that makes use of structured closed-ended questions which have predetermined response possibilities in questionnaires or surveys that are distributed to a large number of participants (Hair et al., 2010:78). Quantitative research has been selected for the purpose of this study as it allows for larger sample sizes (Hair et al., 2010:78). It also provides quick, inexpensive and efficient data which can be generalised and statistically calculated, and the researcher is able to apply simple statistical tools to analyse the data (Zikmund et al., 2010:136,147).

Through the quantitative method a direct link between the concepts of internal marketing and employee satisfaction can be determined, as well as the link between employee satisfaction and affective commitment as it allows the researcher to determine the extent to which the participants of the study agreed or disagreed with each element of the study, thereby allowing for the measurement of these elements. For this reason a descriptive research design was used and is discussed next.

**5.2.3.1 Descriptive research design**

A descriptive research design can be defined as a mechanism that describes the characteristics of a given research problem (Zikmund & Babin, 2010:45). These research designs are quantitative in nature and allow for research that defines the characteristics of certain groups, determine the proportion of people behaving in a specific manner and make predications in relation to this (Iacobucci & Churchill, 2010:84; Churchill & Brown, 2007:105).

Descriptive research has been used in this study as it makes use of formal survey and questionnaire techniques in order to gather data pertaining to the study (Kent, 2007: 182; Solomon et al., 2006:113). Descriptive research allows the researcher to determine certain demographic variables of the participants, as well as how many participants shared similar attitudes or opinions to questionnaire statements leading to more precise results. Descriptive studies furthermore aid in the determination of relationships between marketing elements and dimensions such as those involved in internal marketing and employee satisfaction (Churchill & Brown, 2007:105).
5.2.4 Step 4: Conduct secondary research

Secondary data are comprises repositories of literature and statistics originally collected for a purpose other than the study at hand (Malhotra, 2007:106). Secondary research contributes to the effectiveness of research as this is a prerequisite to the collection of primary data. Further to this, secondary data is quick, inexpensive and simple to access (Zikmund & Babin, 2010:123; Malhotra & Peterson, 2006:106). In this study, secondary research was conducted in order to formulate the theoretical background. Extensive literature on services marketing, internal marketing, employee satisfaction and affective commitment (retention) in particular, was collected as part of secondary data. Furthermore, previous studies conducted on the topic were researched. This information was gathered from numerous academic journals, theses and dissertations, books, websites and industry studies prior to considering any primary research methods. This information is presented in Chapters 2, 3 and 4.

Although secondary data can be valuable in explaining similar situations, it is not able to explain the current existing situation and thus it is necessary to select a primary research method in order to collect primary data (Malhotra, 2007:106). This is discussed in the next section.

5.2.5 Step 5: Select a primary research method

Primary data refers to data that has been initiated by the researcher for the purpose of the current study (Churchill & Brown, 2007:146). From the collection of primary data, meaningful insights can be gathered. For the purpose of the study, insights can be gained into GDP employees’ awareness levels of the internal marketing mix, the importance of the internal marketing mix elements, their satisfaction levels and levels of affective commitment.

This step includes a discussion of the following subsections: the data collection methods, questionnaire design, the choice of scales selected, the pretesting of the questionnaire, the validity of the questionnaire, and, lastly, the reliability of the questionnaire in gathering the data.
5.2.5.1 Data collection methods

Descriptive research designs utilise surveys as the data collection method. A survey is described as a technique in which participants are surveyed or questioned and their responses recorded for analysis. The main advantages of conducting a survey is its versatility, its speed, its inexpensive, efficient and accurate means of assessing information about a population (Gaiser & Schreiner, 2009:47). Various survey data collection methods were considered for the study (refer to Chapter 1, section 1.8.3). In order to best facilitate the participating bank’s needs and meet the study objectives, it was decided that a combination of person-administered and electronic survey methods would be used.

Since the study is focusing on a specialised group of employees the population size is relatively small. Since all GDP employees employed with First National Bank and Standard Bank are situated in their head office, a person-administered survey was selected. This would allow the researcher to conduct the survey personally with First National Bank and Standard Bank GDP employees to ensure that all questions and instructions were clearly understood and answered in full. Nedbank however requested an electronic survey, given that their GDP employees are scattered across the region and obtaining access to this group would have been difficult. The same survey questionnaire was utilised in both the person-administered and electronic survey. Once the survey method had been decided, a well designed questionnaire needs to be developed to extrapolate the desired information from participants. The next section focuses on the importance of questionnaire design.

5.2.5.2 Questionnaire design

The objective of questionnaire design is to increase the participation of target participants, to improve the relevance and accuracy of the data collected, and to assist in the collection and analysis of the data (Gaiser & Schreiner, 2009:46-48).

The questionnaire developed for the study made use of closed-ended structured statements in the form of a predetermined collection of responses or scale options (Hair et al., 2010:430; Iacobucci & Churchill, 2010:188). The questionnaire was made up of four sections according to the concepts developed in the theoretical framework (refer to Appendix 1).
• Demographic section

The objective of this section was to gather information about the respondent. Statements regarding the participant’s age, gender and race were included. In addition to this, the participants were asked with which bank they were employed, and two additional questions were included in terms of which department they were working in and whether they had had any previous work experience and if so, with which organisation.

• Section 1: Awareness of the internal marketing mix

This section tested the participants’ awareness of the internal marketing mix within their bank. This section made use of an awareness scale which was developed for the study based on constructs developed from the literature (Javadein et al., 2010:366-367; Yang, 2012; Grayson & Sanchez-Hernandez, 2010:9) (refer to Table 5.2, in section 5.2.5.3 for a summary of the scale sources). A five-point Likert scale was used with response categories ranging from 1= strongly agree to 5= strongly disagree. An interval scale was used and the response categories were unlabelled. The section included seven statements relating to the awareness of each of the internal marketing mix elements.

• Section 2: Internal marketing

This section included all aspects pertaining to the internal marketing theory explored in Chapter 3. Existing internal marketing mix scales from previous studies were adapted for use in this section for the internal product, internal price and internal promotion scales (Burin, 2011). The rest of the constructs were developed from literature in Chapter 3 (refer to Table 5.2, section 5.2.5.3 for a summary of the scale sources). This section made use of a five-point interval Likert scale ranging from 1= strongly agree to 5= strongly disagree (discussed in more detail in section 5.2.5.3) to measure the internal marketing mix of product, price, promotion, distribution, people, process and physical evidence. An interval scale was used and response categories were unlabelled. Section 2 of the questionnaire consisted of seven subcategories totalling 46 statements pertaining to the internal marketing mix.

i) The internal product subscale contained six statements concerning employee training development, career advancement opportunities, empowerment, if the employees’ skills matched their work (role fit) and how passionate the employees are about their work. The internal product scale is an adapted scale from a previous study by Burin (2011).
ii) The internal price subscale consisted of six statements relating to the degree of distress felt by the employee, psychological costs and emotional labour. Internal price is an adapted scale based on previous study conducted by Burin (2011).

iii) The internal promotion subscale was made up of ten statements regarding communication and the modes of communication and reward and recognition. The internal promotion scale was adapted from a study conducted by Burin (2011).

iv) The internal distribution subscale included seven statements about the organisational culture and structure. The internal distribution scale was developed from the literature in Chapter 3 (El Emary et al., 2012:358-359; Spreitzer, 2007; Melewar & Karaosmanoglu, 2006:854; Wong 2005:269; Huang & Chen, 2009:12137; Lovelock & Wirtz, 2008:313; Kilburn, 2008) (refer to Table 5.2, section 5.2.5.3).

v) The internal people subscale was made up of eight statements relating to leadership, and the relationship with supervisors and co-workers. The internal people scale was developed from the literature in Chapter 3 (Sim, 2008:25; Martensen & Gronholdt, 2006:94; Dewettinck & van Ameijde, 2011:285,287; Rad & Yarmohammadian, 2006:13; Wong, 2005:267; Shuck et al., 2011:306; Peltier & Dahl, 2009; Liu et al., 2011) (refer to Table 5.2, section 5.2.5.3).

vi) The internal process subscale consisted of four statements relating to the significance of existing and improved process. The internal process scale was developed from the literature in Chapter 3 (Lu & Wood, 2006:1125; Burin, 2011:122; Lovelock et al., 2009:23-24; Vella et al., 2009:411; Holtzman, 2011:50) (refer to Table 5.2, section 5.2.5.3).

vii) The internal physical subscale evidence consisted of five statements concerning the attractiveness of the internal environment and the significance of performance feedback. The internal physical evidence scale was developed from the literature in Chapter 3 (Parkin et al., 2011:31/33; Jawahar, 2006: 213-214; Kuvaas, 2011:124; MacMillan, 2006:9) (refer to Table 5.2, section 5.2.5.3).
• **Section 3: Employee satisfaction**

This section contained aspects relating to employee satisfaction theory. A five-point Likert scale ranging from 1= strongly agree to 5=strongly disagree was used to measure the four various elements. An interval scale was used and the response categories were unlabelled. An existing satisfaction scale was adopted from the study of Petzer and De Meyer (2011) for the purpose of this study.

• **Section 4: Affective commitment**

This section addressed the affective commitment as perceived by employees. An existing affective commitment scale from the study of Awwad and Agti (2011) was adopted for the study. This section made use of a five-point Likert scale ranging from 1= strongly agree to 5=strongly disagree to measure the seven statements of the construct. An interval scale was used and the response categories were unlabelled.

• **Linking the secondary objectives to the sections in the questionnaire**

Table 5.1 provides the links between the secondary objectives identified for the study, the sections in the questionnaire aiming to achieve the objectives, and the literature pertaining to the scale development.

<table>
<thead>
<tr>
<th>No</th>
<th>Secondary objective</th>
<th>Items in questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To examine the theory relating the seven elements of the internal marketing mix, employee satisfaction and affective commitment</td>
<td>N/A</td>
</tr>
<tr>
<td>2</td>
<td>To determine whether GDP employees are aware of the internal marketing mix elements at their bank</td>
<td>Section 1 Q1.1 - Q1.6</td>
</tr>
<tr>
<td>3</td>
<td>To determine GDP employees’ level of satisfaction with their bank as an employer</td>
<td>Section 3 Q9.1 - Q9.4</td>
</tr>
<tr>
<td>4</td>
<td>To determine whether a significant positive relationship exists between internal product and GDP employee satisfaction</td>
<td>Section 2 Q2.1 - Q2.6</td>
</tr>
<tr>
<td>5</td>
<td>To determine whether a significant positive relationship exists between internal price and GDP employee satisfaction</td>
<td>Section 2 Q3.1 - Q2.6</td>
</tr>
<tr>
<td>No</td>
<td>Secondary objective</td>
<td>Items in questionnaire</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>6</td>
<td>To determine whether a significant positive relationship exists between internal promotion and GDP employee satisfaction</td>
<td>Section 2 Q4.1- Q4.10</td>
</tr>
<tr>
<td>7</td>
<td>To determine whether a significant positive relationship exists between internal distribution and GDP employee satisfaction</td>
<td>Section 2 Q5.1 - Q5.7</td>
</tr>
<tr>
<td>8</td>
<td>To determine whether a significant positive relationship exists between internal people and GDP employee satisfaction</td>
<td>Section 2 Q6.1 - Q6.8</td>
</tr>
<tr>
<td>9</td>
<td>To determine whether a significant positive relationship exists between internal process and GDP employee satisfaction</td>
<td>Section 2 Q7.1 - Q7.4</td>
</tr>
<tr>
<td>10</td>
<td>To determine whether a significant positive relationship exists between internal physical evidence and GDP employee satisfaction</td>
<td>Section 2 Q8.1 - Q8.5</td>
</tr>
<tr>
<td>11</td>
<td>To determine whether a relationship exists between employee satisfaction and affective commitment</td>
<td>Section 4 Q10.1 - Q10.7</td>
</tr>
</tbody>
</table>

### 5.2.5.3 Scale choice

Likert scales are generally used to measure attitudes and perceptions and since this study aims to measure the attitudes and perceptions of GDP employees within the retail banks, the main part of the questionnaire consisted of unlabelled interval Likert scales (Cooper & Schindler, 2007:234). Likert scales require participants to indicate the degree to which they agree or disagree with a series of statements about the constructs. Each scale consists of five response categories ranging from 1= 'strongly agree' to 5= 'strongly disagree' (Antonucci & Goeke, 2011:133; Hair et al., 2009:287). As stated in section 5.2.5.2, scales were both adopted and adapted from previous studies and the researcher developed five of the scales based on the literature provided in the study. Table 5.2 provides a summary of how the scales were developed.
<table>
<thead>
<tr>
<th>Construct</th>
<th>Origin</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of internal marketing mix</td>
<td>Developed from literature</td>
<td>Javadein et al. (2010:366-367); Yang (2012); Grayson &amp; Sanchez-Hernandez (2010:9)</td>
</tr>
<tr>
<td>Internal product</td>
<td>Adapted</td>
<td>Burin (2011)</td>
</tr>
<tr>
<td>Internal price</td>
<td>Adapted</td>
<td>Burin (2011)</td>
</tr>
<tr>
<td>Internal promotion</td>
<td>Adapted</td>
<td>Burin (2011)</td>
</tr>
<tr>
<td>Internal physical evidence</td>
<td>Developed from literature</td>
<td>Parkin et al. (2011:31/33); Jawahar (2006: 213-214); Kuvaas (2011:124); MacMillan (2006:9)</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Adopted</td>
<td>Petzer and De Meyer (2011)</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>Adopted</td>
<td>Awwad and Agti (2011)</td>
</tr>
</tbody>
</table>
When administering a survey, a certain degree of error is expected due to fluctuations in data (Hair et al., 2010:227). Errors were reduced by designing a questionnaire which was easy to understand and respond to, and by constructing Likert-type statements on the questionnaire from related literature and pre-testing the questionnaire with participants in the population (Conradie, 2012:273). The next section discusses questionnaire pre-test in more detail.

5.2.5.4 Pre-test of the questionnaire

A pre-test of the questionnaire is necessary to determine if any weaknesses exist in the research design and questionnaire itself (Russel & Purcell, 2009:130). The objective is to determine if participants have any problems in understanding the questionnaire, whether the wording and instructions are clear and easily understood. Through this approach weaknesses in the questionnaire can be identified and improved upon in order to ensure that an accurate questionnaire is produced (Steyn, 2008:178; Zikmund & Babin, 2007:377).

The pre-test was conducted with six GDP employees from two of the participating banks. The person-administered approach was used with three GDP employees from Standard Bank and an email approach was used for the three GDP employees from First National Bank. The three participants in the person-administered group had no problem with the initial questionnaire, as the researcher was present to provide clear instructions on how to answer section two in particular, but the participants in the email group failed to read and understand the instructions correctly and instead of rating the importance of each item, rated the degree to which they agreed or disagreed with each statement. For this reason the statements were changed to ensure participants understood the questions clearly.

5.2.5.5 Validity of the questionnaire

Validity is defined as the precision of a measure or the degree to which a research instrument measures what it is supposed to measure (Zikmund & Babin, 2010:250). Validity is an essential measure since a lack of validity will result in incorrect conclusions (Zikmund & Babin, 2010:250; Solomon et al., 2006:118). Content validity and construct validity were used to test for validity and are discussed in more detail next.
• Content validity

Content validity refers to the subjective concurrence among professionals that a research instrument reflects the theory being measured (Malhotra, 2007:286). Iacobucci and Churchill (2010:256) define content validity as the adequacy of the area in which characteristics are captured by the measure. When professionals are convinced that the items match the definition, it is said to have content validity (Zikmund & Babin, 2010:250). In determining content validity the researcher adopted scales and scale items from previous studies where possible (refer to Table 5.2, section 5.2.5.3). The rest of the items were developed by the researcher, based on the theory developed in the literature review (refer to Table 5.2, section 5.2.5.3) of the study and assessed and discussed for applicability to the study by two mentor researchers. Together with the pre-test of the questionnaire, this ensured that the questionnaire was altered and corrected so that it was relevant and applicable to the objectives of the study.

• Construct validity

Iacobucci and Churchill (2010:257) and Malhotra (2007:287) define construct validity as the ability or the degree to which the instrument measures what it is supposed to measure. In addition to this, construct validity is the degree to which elements being assessed are identified before hypothesising any functional relationships. In setting up the questionnaire, the researcher made use of previous studies that have all proven reliable, where possible. The rest of the items were defined as cautiously as possible using multiple sources of publications to ensure accurate statements.

Exploratory factor analysis is frequently used to validate a measurement instrument (Treiblmaier & Filzmoser, 2009:11). For this reason, the researcher made use of the Kaiser-Meyer-Olkin (KMO) statistic and Bartlett’s test of sphericity discussed in section 6.6 of Chapter 6 to observe and determine the construct validity of the questionnaire. The KMO method indicates that factor analysis is conducted by correlating items in the questionnaire against each other. Groups of large correlations signify that variables may be measuring parts of the same essential dimension known as factors (Field, 2009:647). To verify that the data set is suitable for factor analysis, the KMO measure of sampling adequacy must indicate a value of 0.6 or above. Bartlett’s test of sphericity observes whether a variance-covariance matrix is proportional to an identity matrix and should be significant (p<0.05) for factor analysis to be considered suitable (Field, 2009:781).
Both the KMO measure of sampling adequacy and Bartlett’s test of sphericity are discussed in Chapter 6 (section 6.6) as a means of determining the validity of the questionnaire and the suitability of data for factor analysis.

Determining measurement validity is a critical prerequisite for the unambiguous interpretation of relationships between variables and a necessary measure for the achievement of the research objectives. The structural relationship between the internal marketing mix and employee satisfaction and the relationship between employee satisfaction and affective commitment will be ambiguous in the absence of evidence confirming the measurement integrity of scales.

5.2.5.6 Reliability of the questionnaire

Reliability is defined as the extent to which a scale is able to obtain consistent results across time, different evaluators or different items (Churchill & Brown, 2007:271). Reliability is a measure of constancy and an indication of the measurement instrument’s internal consistency (Zikmund & Babin, 2010:321; Malhorta, 2007:284). Internal consistency can be assessed using two different approaches: The split half test and the Cronbach alpha measurement technique.

Split half tests involve dividing items in the scale into two halves and correlating the scores against one another. High correlations between the halves indicate good internal consistency and low correlations indicate poor internal consistency (Hair et al., 2010:157). The second technique, Cronbach alpha takes the average of all possible split half measures that result from the various ways of splitting the scale items. In determining the degree to which these individual items correlate collectively with the scale, the internal consistency or reliability of the scale can be established (Malhotra, 2007:285). Cronbach alpha was used for the purpose of the study. Reliability was assessed by using Cronbach alpha ($\alpha$) coefficients to establish the extent to which all items in the measuring instrument were measuring the same characteristic and therefore a single unidimensional latent construct. Cronbach alpha also ensured that the set of variables was consistent in measuring what they were supposed to measure (Al-Dujaili, 2011: 11; Iacobucci & Churchill, 2010:259). Cronbach alpha values vary in value from 0, meaning no consistency, to 1, meaning complete consistency. Cronbach alpha values of 0.8 or higher are considered as high reliability; those between 0.70 and 0.80 are regarded as having good reliability; values between 0.60 and 0.70 are fair; and coefficients lower than 0.60
are questionable (Hair et al., 2010:708). Reliability of the questionnaire is discussed in Chapter 6 (see section 6.7). The next section will include an in-depth discussion on the research frame that was used in gathering data.

5.2.6 Step 6: Determine the research frame

The research frame is also referred to as the sampling plan and relates to the process of collecting participants or objects to be surveyed (Churchill & Brown, 2007:350). Hair et al. (2006:308) state that sampling refers to the selection of a small number of participants from a larger defined target population with the intention of gathering information from this group so that judgements can be made about the larger population. Figure 5.3 explains the sampling process followed in the study.

Figure 5.3. Target population, sampling units and sampling size

<table>
<thead>
<tr>
<th>The research frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target population</td>
</tr>
<tr>
<td>Sampling frame and sampling unit</td>
</tr>
<tr>
<td>Sample method</td>
</tr>
<tr>
<td>Realisation rate</td>
</tr>
</tbody>
</table>

Source: Adapted from Conradie (2012:279).

5.2.6.1 Target population

The target population is defined as the total number of cases that conform to predetermined specifications (Iacobucci & Churchill, 2010:283). The important element of the group is that it shares a common set of characteristics (Hair et al., 2010:131) For the purpose of the study the population is represented as the Graduate Development Programme employees in retail banks in South Africa.
5.2.6.2 The sampling frame and sampling unit

The sampling frame is similar to the target population and relates to the list of elements from which the sample is drawn (Zikmund et al., 2010:391). Sampling is described as the selection of a small number of participants from a larger defined target population of elements with the expectation that the information collected from the small group will provide inferences concerning the larger group (Hair et al., 2006:308; Solomon et al., 2006:119). Given that the GDP group of employees is a small population, employees could be contacted with ease at a low cost and for this reason a census approach was used. All GDP employees from the South African retail banks offering GDP programmes were approached to participate in the study. Only three banks agreed to participate in the study. These banks are First National Bank, Nedbank and Standard Bank of South Africa. ABSA was undergoing a major restructure at the time of the study so morale was low and their focus was elsewhere, as a result they declined to participate. Capitech had been through a series of surveys at the graduate level and did not want to subject their employees to any further surveys. The remaining retail banks did not have formal graduate development programmes in place at the time of the study.

Therefore the sampling frame was made up of GDP employees from First National Bank, Nedbank and Standard Bank. These three retail banks were seen to be representative of the retail banking population given their size, market share, income and sustainability. First National Bank owns 18.8% share of the market, Nedbank owns 17.8% share of the market and Standard Bank owns 25.5 % of the market. Collectively, these three banks hold 62.1% of the South African market share (The Banking Association South Africa, 2011).

The sampling unit is a single element or group of elements subject to selection in the sample (Zikmund & Babin, 2007:409). The unit of analysis relates to the person or object from which the researcher collects data (Conradie, 2012:280). Data collected can only describe the specific unit from which the data was collected, but when compared with other related data collected from similar units, provides an accurate picture of the group to which that unit belongs (Kent, 2007:229). The sampling unit and the sampling frame are the same in the case of the study at hand. Therefore, both the sampling frame and sampling unit represent GDP employees from First National Bank, Nedbank and Standard Bank.
5.2.6.3 The sampling method

A census approach was used to survey the sample frame, given that the GDP employee population is small and each of these employees could be contacted with ease at a low cost. A census is defined as a research method that includes data from each and every member of the defined population (Hair et al., 2010:351). A fixed number of graduates are taken into the Graduate Development Programme each year and each bank contains a defined list of these individuals. First National Bank has 120 GDP employees in their programme, as does Nedbank and Standard Bank. The banks are unable to make these lists available to external parties given the Access to Information Act 2 of 2000. The researcher however worked through the head of the GDP programme with each of the participating banks. The heads of the GDP programmes sent the cover email to every GDP employee on the programme asking for their participation in the study. Interested employees could then contact the researcher directly and arrangements were made for survey completion. All three hundred and sixty GDP employees in the sample frame were contacted to participate in the study.

5.2.6.4 Realisation rate

The size of the sample determines the statistical precision (Russel & Purcell, 2009:174). Larger sample sizes generally result in greater statistical precision, however, if the sample size is too large unnecessary time and money may have been spent and the results may not be more accurate than those obtained from a smaller sample (Burns & Burns, 2008:181; Schmidt & Hollensen, 2006:168). On the other hand, if the sample size is too small the study may not achieve a valid and reliable conclusion (Schmidt & Hollensen, 2006:168). The GDP group of employees is a small population given the nature of the programme and as a result the researcher was limited to a finite population.

Three major South African retail banks agreed to participate in the study forming the sampling frame and each of these banks had 120 GDP employees in their GDP programmes providing a sample of 360 GDP employees in total. A total of 20 participants agreed to participate from First National Bank, 22 participants agreed to participate from Nedbank and 22 agreed to participate from Standard Bank. Thus a realisation rate of 17.78% was obtained. Table 5.3 summaries the realisation rate.
Table 5.3. Realisation rate

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total GDP employees in GDP programme</th>
<th>GDP employees participating in study</th>
<th>% of total participants from each bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>First National Bank</td>
<td>120</td>
<td>20</td>
<td>5.56%</td>
</tr>
<tr>
<td>Nedbank</td>
<td>120</td>
<td>22</td>
<td>6.11%</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>120</td>
<td>22</td>
<td>6.11%</td>
</tr>
<tr>
<td>Total</td>
<td>360</td>
<td>64</td>
<td>17.78%</td>
</tr>
</tbody>
</table>

5.2.7 Step 7: Data gathering

Once the sampling plan has been determined, the data gathering can commence. Data gathering refers to the collection of information from participants (Zikmund et al., 2010:69). As discussed in section 5.2.5.1 a person administered survey was performed with participants from First National Bank and from Standard bank. An electronic survey was conducted with Nedbank and hosted by the Statistical Consulting Services of the University of Johannesburg (STATCON).

5.2.7.1 Distribution of the questionnaire

Given the restrictions of the Access to Information Act 2 of 2000, the banks were unable to present the researcher with a list of the GDP employees or their contact details. The researcher however met with the heads of the GDP programmes from each of the participating banks who agreed to assist by communicating the purpose of the study to their GDP employees and encouraging their participation in the study. If GDP employees volunteered to participate in the study, the study could proceed. GDP employees interested in participating in the study could then contact the researcher directly via email. For this reason, an email cover letter was developed by the researcher and distributed to the Heads of the GDP programmes at the participating banks. The heads of the GDP programs then forwarded the email to their GDP employees. The objective of the email was to request and motivate GDP employees to participate in the study.
• **Email cover letter**

The purpose of the email, and in this case the cover letter, was to outline the study purpose and objectives and convince GDP employees to participate in the study and complete the survey (Zikmund & Babin, 2007:221). For the sake of anonymity and protection in terms of the Access to Information Act 2 of 2000, the participant’s name was not used, but the letter or in this case the email was addressed to “Dear valued GDP employee” and the tone and language of the letter spoke to these participants as individuals.

Because the target population would not have time to read a lengthy email, the most important information was placed in the beginning of the email. The research study was introduced, the purpose of the study was explained, how the information was going to be used and the mail motivated why the participant’s participation was necessary. The researcher’s contact details were provided and the participants were urged to contact the researcher directly after receiving the email if they were interested in participating in the study.

• **Person administered survey**

Once the researcher had received responses from the targeted group of employees, a list of participants was compiled. Given the anonymous nature of the study the list was deemed confidential and only the researcher had access to the participating GDP employees’ details. A further email was then sent out to these participants thanking them for their participation and an arrangement was made to meet with each of these participants on a one-to-one basis to obtain their input. The participants were assured that their personal details would remain anonymous with no personal details being provided on the questionnaire, and they were assured that they could pull out of the study at any time.

The person administered surveys carried out with Standard Bank and First National Bank were conducted by the researcher at the employees’ place of work. The researcher presented each employee with a questionnaire and clearly defined the objectives of the study. The researcher was present to clarify any areas of ambiguity and to check that the questionnaire had been completed correctly in full. Twenty one GDP employees from Standard Bank and twenty GDP employees from FNB agreed to participate in the person-
administered survey. All forty four of these participants were surveyed personally by the researcher.

- Electronic survey

Once the researcher had received responses from the targeted group of employees at Nedbank, a list of participants was compiled. A further email was then sent out to this group thanking them for their participation and reinforcing their importance to the study. The mail contained the link to the questionnaire and a specified closing date was incorporated to ensure the timely return of the questionnaire.

The electronic survey conducted with Nedbank contained exactly the same questionnaire used in the person-administered surveys. The electronic version of the survey was hosted by the Statistical Consultation Service of the University of Johannesburg (STATCON) and distributed to participants via a link through email. This allowed the online survey to be accessed through a website for the sample group to read and complete. Given that responses to the survey went straight through to STATCON, response bias was reduced as participants may have felt safer to answer questions honestly. Additionally, participants did not provide any names or identifying details during the survey, so that it would remain anonymous.

In the case of the electronic survey conducted with Nedbank, twenty six participants agreed to participate in the study and the link was sent to all twenty six. However only eighteen responses were received online and an additional four were captured through email due to the Nedbank system blocking the link in these instances. In total, twenty two responses were received from Nedbank. Non-response error occurred with the electronic survey. This error results when participants may not wish to complete the survey due to time or interest constraints (Churchill & Brown, 2007:397). In addition, non-response error occurred because the Nedbank system blocked the email containing the online link in some instances. An email containing the questionnaire was sent to those participants who contacted the researcher in this regard. These emails were then sent through to STATCON for manual capturing.

5.2.8 Data processing and analysis

Data analysis refers to the interpretation of the data that has been collected. Data analysis involves the determination of constant patterns and the summarisation of significant
information obtained in the study (Zikmund & Babin, 2007:68). Once the data has been collected, the focus then moves to the analysis of the data. SPSS was the software programme used for the purpose of the analysis. The analysis itself was conducted by the Statistical Consultancy Service of University of Johannesburg (STATCON). A combination of descriptive and inferential statistical procedures was utilised to analyse the data and empirically validate the main research questions.

5.2.8.1 Statistical analysis

A number of approaches were used to statistically analyse the data. The following section discusses descriptive statistics, factor analysis and regression analysis.

- Descriptive statistics

Descriptive statistics are used to describe characteristics of the data set (Kerr, Hall & Kozub, 2009:6). Descriptive statistics were used to describe the demographics of the sample as well as to gauge participants’ awareness of the internal mix, the perceived importance of the internal marketing mix elements, employee satisfaction and affective commitment. In addition to this the frequency distribution of sample responses could be observed (Hair et al., 2010:160). Frequency distributions were used with the objective of obtaining a count of the number of responses linked with different values of the variable within a particular data set (Malhotra, 2009:504). Furthermore, the mean and standard deviations were used as these are recognised as the most commonly used descriptives (Churchill & Brown, 2007:455). A mean refers to the arithmetic average and can be considered as the most common measure of central tendency (Zikmund et al., 2010:415). The standard deviation is defined as the average distance of the distribution values from the mean (Hair et al., 2010:264).

Descriptive statistics were important to understand central tendency and distributions in the sample responses as well as the demographic make-up of the sample. To meet the primary objective of the study, inferential statistics were needed to answer the research hypotheses. The next section discusses factor analysis.

- Factor analysis

Before factor analysis could be conducted, the data needed to be tested for factor analysis suitability. This was completed when testing the validity of the measuring instrument through the KMO measure of sampling adequacy and Bartlett’s test of
sphericity (refer to section 5.2.5.5 of this chapter). The KMO measure of sampling adequacy was above 0.6 for all the constructs, but internal physical evidence (refer to Chapter 6, section 6.6 for the KMO measure of sampling adequacy results). Internal physical evidence had a value of 0.51, but seeing that it was not too low and due to a small population size, it was considered acceptable for further EFA analysis (Becker, 2013). All constructs were considered significant and thus factor analysis could be performed.

Factor analysis is the statistical technique of identifying a condensed number of factors from a larger number of measured variables (Zikmund & Babin, 2007:608). Factor analysis has three main purposes, namely: to understand the structure of a set of variables, to develop a questionnaire to measure the main variable, and to reduce the data set to a more manageable size whilst still ensuring its feasibility (Field, 2009:628). Kahn (2006) defines Exploratory Factor Analysis (EFA) as a set of statistical techniques used to determine the number of underlying variables that explain variation and co-variation within a set of measured variables. Field (2009:628-629) states that the presence of groups of correlation coefficients between subsets of variables implies that those variables could be measuring parts of the same fundamental element. These elements are known as factors. Exploratory Factor analysis (EFA) was used in the study as a data reduction tool. In order to determine the validity of the measurement instrument used. It made sense to utilise EFA because some of the measures are newly developed and their dimensionality is largely unknown (Khan, 2006).

To test whether the data set is suitable for factor analysis, the sample size and relationship among variables need to be observed. According to Pallant (2010:183), factors obtained from a small sample size do not generalise as well as those from larger samples, however, smaller samples are acceptable if solutions have several high loading marker variables (above .80). Pallant (2010:183) further postulates that it is not the overall sample size that is important but rather the ratio of participants to items, five cases per item is deemed adequate in most cases. Given the criteria mentioned, the population size was not considered adequate for EFA but given that the retail banks take a limited number of employees into their graduate recruitment programmes, this was the maximum number of employees that the researcher had access to. It was therefore considered appropriate for an EFA to be conducted.

By minimising the data set from a large cluster of interconnected variables to a smaller set of factors, the researcher was able to explain the highest sum of common variance (the
cumulative variance) between factors (Field, 2009:628-629). Unidimensional measurement indicates that each item loads onto a single factor and that error terms are independent (Kline, 2011).

Various tools such as scree plot, Kaiser-Guttman criteria and reproduced residuals were used to assess the unidimensionality of the subscales. Restricted EFA specifies the extraction of a number of specified factors based on theoretical deliberations, whereas unrestricted EFA entails no restriction with regard to the number of factors extracted. This study utilised both unrestricted and restricted EFA (Kline, 2011). An unrestricted EFA was applied to each subscale and each of the constructs was assessed individually, meaning that not all the items measuring the internal marketing mix constructs were entered into the EFA at once. Each construct was assessed on its own in a sequence of EFA analyses. An unrestricted and a restricted EFA were applied in the case of the internal price construct where items were forced onto a single factor (discussed in Chapter 6, section 6.6.1.1). To assess the strength of intercorrelations between items and determine whether a scale is considered to be unidimensional or multidimensional as well as determining how to retain factors, the Kaiser-Guttman criterion was applied (Matsunaga, 2010:102).

The Kaiser-Guttman criterion makes use of Eigenvalues, specifying that factors with an Eigenvalue of greater than 1.0 account for variance. If only one factor has an Eigenvalue of greater than 1.0, the scale is considered to be unidimensional and measuring only one factor. However, if more than one factor in a sub-scale has Eigenvalues of greater than 1.0, they account for just as much variance as a single measurable indicator. This is considered to be a multidimensional scale and a decision needs to be reached as to how many factors should to be retained (Matsunaga, 2010:102). Screeplots examine a graph of Eigenvalues. These were used in the study to identify the breakpoint in the data. The number of breakpoints above the break indicates the number of factors to retain (Costello & Osborne, 2005:3). Furthermore, the amount of common factor variance explained by each factor needs to be considered. The variance is indicative of the strength of the connection between the observed variables and underlying factors. Robust factors normally describe large proportions of common variance (Kahn, 2006). Kahn (2006) states that commonality shows the extent of common variance between items, meaning the higher the value the higher the degree of commonality. A third criterion that can be used to assess the dimensionality of scale factors is the strength and pattern of factor loadings. Items that display strong salient factor loadings that correspond to theoretical conceptualisations of the construct provide strong support for the particular factor. For the purpose of the study, standardised factor loadings with values smaller than 0.50 were
identified for deletion as these loadings suggest that the items were unable to account for at least 25% of the overlapping variance (Becker, 2013).

In the case of multidimensional scales, oblique rotations utilising Promax was used to produce the pattern matrix. Oblique rotations allow for the estimation of factor correlations. If factors are unrelated the rotation is regarded as orthogonal, however, if factors are related, the rotation is regarded as oblique (Costello & Osborne, 2005:3). In the current study factor structure with clear multiple factors was rotated with the aim of examining patterns in the loadings of the oblique rotated factor solutions. Oblique rotations were applied to the internal price, internal promotion, internal distribution, internal process and the internal physical evidence scales due to items loading on more than one factor as discussed in more detail in Chapter 6 (section 6.6.1.1).

- Regression analysis

An assessment of the measurement instruments validity and reliability was conducted prior to the regression analysis to confirm the measurement integrity of the newly developed measures. Construct validity remains a necessary yet insufficient prerequisite for predictive validity (McGrath, 2005). Thus, although the research objectives are achieved via the regression analysis, validity measures, an EFA and internal consistency had to be conducted prior to the regression analysis. Regression analysis is used to measure the linear relationship between the independent and dependent variables.

According to Pallant (2010:128) regression is based on correlations used to describe variables under a number of different conditions. Given that regression analysis is used for prediction, the researcher was able to evaluate the relationship between the independent variables and dependent variable. In this way the researcher was able to establish the link between the internal marketing mix and employee satisfaction as well as establish the link between employee satisfaction and affective commitment (retention).

Before regression could be applied to the study, the assumptions of regression analysis had to be tested. If the assumptions of regression analysis were to be severely violated, it would not be permissible to utilise regression analysis. Regression analysis requires that the data be tested for outliers, normality, linearity and homoscedasticity. These assumptions were evaluated by means of scatterplots, box-and-whisker plots, as well as histograms as suggested by Pallant (2010:131).
i) Test for outliers

An outlier is defined as an observation that deviates so much from other observations that it arouses suspicion that it may have been produced by another instrument (Azmandian et al., 2012:51). Outliers are the data points which are either very high or very low in nature and appear to be isolated from the main cluster of points. Outliers create problems for regression analysis and for this reason extreme outliers can either be removed entirely from the data set or manipulated down to a value which is less extreme (Pallant, 2010:131). Histograms were used initially to test for outliers, any data points lying out at the extremes are considered outliers. Since outliers were identified, box-and-whisker plots were used to investigate the impact of these. SPSS considers circles with a number attached to be outliers. This means that these points extend 1.5 box lengths from the edge of the box. Extreme points indicated by an asterisk are those that extend more than 3 box lengths from the edge of the box (Pallant, 2010:131). Although outliers were identified for all constructs, they were not removed due to the limited nature of the population size and because they were not considered a threat to the study (Becker, 2013) (refer to Chapter 6, section 6.8.1).

ii) Test for normality

A normal distribution is depicted by the bell-shaped curve and is represented by the presence of a few characteristics, namely: the curve is symmetrical in relation to the mean, the mean equates to the highest point on the normal curve (the mode), the curve represents an unlimited number or cases, and the portion below the curve has a probability equal to 1. Finally, a normal distribution has a mean of 0 and a standard deviation of 1. It is necessary to determine the normality of the data in order to generate accurate and valid results. Should the dependent variable be skewed to the left or right, the mean becomes an inaccurate assessment of the data, implying that the data has low levels of normality. In this instance the data would require transforming to make it more accurate and normal (Grimm & Yarnold, 2000:328-329). To achieve the objectives of the study, the assessment of normality started with an evaluation of the skewness and kurtosis values of the internal marketing mix elements employee satisfaction and affective commitment. Gamst, Meyers & Guarino (2008:56,66) state skewness and kurtosis values that are zero or close to zero indicate a normal distribution. Values greater than or less than 1 and -1 are regarded as abnormally distributed. In addition to this, the Shapiro-Wilks test was used to test normality. The Shapiro-Wilks test rejects the hypothesis of normality when the p-value is less than or equal to 0.05. Apart from internal price all the constructs violated the assumptions of normality. However, given the sample size and specialised
nature of the group, normality was not expected and it was considered appropriate to continue with regression analysis (refer to Chapter 6, section 6.8.2).

iii) Test for linearity in the data

A linear relationship represents a link between variables. A straight line relationship indicates a strong relationship between two variables which remain unchanged over a range of both variables (Hair et al., 2010:546). Scatter plots were used to investigate the linearity of the data. An upward trend in the scatter plot indicates a positive relationship between the dependent and independent variables and downward trend indicates a negative relationship between the variables (Pallant, 2010:131). To achieve the research objectives, a strong positive relationship was needed between the internal marketing mix elements and employee satisfaction, and between employee satisfaction and affective commitment in order to accurately assess the hypotheses of the study. All constructs met the assumptions of linearity as discussed in Chapter 6 (section 6.8.3).

iv) Test for homoscedasticity

Homoscedasticity refers to the assumption that the variance of residuals about the dependent variable should be similar for all predicted scores, meaning that the variability in scores for variable X should be similar at all values of variable Y (Pallant, 2010:151). Scatter plots were used to assess for homoscedasticity. The assumptions of homoscedasticity were met (refer to Chapter 6, section 6.8.4).

If the data meets the requirements from an outlier, normality, linearity and homoscedasticity perspective then regression analysis can be performed. The study violated the assumptions of normality and outliers were identified, but since the violations were not deemed serious, regression analysis could be performed.

- Simple linear regression

Initially the researcher wanted to apply multiple regression analysis to the study; through this approach the internal marketing mix scales could be applied as a group to determine the influence of the elements on employee satisfaction. Moreover, multivariate regression analyses would allow the researcher to determine which of the marketing mix elements emerged as the strongest predictor of employee satisfaction. However, during the analysis phase no single element emerged as the most influential or strongest and for this reason each element was regressed individually against satisfaction in order to assess the strength of each relationship individually. Due to reasons provided, a simple linear
regression was applied to the study. Simple linear regression explains the amount of variance accounted for by the independent variable in predicting the dependent variable (MIT, 2013). Simple linear regression analysis was used to determine the bivariate relationship between each of the internal marketing mix elements and employee satisfaction, simple linear regression was also used to determine the relationship between employee satisfaction and affective commitment. To perform simple regression analysis, each independent variable is placed into a regression equation in order to observe its relationship with the dependent variable (Hair et al., 2006:561). Employee satisfaction was regressed against each of the internal marketing mix elements individually. Further to this, affective commitment (retention) was regressed against employee satisfaction in order to understand the relationship between employee satisfaction and affective commitment.

When interpreting the results of regression analysis, a number of indices need to be examined, namely the R-square, standardised beta coefficients and their significance (p-value) (Field, 2009:239). Typically standardised regression coefficients and accommodating p-values, R²-values and adjusted R²-values were utilised to corroborate or refute substantive research hypotheses. Standardised beta coefficients represent the extent to which a change in one variable matches significantly to changes in another variable (Zikmund & Babin, 2007:577). The R-square explains how much of the variance in the dependent variable is explained by the independent variables. For smaller samples the R-square value may provide an overoptimistic estimation of the total population in which case the adjusted R-square can be used (Pallant, 2010:160).

The beta coefficient is regarded as an anticipated regression coefficient that has been recalculated to display a mean of 0 and a standard deviation of 1. This allows for the direct comparison of independent variables with different forms of measurement against the dependent variable (Hair et al., 2006:567). Betas indicate the number of standard deviations that the outcome will change as a result of one standard deviation change in the predictor and therefore provides insight into the importance of a predictor in the regression equation (Field, 2009:239). Beta coefficients are classified as either standardised or unstandardised. Standardised beta coefficients are used in the current study meaning that the values for each of the different variables have been converted to the same scale to allow for meaningful comparisons (Pallant, 2010:161). Beta coefficients and the adjusted R-squared values were used to determine which of the internal marketing mix elements are the strongest predictors of employee satisfaction when
entered into the regression equation individually, or when step-wise regression analysis was performed.

For each of these values it is necessary to observe the associated statistical significance (i.e. \( p \)-value). The significance value explains whether the variable is making a significant unique contribution to the study. If the \( p \)-value is smaller or equal to 0.05, the variable is considered to be making a significant unique contribution to the prediction of the dependent variable. If greater than 0.05, the variable is not making a statistically significant unique contribution to the dependent variable (Pallant, 2010:161).

From a primary research objective perspective, regression analysis allowed the researcher to observe the influence of each of the refined independent variables (internal product, internal price, collaborative culture, organisational structure, internal process, internal people and internal physical evidence) on the dependent variable (employee satisfaction). From a secondary research objective, regression analysis was used to investigate the relationship between employee satisfaction and affective commitment (retention).

### 5.2.9 Step 9: Reporting and recommendations

This step is concerned with the reporting of the results and making recommendations to retail banks based on the research findings. Chapter 6 reports the results of the study and Chapter 7 provides the conclusions and recommendations made to retail banks.

### 5.3 CONCLUSION

Chapter 5 presented the research design selected for the study, the sampling procedures and how the data was to be collected and analysed. The data analysis specified the use of various statistical methods specifically validity and reliability measures, descriptive statistics and exploratory factor analysis. A section on simple regression analysis was provided to explain how the relationships between the internal marketing mix and employee satisfaction (the primary objective) would be tested and simple regression was used to test the relationship between employee satisfaction and affective commitment (the secondary objective). The empirical research findings will be discussed in detail in Chapter 6 where each hypothesis set for the study will be tested.
CHAPTER 6
DATA ANALYSIS AND INTERPRETATION

6.1 INTRODUCTION

Following on from the research design discussed in chapter five, chapter six is predominately concerned with the empirical evidence collected and the interpretation of the findings. The chapter commences with a discussion of the various research objectives, hypotheses of the study and followed by a discussion on the realisation rate. This is followed up with a discussion on the analysis of the SPSS data to explain the demographic characteristics, the descriptive statistics of the various constructs as well as the measurement instruments validity and reliability through a discussion of the Factor analysis performed. The chapter continues with an explanation of the statistical measures of simple linear regression analysis that were used to explain the relationships between the key constructs in the study. These relationships refer to the relationships between the internal marketing mix elements and employee satisfaction and the relationship between employee satisfaction and affective commitment discussed under the secondary objectives in chapter 5 (section 5.2.2.2).

6.2 DISCUSSION OF PRIMARY RESEARCH OBJECTIVES AND HYPOTHESES

As established in chapter 1 (section 1.3.1), the primary objective of the study is: To investigate the influence of the internal marketing mix on employee satisfaction from GDP employees’ perspective in order to enhance their satisfaction at retail banks with graduate development programs in South Africa. In addition to this the relationship between satisfaction and affective commitment is also explored. The secondary objectives and hypotheses are summarised below:

6.2.1 The secondary objectives

- To examine the theory relating to the seven elements of the internal marketing mix, employee satisfaction and affective commitment
To determine whether GDP employees are aware of the internal marketing mix elements at their bank

To determine GDP employees level of satisfaction with their bank as an employer

To determine whether a significant positive relationship exists between internal product and GDP employee satisfaction

To determine whether a significant positive relationship exists between internal price and GDP employee satisfaction

To determine whether a significant positive relationship exists between internal promotion and GDP employee satisfaction

To determine whether a significant positive relationship exists between internal distribution and GDP employee satisfaction

To determine whether a significant positive relationship exists between internal people and GDP employee satisfaction

To determine whether a significant positive relationship exists between internal process and GDP employee satisfaction

To determine whether a significant positive relationship exists between internal physical evidence and GDP employee satisfaction

To determine whether a significant positive relationship exists between employee satisfaction and affective commitment

6.2.2 Hypotheses

Based on the above objectives, the following hypotheses have been put forward:

H1: There is a significant positive relationship between the internal product and GDP employee satisfaction

H2: There is a significant positive relationship between the internal price and GDP employee satisfaction

H3: There is a significant positive relationship between the internal promotion and GDP employee satisfaction

H4: There is a significant positive relationship between the internal distribution and GDP employee satisfaction

H5: There is a significant positive relationship between the internal people and GDP employee satisfaction

H6: There is a significant positive relationship between the internal process and GDP employee satisfaction
H7: There is a significant positive relationship between the internal physical evidence and GDP employee satisfaction

H8: There is a significant positive relationship between GDP employee satisfaction and affective commitment

It was previously stated in Chapter 1 (section 1.3.3) and Chapter 5 (section 5.2.2.3) that the identified hypotheses would be tested and the results are provided in the following sections below.

6.3 REALISATION RATE

As discussed in Chapter 5 (section 5.2.6.4), a census approach was applied to the study and all retail banks offering graduate development programmes were approached to participate in the study. Three of the largest retail banks agreed to participate providing a population of 360 GDP employees. Of the 360 GDP employees approached, 64 agreed to participate in the study. Thus the realisation rate for the study was 17.78%. Descriptive statistics were used to describe the demographic profile of the participants as discussed next.

6.4 DEMOGRAPHIC PROFILE

The demographic composition of the participants is summarised in Table 6.1. In particular the age, gender, race and previous work experience of the participants are reported.

<table>
<thead>
<tr>
<th>Items</th>
<th>Description</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>18-25</td>
<td>56</td>
<td>88.90%</td>
</tr>
<tr>
<td></td>
<td>26-30</td>
<td>5</td>
<td>7.90%</td>
</tr>
<tr>
<td></td>
<td>31-35</td>
<td>2</td>
<td>3.20%</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>63</td>
<td>100%</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>26</td>
<td>40.60%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>38</td>
<td>59.40%</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>64</td>
<td>100%</td>
</tr>
<tr>
<td>Race</td>
<td>Indian/Asian</td>
<td>16</td>
<td>25.00%</td>
</tr>
<tr>
<td></td>
<td>Black</td>
<td>36</td>
<td>56.30%</td>
</tr>
<tr>
<td></td>
<td>White</td>
<td>12</td>
<td>18.80%</td>
</tr>
</tbody>
</table>
It is evident from the Table provided that the majority of GDP employees are between the ages of 18-25 (88.9%, \( n = 63 \)) which makes sense given that these individuals are participating in a graduate programme and the majority have been recruited straight from university. The majority of participants were female (59.4%, \( n = 64 \)), whilst approximately 40.6% (\( n = 64 \)) of the participants were males. The largest number of participants were black (56.3%, \( n = 64 \)), followed by the Indian/Asian community (25%, \( n = 64 \)). Whites made up the smallest race contingent of the participants (18.8%, \( n = 64 \)). Most of the participants had no prior work experience (78.3%, \( n = 60 \)) with only 21.7% (\( n = 60 \)) having had some form of experience with another organisation. In summary, the majority of participants were black female within the age group 18-25 having predominately had no prior work experience.

6.5 AWARENESS OF INTERNAL MARKETING MIX, INTERNAL MARKETING MIX ELEMENTS, EMPLOYEE SATISFACTION AND AFFECTIVE COMMITMENT DESCRIPTIVE STATISTICS

The following sections provide a descriptive exposition of the awareness levels of the internal marketing mix, the importance of the internal marketing mix elements to employee job satisfaction, general satisfaction levels and affective commitment. This section aims to provide results pertaining to secondary objectives 2 and 3 as discussed in section 6.2.1.

6.5.1 GDP employee awareness of the internal marketing mix

Section 1 of the questionnaire tested the internal marketing mix awareness levels among the GDP employees. A series of seven statements were presented to participants and participants were asked to rate their level of agreement with each statement. A five-point interval Likert scale was used where 1 signalled ‘strongly agree’ and 5 signalled ‘strongly disagree’. Table 6.2 indicates the mean and standard deviation for each item.

<table>
<thead>
<tr>
<th>Items</th>
<th>Description</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total:</td>
<td>64</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Previous work experience</td>
<td>Yes</td>
<td>13</td>
<td>21.70%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>47</td>
<td>78.30%</td>
</tr>
<tr>
<td>Total:</td>
<td>60</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>
The means for the awareness construct ranged between 1.14 and 2.02 (1= strongly agree and 5= strongly disagree) and the standard deviations for the awareness construct ranged between 0.710 to 1.046 which show some level of variance. The overall mean for the awareness of the internal marketing mix is 1.54, indicating that the majority of participants agreed with the statements specified in the study and are therefore aware of the internal marketing mix in their bank. The statement which participants agreed with most was Q1.3 “I am aware of whom I report to” (mean= 1.14 and standard deviation = 0.710). The statement indicating the least level of agreement was Q 1.6 “I am aware of the different departments within my bank” (mean= 2.02 and standard deviation =0.900), reflecting that GDP employees are not familiar with the various departments and business units within their bank.

- **Main finding 1**: Overall GDP employees are aware on the internal marketing mix at the bank (mean = 1.54).

- **Main finding 2**: GDP employees indicated their highest levels of agreement pertaining to the following item: “I am aware of whom I report to” (mean= 1.14 and standard deviation = 0.710).

- **Main finding 3**: GDP employees indicated their lowest level of agreement pertaining to the following item: “I am aware of the different departments within my bank” (mean= 2.02 and standard deviation =0.900).
6.5.2 Internal marketing mix

Section 2 of the questionnaire tested the importance of each of the internal marketing mix elements in influencing job satisfaction levels. The section was broken down in sub-sections for internal product (6 items), internal price (6 items), internal promotion (10 items), internal distribution (7 items), internal people (8 items), internal process (4 items) and internal physical evidence (5 items). In total, section 2 presented participants with 46 statements and they were asked to rate their agreement or disagreement with each statement. A five point interval Likert scale was used in which 1 signalled ‘strongly agree’ and 5 signalled ‘strongly disagree’. Table 6.3 indicates the mean and standard deviation for each item.

Table 6.3. Descriptive statistics for the internal marketing mix

<table>
<thead>
<tr>
<th>Section 2 – Internal marketing mix</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal product</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2.1 It is important that the bank I work for provide me with training opportunities</td>
<td>1.22</td>
<td>0.678</td>
</tr>
<tr>
<td>Q2.2 It is important that I have opportunities to advance my career in the bank I work for</td>
<td>1.13</td>
<td>0.549</td>
</tr>
<tr>
<td>Q2.3 It is important that I understand what I am expected to deliver in my job</td>
<td>1.25</td>
<td>0.642</td>
</tr>
<tr>
<td>Q2.4 It is important that I am provided with the opportunity to make my own decisions</td>
<td>1.41</td>
<td>0.635</td>
</tr>
<tr>
<td>Q2.5 It is important that my skills match the job I am doing</td>
<td>1.89</td>
<td>0.961</td>
</tr>
<tr>
<td>Q2.6 It is important to me to feel passionate about the work I do</td>
<td>1.22</td>
<td>0.629</td>
</tr>
<tr>
<td><strong>Overall importance of internal product to employee satisfaction</strong></td>
<td>1.35</td>
<td>0.682</td>
</tr>
<tr>
<td><strong>Internal price</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3.1 It is important that I put in extra time to learn new processes in my bank</td>
<td>1.45</td>
<td>0.711</td>
</tr>
<tr>
<td>Q3.2 It is important that I do not have too much to do in my job and too little time</td>
<td>2.41</td>
<td>1.342</td>
</tr>
<tr>
<td>Q3.3 It is important that the sacrifices I make are worth it for me</td>
<td>1.78</td>
<td>1.105</td>
</tr>
</tbody>
</table>
Q3.4 It is important to me to feel that by working for my bank I have not missed out on opportunities elsewhere | 2.68 | 1.502
Q3.5 It is important that I don’t find it stressful to put on a ‘happy face’ at work when I am not in a happy mood | 2.59 | 1.303
Q3.6 It is important that I feel responsive towards my bank | 2.56 | 1.344

Overall importance of internal price to employee satisfaction | 2.24 | 1.217

<table>
<thead>
<tr>
<th>Internal promotion</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4.1 It is important that bank’s vision is frequently communicated to me</td>
<td>1.59</td>
<td>1.035</td>
</tr>
<tr>
<td>Q4.2 It is important that print materials (such as posters and newsletters) are frequently used by my bank to communicate with me</td>
<td>1.84</td>
<td>1.087</td>
</tr>
<tr>
<td>Q4.3 It is important that events (such as roadshows) are frequently used by my bank to communicate with me</td>
<td>2.02</td>
<td>0.984</td>
</tr>
<tr>
<td>Q4.4 It is important that my manager has one-on-one meetings to communicate with me</td>
<td>1.18</td>
<td>0.587</td>
</tr>
<tr>
<td>Q4.5 It is important that my bank communicates to me through online mechanisms (i.e. intranet, Internet, email and social networking)</td>
<td>1.30</td>
<td>0.634</td>
</tr>
<tr>
<td>Q4.6 It is important for me to receive verbal recognition for the job I do</td>
<td>1.97</td>
<td>0.992</td>
</tr>
<tr>
<td>Q4.7 It is important for me to receive public appreciation (so that my colleagues know that I am good performer and valued team member) when I achieve my performance goals</td>
<td>1.70</td>
<td>0.971</td>
</tr>
<tr>
<td>Q4.8 It is important that the pay I receive is high compared with what others get for similar work at their organisations</td>
<td>1.68</td>
<td>1.090</td>
</tr>
<tr>
<td>Q4.9 It is important for me to receive an award on a monthly/annual basis when I perform my duties well</td>
<td>1.44</td>
<td>0.871</td>
</tr>
<tr>
<td>Q4.10 It is important that financial rewards (bonuses, increases, security of employment) are used to acknowledge me when I achieve the goals set out for me by my job description</td>
<td>1.22</td>
<td>0.552</td>
</tr>
</tbody>
</table>

Overall importance of internal promotion to employee satisfaction | 1.60 | 0.880
<table>
<thead>
<tr>
<th>Internal distribution</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q5.1 It is important that everyone in my bank works together to provide high quality service to customers</td>
<td>1.63</td>
<td>0.766</td>
</tr>
<tr>
<td>Q5.2 It is important for me to share the same values as my colleagues</td>
<td>2.13</td>
<td>1.106</td>
</tr>
<tr>
<td>Q5.3 It is important for me to frequently share information with my colleagues</td>
<td>1.70</td>
<td>0.816</td>
</tr>
<tr>
<td>Q5.4 It is important for me to frequently share information with managers I do not report to</td>
<td>2.05</td>
<td>1.061</td>
</tr>
<tr>
<td>Q5.5 It is important that I am easily able to implement plans set up within the boundaries of my job description</td>
<td>1.32</td>
<td>0.591</td>
</tr>
<tr>
<td>Q5.6 It is important that my manager allows me to communicate with supporting departments without his/her permission</td>
<td>1.38</td>
<td>0.787</td>
</tr>
<tr>
<td>Q5.7 It is important for me to able to communicate with upper management when necessary</td>
<td>1.31</td>
<td>0.664</td>
</tr>
<tr>
<td><strong>Overall importance of internal distribution to employee satisfaction</strong></td>
<td>1.64</td>
<td>0.827</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal people</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q6.1 It is important that senior leaders in the bank communicate a clear vision</td>
<td>1.48</td>
<td>1.090</td>
</tr>
<tr>
<td>Q6.2 It is important that senior leaders consider the suggestions of employees while making a decision</td>
<td>1.31</td>
<td>0.639</td>
</tr>
<tr>
<td>Q6.3 It is important that senior leaders share information about the bank with employees</td>
<td>1.48</td>
<td>0.908</td>
</tr>
<tr>
<td>Q6.4 It is important that senior leaders in the bank encourage teamwork</td>
<td>1.44</td>
<td>0.833</td>
</tr>
<tr>
<td>Q6.5 It is important that my manager/supervisor supports me by treating me fairly</td>
<td>1.09</td>
<td>0.526</td>
</tr>
<tr>
<td>Q6.6 It is important that my manager/supervisor communicates openly with me</td>
<td>1.08</td>
<td>0.517</td>
</tr>
<tr>
<td>Q6.7 It is important that my co-workers treat me with respect</td>
<td>1.22</td>
<td>0.683</td>
</tr>
<tr>
<td>Q6.8 It is important to me that my co-workers are satisfied with their jobs</td>
<td>2.41</td>
<td>1.003</td>
</tr>
<tr>
<td><strong>Overall importance of internal people to employee satisfaction</strong></td>
<td>1.44</td>
<td>0.774</td>
</tr>
<tr>
<td>Internal process</td>
<td>Mean</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
<td>-------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Q7.1 It is important that the bank I work for has well designed processes</td>
<td>1.95</td>
<td>0.999</td>
</tr>
<tr>
<td>Q7.2 It is important that the support activities offered by other departments are reliable</td>
<td>1.89</td>
<td>1.041</td>
</tr>
<tr>
<td>Q7.3 It is important that improved ways of doing tasks at work are found allowing me to give better service to my internal customers</td>
<td>1.80</td>
<td>0.858</td>
</tr>
<tr>
<td>Q7.4 It is important to have automated processes that allow me to save time</td>
<td>1.55</td>
<td>0.711</td>
</tr>
<tr>
<td><strong>Overall importance of internal process to employee satisfaction</strong></td>
<td>1.80</td>
<td>0.902</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal physical evidence</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q8.1 It is important for me to work in a physically appealing environment</td>
<td>1.70</td>
<td>1.455</td>
</tr>
<tr>
<td>Q8.2 It is important that the layout of my office is easy to work in</td>
<td>1.42</td>
<td>0.752</td>
</tr>
<tr>
<td>Q8.3 It is important that my colleagues are grouped around me in a pleasant manner</td>
<td>1.98</td>
<td>0.984</td>
</tr>
<tr>
<td>Q8.4 It is important that my manager/supervisor helps me to set both personal and work-related goals</td>
<td>1.61</td>
<td>0.884</td>
</tr>
<tr>
<td>Q8.5 It is important that my manager/supervisor frequently provides feedback relating to my work performance</td>
<td>1.25</td>
<td>0.690</td>
</tr>
<tr>
<td><strong>Overall importance of internal physical evidence to employee satisfaction</strong></td>
<td>1.60</td>
<td>0.953</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal physical evidence</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q8.1 It is important for me to work in a physically appealing environment</td>
<td>1.70</td>
<td>1.455</td>
</tr>
<tr>
<td>Q8.2 It is important that the layout of my office is easy to work in</td>
<td>1.42</td>
<td>0.752</td>
</tr>
<tr>
<td>Q8.3 It is important that my colleagues are grouped around me in a pleasant manner</td>
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<td>0.984</td>
</tr>
<tr>
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<tr>
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<td>1.25</td>
<td>0.690</td>
</tr>
<tr>
<td><strong>Overall importance of internal physical evidence to employee satisfaction</strong></td>
<td>1.60</td>
<td>0.953</td>
</tr>
</tbody>
</table>
The mean scores for **internal product** varied between 1.13 and 1.89 (1=strongly agree and 5= strongly disagree). The overall mean score of 1.35 showed that most of the GDP employees strongly agreed with the statements pertaining to internal product. The highest level of agreement and least variance was with the statement Q2.2, “It is important that I have opportunities to advance my career in the bank I work for” (mean = 1.13, standard deviation 0.549). This was followed by Q2.1, “It is important that the bank I work for provides me with training opportunities” (mean=1.22, standard deviation=0.678) and Q2.6, “It is important to me to feel passionate about the work I do” (mean=1.22, standard deviation=.629). The least level of agreement and most variance was with Q2.5, “It is important that my skills match the job I am doing (mean = 1.89, standard deviation = 0.961). The standard deviation scores ranged between 0.549 and 0.961, indicating minimal variance between responses to the statements.

- **Main finding 4**: The overall mean of the statements measuring internal product indicates that GDP employees agree that internal product is important to their job satisfaction (mean =1.35).

- **Main finding 5**: GDP employees indicated their highest levels of agreement pertaining to the following item: “It is important that I have opportunities to advance my career in the bank I work for” (mean = 1.13, standard deviation 0.549).

- **Main finding 6**: GDP employees indicated their lowest level of agreement pertaining to the following item: “It is important that my skills match the job I am doing” (mean = 1.89, standard deviation = 0.961).

The mean scores for the **internal price** construct ranged between 1.45 and 2.68 (1=strongly agree and 5=strongly disagree). The overall mean score was 2.24 showing agreement with statements pertaining to the internal price construct. The highest level of agreement and least level of variance was with statement Q3.1, “It is important that I put in extra time to learn new processes in my bank” (mean=1.45, standard deviation 0.711). This was followed by Q3.3, “It is important that the sacrifices I make are worth it for me” (mean =1.78, standard deviation=1.105). The third lowest mean was Q3.2, “It is important that I do not have too much to do in my job and too little time” (mean=2.41, standard deviation=1.342). The lowest level of agreement and most variance was with the statement Q3.4, “It is important to me to feel that by working for my bank I have not missed out on opportunities elsewhere” (mean=2.68, standard deviation=1.502). The standard deviation ranged between 0.711 and 1.502, indicating a level of variance between responses to statements.
• **Main finding 7**: The overall mean of the statements measuring internal price indicates that GDP employees agree that internal price is important to their job satisfaction (mean = 2.24).

• **Main finding 8**: GDP employees indicated their highest levels of agreement pertaining to the following item: “It is important that I put in extra time to learn new processes in my bank” (mean = 1.45, standard deviation 0.711).

• **Main finding 9**: GDP employees indicated their lowest level of agreement pertaining to the following item: “It is important to me to feel that by working for my bank I have not missed out on opportunities elsewhere” (mean = 2.68, standard deviation = 1.502).

The mean scores for the *internal promotion* construct ranged between 1.18 and 2.02 (1 = strongly agree and 5 = strongly disagree). The overall mean score is 1.60 indicating a high level of agreement with statements relating to the internal promotion construct. Question 4.4, “It is important that my manager has one-on-one meetings to communicate with me” (mean = 1.18, standard deviation = 0.587) signified the highest level of agreement. Question 4.10, “It is important that financial rewards (bonuses, increases, security of employment) are used to acknowledge me when I achieve the goals set out for me by my job description”, had the second highest level of agreement and lowest level of variance (mean = 1.22, standard deviation = 0.552). This was followed by Q 4.5, “It is important that my bank communicates to me through online mechanisms (i.e. intranet, Internet, email and social networking)” (mean = 1.30, standard deviation = 0.634). The least level of agreement was with statement Q 4.3 (2.02), “It is important that events (such as roadshows) are frequently used by my bank to communicate with me” (mean = 2.02, standard deviation = 0.984). Standard deviations ranged between 0.552 and 1.090, showing that the most variance from a response perspective was around Q 4.8 (1.090) “It is important that the pay I receive is high compared with what others get for similar work at their organisations” (standard deviation = 1.090).

• **Main finding 10**: The overall mean of the statements measuring internal promotion indicates that GDP employees agree that internal promotion is important to their job satisfaction (mean = 1.60).

• **Main finding 11**: GDP employees indicated their highest levels of agreement pertaining to the following item: “It is important that my manager has one-on-one meetings to communicate with me” (mean = 1.18, standard deviation = 0.587).
• **Main finding 12**: GDP employees indicated their lowest level of agreement pertaining to the following item: “It is important that events (such as roadshows) are frequently used by my bank to communicate with me” (mean=2.02, standard deviation = 0.984).

The mean scores for *internal distribution* ranged between 1.31 and 2.13. The overall mean for internal distribution is 1.64, showing agreement with statements made pertaining to this construct. The least level of agreement was reflected in Q5.7, “It is important for me to be able to communicate with upper management when necessary (mean=1.31, standard deviation=0.664)”. This was followed by Q5.5, “It is important that I am easily able to implement plans set up within the boundaries of my job description” (mean=1.32, standard deviation=0.591) and Q5.6, “It is important that my manager allows me to communicate with supporting departments without his/her permission” (mean=1.38, standard deviation=0.787). The least level of agreement and highest level of variance was with Q5.2, “It is important for me to share the same values as my colleagues” (mean=2.13, standard deviation=1.106). The standard deviation scores ranged between 0.549 and 1.106, indicating a fair level of variance between responses to statements. Q5.5, “It is important that I am easily able to implement plans set up within the boundaries of my job description” had the lowest score (standard deviation=0.549), indicating that the responses were least varied for this particular item.

• **Main finding 13**: The overall mean of the statements measuring internal distribution indicates that GDP employees agree that internal distribution is important to their job satisfaction (mean =1.64).

• **Main finding 14**: GDP employees indicated their highest levels of agreement pertaining to the following item: “It is important for me to be able to communicate with upper management when necessary” (mean=1.31, standard deviation=0.664).

• **Main finding 15**: GDP employees indicated their lowest level of agreement pertaining to the following item: “It is important for me to share the same values as my colleagues” (mean=2.13, standard deviation=1.106).

The mean scores for the *internal people* construct varied between 1.08 and 2.41 (1=strongly agree and 5=strongly disagree). The overall mean score of 1.44 reflects agreement with statements made relating to the internal people construct. Question 6.6, “It is important that my manager/supervisor communicates openly with me” (mean=1.08, standard deviation=0.517) had the highest level of agreement and least level of variance. The next highest level of agreement was with Q6.5, “It is important that my
manager/supervisor supports me by treating me fairly” (mean=1.09, standard deviation=0.526). This was followed by Q6.7, “It is important that my co-workers treat me with respect” (mean=1.22, standard deviation=0.683). The lowest level of agreement was with Q6.8, “It is important to me that my co-workers are satisfied with their jobs” (mean=2.41, standard deviation=1.003). The standard deviation ranged between 0.517 and 1.090. Q 6.1 “It is important that senior leaders in the bank communicate a clear vision” had the highest level of variance from responses (standard deviation=1.090).

- **Main finding 16**: The overall mean of the statements measuring internal people indicates that GDP employees agree that internal people is important to their job satisfaction (mean =1.44).

- **Main finding 17**: GDP employees indicated their highest levels of agreement pertaining to the following item: “It is important that my manager/supervisor communicates openly with me” (mean=1.08).

- **Main finding 18**: GDP employees indicated their lowest level of agreement pertaining to the following item: “It is important to me that my co-workers are satisfied with their jobs” (mean=2.41).

The mean scores for **internal process** varied between 1.55 and 1.95 (1=strongly agree and 5=strongly disagree). The overall mean score of 1.80 represents agreement with statements made pertaining to the internal process construct. The strongest level of agreement and lowest level of variance was with Q7.4, “It is important to have automated processes that allow me to save time” (mean=1.55, standard deviation=0.711). The second strongest level of agreement was with Q7.3, “It is important that improved ways of doing tasks at work are found allowing me to give better service to my internal customers” (mean=1.80, standard deviation=0.858). Question Q7.1, “It is important that the bank I work for has well designed processes” (mean= 1.95, standard deviation=0.999) indicated the least level of agreement. Standard deviations ranged between 0.711 and 1.041 showing a low level of variance. The strongest level of variance was with Q7.2, “It is important that the support activities offered by other departments are reliable” (standard deviation=1.041).

- **Main finding 19**: The overall mean of the statements measuring internal process indicates that GDP employees agree that internal process is important to their job satisfaction (mean =1.80).
Main finding 20: GDP employees indicated their highest levels of agreement pertaining to the following item: “It is important to have automated processes that allow me to save time” (mean=1.55, standard deviation=0.711).

Main finding 21: GDP employees indicated their lowest level of agreement pertaining to the following item: “It is important that the bank I work for has well designed processes” (mean=1.95, standard deviation=0.999).

The mean scores in the internal physical evidence scale varied between 1.25 and 1.98 (1=strongly agree and 5=strongly disagree). The overall mean score of 1.60 showed agreement made with statements pertaining to internal physical evidence. The strongest level of agreement was with Q8.5, “It is important that my manager/supervisor frequently provides feedback relating to my work performance” (mean=1.25, standard deviation=0.690). GDP employees also indicated a strong level of agreement with the statement Q8.2, “It is important that the layout of my office is easy to work in” (mean=1.42, standard deviation=0.752). The item representing the least level of agreement was Q8.3, “It is important that my colleagues are grouped around me in a pleasant manner” (mean=1.98, standard deviation=0.984). The standard deviation ranged between 0.690 and 1.455 indicating that there was a high level of variance between responses made on statements. Question 8.5, “It is important that my manager/supervisor frequently provides feedback relating to my work performance” accounted for the lowest score (standard deviation=0.690), indicating a low variance of responses for this item. Question 8.1, “It is important for me to work in a physically appealing environment” had the highest level of variance from responses (standard deviation=1.455).

Main finding 22: The overall mean of the statements measuring internal physical evidence indicates that GDP employees agree that internal physical evidence is important to their job satisfaction (mean =1.60).

Main finding 23: GDP employees indicated their highest levels of agreement pertaining to the following item: “It is important that my manager/supervisor frequently provides feedback relating to my work performance” (mean=1.25, standard deviation=0.690).

Main finding 24: GDP employees indicated their lowest level of agreement pertaining to the following item: “It is important that my colleagues are grouped around me in a pleasant manner” (mean=1.98, standard deviation=0.984).
The overall means of all items in the internal marketing mix construct were considered to be important for GDP employee job satisfaction. As per Table 6.4, internal product represented the lowest overall mean score (mean = 1.35), meaning that the GDP employees agreed the most with statements relating the internal product construct (1=strongly agree and 5= strongly disagree). Internal people followed with overall mean score of 1.44. This was followed by internal promotion (mean=1.60) and internal physical evidence (mean=1.60), then by internal distribution (mean=1.64) and internal process (mean=1.80). The lowest level of agreement was with the internal price construct (mean=2.24).

Table 6.4. Overall mean and standard deviation scores for the internal marketing mix

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean score</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal product</td>
<td>1.35</td>
<td>0.682</td>
</tr>
<tr>
<td>Internal price</td>
<td>2.24</td>
<td>1.217</td>
</tr>
<tr>
<td>Internal promotion</td>
<td>1.60</td>
<td>0.880</td>
</tr>
<tr>
<td>Internal distribution</td>
<td>1.64</td>
<td>0.827</td>
</tr>
<tr>
<td>Internal people</td>
<td>1.44</td>
<td>0.774</td>
</tr>
<tr>
<td>Internal process</td>
<td>1.80</td>
<td>0.902</td>
</tr>
<tr>
<td>Internal physical evidence</td>
<td>1.60</td>
<td>0.953</td>
</tr>
</tbody>
</table>

- **Main finding 25:** GDP employees agreed most that the statements measuring internal product were important to their job satisfaction (mean =1.35).
- **Main finding 26:** GDP employees agreed least that the statements measuring internal price were important to their job satisfaction (mean=2.24).

6.5.3 Employee satisfaction

Section 3 of the questionnaire tested the general satisfaction levels among the GDP employees. A series of four statements were presented to participants and participants were asked to rate their level of agreement with each statement. A five-point interval Likert scale was used where 1 signalled ‘strongly agree’ and 5 signalled ‘strongly disagree’. Table 6.5 indicates the mean and standard deviation for each item.
Table 6.5. Descriptive statistics for employee satisfaction

<table>
<thead>
<tr>
<th>Section 3 - Employee satisfaction</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q9.1 I am positive about my job</td>
<td>1.52</td>
<td>0.992</td>
</tr>
<tr>
<td>Q9.2 I have positive feelings towards the bank I work for</td>
<td>1.38</td>
<td>0.745</td>
</tr>
<tr>
<td>Q9.3 I feel satisfied with the job I am doing for my bank</td>
<td>1.89</td>
<td>1.261</td>
</tr>
<tr>
<td>Q9.4 I will recommend working for this bank to others</td>
<td>1.33</td>
<td>0.818</td>
</tr>
<tr>
<td>Overall employee satisfaction level</td>
<td>1.53</td>
<td>0.954</td>
</tr>
</tbody>
</table>

The mean scores for employee satisfaction ranged between 1.33 and 1.89 (1=strongly agree and 5= strongly disagree) and the standard deviation ranged between 0.992 and 1.261, indicating variance between responses. The overall mean score of the employee satisfaction construct was 1.53 reflecting that GDP employees agreed with the statements measuring employee satisfaction. The item accounting for the strongest level of agreement (1= strongly agree) was Q9.4, “I will recommend working for this bank to others” (mean = 1.33, standard deviation = 0.818) implying that GDP employees are satisfied with the bank with which they are employed are are willing to recommend their bank to others. The item reflecting the least level of agreement was Q9.3, “I feel satisfied with the job I am doing for my bank” (mean=1.89, standard deviation= 1.261). This implies that GDP employees are not necessarily satisfied with their current job. Question 9.1 (standard deviation=0.992) accounted for the lowest score indicating a lower variance of responses for this item, and Q 9.3 (standard deviation 1.261) had the highest level of variance from responses.

- **Main finding 27**: The overall mean score of employee satisfaction indicates that GDP employees agree with the statements measuring employee satisfaction (mean=1.53).
- **Main finding 28**: GDP employees indicated their highest levels of agreement pertaining to the following item: “I will recommend working for this bank to others” (mean = 1.33, standard deviation = 0.818).
- **Main finding 29**: GDP employees indicated their lowest level of agreement pertaining to the following item: “I feel satisfied with the job I am doing for my bank” (mean=1.89, standard deviation= 1.261).
6.5.4 Affective commitment

Section 4 of the questionnaire tested levels of affective commitment among the GDP employees. A series of seven statements were presented to participants and participants were asked to rate their level of agreement with each statement. A five-point interval Likert scale was used where 1 signalled ‘strongly agree’ and 5 signalled ‘strongly disagree’. Table 6.6 indicates the mean and standard deviation for each item.

Table 6.6. Descriptive statistics for affective commitment

<table>
<thead>
<tr>
<th>Section 4 - Affective commitment</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q10.1 I would be happy to spend the rest of my career with my bank</td>
<td>2.18</td>
<td>1.235</td>
</tr>
<tr>
<td>Q10.2 I feel a strong sense of ‘belonging’ to my bank</td>
<td>1.87</td>
<td>1.100</td>
</tr>
<tr>
<td>Q10.3 I feel ‘emotionally attached’ to my bank</td>
<td>1.32</td>
<td>1.075</td>
</tr>
<tr>
<td>Q10.4 I feel like a ‘part of the family’ at my bank</td>
<td>1.87</td>
<td>0.992</td>
</tr>
<tr>
<td>Q10.5 The relationship between my bank (as an employer) and myself is mutually beneficial</td>
<td>1.92</td>
<td>0.921</td>
</tr>
<tr>
<td>Q10.6 My bank is the first company that comes to mind when I make future career decisions</td>
<td>1.81</td>
<td>1.060</td>
</tr>
<tr>
<td>Q10.7 I intend to stay in a committed relationship with my bank (as my employer)</td>
<td>1.87</td>
<td>1.123</td>
</tr>
<tr>
<td>Overall affective commitment level</td>
<td>1.83</td>
<td>1.07</td>
</tr>
</tbody>
</table>

The mean scores for the affective commitment construct ranged between 1.32 and 2.18 (1=strongly agree and 5=strongly disagree). The strongest level of agreement was with Q10.3, “I feel ‘emotionally attached’ to my bank” (mean = 1.32, standard deviation 1.075), followed by “My bank is the first company that comes to mind when I make future career decisions” (Mean=1.81, standard deviation=1.060). This was followed by Q10.4, “I feel like a ‘part of the family’ at my bank” (mean = 1.87, standard deviation= 0.992) and Q10.7, “I intend to stay in a committed relationship with my bank as an employer” (mean=1.87, standard deviation=1.123). The item with the weakest level of agreement (mean:2.18, standard deviation=1.235) swaying towards disagreement with the statement was Q10.1, “I would be happy to spend the rest of my career with my bank”. The standard deviation ranged between 0.921 and 1.235, showing variance amongst responses.

- **Main finding 30**: The overall mean score of affective commitment indicates that GDP employees agree with the statements measuring affective commitment (mean=1.83)
Main finding 31: GDP employees indicated their highest levels of agreement pertaining to the following item: “I feel emotionally attached to my bank” (mean=1.32).

Main finding 32: GDP employees indicated their lowest level of agreement pertaining to the following item: “I would be happy to spend the rest of my career with my bank” (mean=2.18).

In order to test the relationships between the internal marketing mix elements and employee satisfaction, and between employee satisfaction and affective commitment inferential statistics were needed. The first step was to determine the extraction of factors for analysis. The next section discusses factor analysis in detail.

6.6 FACTOR ANALYSIS

As discussed in Chapter 5 (section 5.2.8.1), factor analysis was conducted in order to assess the internal validity and reliability of the questionnaire. The following discussion provides a detailed account of how factors were determined for the internal marketing mix, employee satisfaction and affective commitment scales. These results are presented and discussed in the sections to follow.

Before the factor analysis was performed, the data was verified for factor analysis suitability using the KMO measure of sampling adequacy and Bartlett’s test of sphericity. Bartlett’s test of sphericity should be $p < 0.05$ and the KMO should be greater than 0.6. Table 6.7 provides a summary of the results.

<table>
<thead>
<tr>
<th>Construct</th>
<th>KMO</th>
<th>Bartlett’s test of sphericity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal marketing mix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal product (6 items)</td>
<td>0.864</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal price (6 items)</td>
<td>0.676</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal promotion (10 items)</td>
<td>0.644</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal distribution (7 items)</td>
<td>0.644</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal people (8 items)</td>
<td>0.836</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal process (4 items)</td>
<td>0.726</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal physical evidence (5 items)</td>
<td>0.510</td>
<td>0.000</td>
</tr>
<tr>
<td>Employee satisfaction (4 items)</td>
<td>0.751</td>
<td>0.000</td>
</tr>
</tbody>
</table>
It can be observed from Table 6.7 that the KMO scores for the internal marketing mix varied between barely acceptable (0.510) and great (0.864), and although the internal physical evidence score was below 0.6, it was considered acceptable given the limited size of the population (Becker, 2013). The data met the requirements for Bartlett’s test of sphericity indicating that factor analysis for all constructs was possible. The data for employee satisfaction (0.751) and affective commitment (0.882) met the requirements of the KMO measure of sampling adequacy and Bartlett’s test of sphericity indicating that factor analysis for these constructs was possible.

6.6.1 Exploratory factor analysis

Once factor analysis suitability had been assessed, an EFA could then be conducted. The following discussion provides a detailed account of how factors were determined for each scale. In order to determine which factors to extract from each scale, only components with an Eigenvalue of greater than 1 were considered. The internal marketing mix is discussed first, followed by a discussion on the employee satisfaction and affective commitment sections. These results are presented and discussed in the sections to follow.

6.6.1.1 The internal marketing mix

The following section provides a detailed discussion of the EFA conducted for the internal marketing mix section. Table 6.8 contains the unrestricted Eigenvalues, commonality values and common variance.
Table 6.8. Unrestricted Eigenvalues, commonality values, factor or pattern matrix and cumulative percentage for the internal marketing mix

<table>
<thead>
<tr>
<th>Constructs and Items</th>
<th>Commonality</th>
<th>Eigenvalue</th>
<th>Factor/Pattern matrix**</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>F1</td>
<td>F2</td>
</tr>
<tr>
<td><strong>Internal product</strong></td>
<td></td>
<td></td>
<td>F1</td>
<td>F2</td>
</tr>
<tr>
<td>Q2.1</td>
<td>0.695</td>
<td>0.834</td>
<td>F1: 4.063</td>
<td></td>
</tr>
<tr>
<td>Q2.2</td>
<td>0.714</td>
<td>0.845</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2.3</td>
<td>0.835</td>
<td>0.914</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2.4</td>
<td>0.406</td>
<td>0.637</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2.5</td>
<td>0.381</td>
<td>0.617</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2.6</td>
<td>0.682</td>
<td>0.826</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Internal price</strong></td>
<td></td>
<td></td>
<td>F1: 2.928</td>
<td>48.80% 20.85%</td>
</tr>
<tr>
<td>Q3.1</td>
<td>0.151</td>
<td>0.029</td>
<td>0.375</td>
<td></td>
</tr>
<tr>
<td>Q3.2</td>
<td>0.785</td>
<td>-0.148</td>
<td>0.938</td>
<td></td>
</tr>
<tr>
<td>Q3.3</td>
<td>0.544</td>
<td>0.406</td>
<td>0.469</td>
<td></td>
</tr>
<tr>
<td>Q3.4</td>
<td>0.494</td>
<td>0.616</td>
<td>0.167</td>
<td></td>
</tr>
<tr>
<td>Q3.5</td>
<td>0.689</td>
<td>0.909</td>
<td>-0.289</td>
<td></td>
</tr>
<tr>
<td>Q3.6</td>
<td>0.787</td>
<td>0.795</td>
<td>0.183</td>
<td></td>
</tr>
<tr>
<td><strong>Internal promotion</strong></td>
<td></td>
<td></td>
<td>F1: 3.744</td>
<td>37.44% 17.32% 15.45%</td>
</tr>
<tr>
<td>Q4.1</td>
<td>0.999</td>
<td>-0.030</td>
<td>-0.131</td>
<td>1.038</td>
</tr>
<tr>
<td>Q4.2</td>
<td>0.234</td>
<td>-0.274</td>
<td>0.348</td>
<td>0.385</td>
</tr>
<tr>
<td>Q4.3</td>
<td>0.426</td>
<td>0.086</td>
<td>-0.039</td>
<td>0.619</td>
</tr>
<tr>
<td>Q4.4</td>
<td>0.847</td>
<td>0.927</td>
<td>-0.037</td>
<td>0.014</td>
</tr>
<tr>
<td>Q4.5</td>
<td>0.812</td>
<td>0.777</td>
<td>0.032</td>
<td>0.202</td>
</tr>
<tr>
<td>Q4.6</td>
<td>0.144</td>
<td>0.448</td>
<td>-0.125</td>
<td>-0.149</td>
</tr>
<tr>
<td>Q4.7</td>
<td>0.351</td>
<td>0.015</td>
<td>0.424</td>
<td>0.307</td>
</tr>
<tr>
<td>Q4.8</td>
<td>0.421</td>
<td>0.252</td>
<td>0.564</td>
<td>-0.277</td>
</tr>
<tr>
<td>Q4.9</td>
<td>0.999</td>
<td>-0.194</td>
<td>1.059</td>
<td>-0.010</td>
</tr>
<tr>
<td>Q4.10</td>
<td>0.699</td>
<td>0.572</td>
<td>0.360</td>
<td>0.103</td>
</tr>
<tr>
<td><strong>Internal distribution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5.1</td>
<td>0.743</td>
<td>-0.220</td>
<td>0.879</td>
<td>41.72%</td>
</tr>
<tr>
<td>Q5.2</td>
<td>0.422</td>
<td>0.653</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5.3</td>
<td>0.504</td>
<td>0.218</td>
<td>0.634</td>
<td></td>
</tr>
<tr>
<td>Q5.4</td>
<td>0.675</td>
<td>0.690</td>
<td>0.327</td>
<td></td>
</tr>
<tr>
<td>Q5.5</td>
<td>0.609</td>
<td>0.749</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5.6</td>
<td>0.508</td>
<td>0.727</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5.7</td>
<td>0.642</td>
<td>0.816</td>
<td>-0.222</td>
<td></td>
</tr>
</tbody>
</table>

**Internal people**

| Q6.1 | 0.797 | 0.952  |       |        |
| Q6.2 | 0.803 | 0.522  | 0.470 |        |
| Q6.3 | 0.886 | 0.927  |       |        |
| Q6.4 | 0.706 |       | 0.751 |        |
| Q6.5 | 0.999 | 1.100  |       |        |
| Q6.6 | 0.947 |       |       |        |
| Q6.7 | 0.670 |       |       |        |
| Q6.8 | 0.185 |       |       |        |

**Internal process**

| Q7.1 | 0.472 | 0.687  |       |        |
| Q7.2 | 0.640 | 0.800  |       |        |
| Q7.3 | 0.977 | 0.989  |       |        |
| Q7.4 | 0.469 | 0.685  |       |        |

**Internal physical evidence**

| Q8.1 | 0.176 |       |       |        |
| Q8.2 | 0.358 |       |       |        |
| Q8.3 | 0.231 |       |       |        |
| Q8.4 | 0.635 |       |       |        |
| Q8.5 | 0.067 |       |       |        |

**Factor matrix was used in the instance of one factor and the pattern matrix was used in the instance of multiple factors.**
For **internal product**, the commonality values ranged between 0.381 and 0.835. Question 2.5 (0.381) was the weakest indicator of internal product and Q2.3 (0.835) was the strongest indicator (0.835) of the internal product construct. Only one Eigenvalue with an absolute value of greater than 1.0 (4.063) was identified, which explained 67.72% of the variance. This scale was considered to be unidimensional and no further rotation of factor scores was required. One factor was retained and labelled internal product. It was therefore possible to investigate the internal reliability of the construct using the Cronbach alpha coefficient. This would allow for the computation of a single factor score for use in the regression analysis.

- **Main finding 33:** The Internal product subscale is considered valid.

The commonality values for **internal price** ranged between 0.151 and 0.787. Question 3.6 (0.787) was the strongest indicator of the internal price construct, whilst Q3.1 (0.151) was the weakest indicator of the construct. Item Q3.1 (0.151) displayed a weak commonality value and was marked and considered for deletion. An unrestricted EFA was run and two Eigenvalues with an absolute value of greater than 1.0 were identified. F1 (2.928) accounted for a 48.8% variance and F2 (1.251) accounted for a 20.85% variance. The screeplot also indicated the existence of multiple factors suggesting that the scale may be multidimensional. Results from the screeplot and Eigenvalues Table suggest that multiple factors may underlay the internal price subscale. As a first step, item Q3.1 was deleted since the item did not adhere to the minimum acceptable criteria of at least 0.25 with regard to the factor loading. After the deletion of the items from the subscale, the EFA results were regenerated.

The refined scale showed the existence of two Eigenvalues, Factor 1 (2.796) and Factor 2 (1.111). Factor 2 accounted for 22% of the common variance. The Eigenvalue for the second factor was only marginally bigger than 1.00 and only two items loaded saliently on the second factor based on the pattern matrix results. For this reason, it was decided to force all the items onto a single factor and see if the commonality and factor loading values would significantly deteriorate. The final restricted EFA solution was satisfactory and seemed to present a fairly unidimensional account of the inter-item correlations. No further items were deleted from the subscale. Therefore one factor was retained, labelled internal price. It was therefore deemed permissible to calculate the internal reliability score for internal price via the Cronbach alpha coefficient and compute a single factor score for use in the regression analysis.
Main finding 34: After refinement the internal price subscale was considered valid

The commonality values for internal promotion ranged between 0.144 and 0.999. Question 4.1 and 4.9 (0.999) were the strongest indicators of the internal promotion construct, whilst Q4.6 (0.144) was the weakest indicator of the construct. Item Q4.6 displayed a weak commonality value and was marked and considered for deletion. Several items in the internal promotion subscale reported aberrantly high communality values, including item 4.1 (0.999) and 4.9 (0.999). Based on the very high communality values, it was decided to delete these two items from the original scale.

Three Eigenvalues exceeding 1.0 were detected, F1 (3.744) explained 37.44% of the total variance, F2 (1.732) explained 17.32% of the total variance, and F3 (1.545) accounted for 15.45% of the variance. Results from the screeplot illustrating multiple nodes above the elbow and the presence of three Eigenvalues greater than 1.0 suggested that the intercorrelations between scale items were the workings of multiple latent factors and not a single construct.

After the deletion of Q4.1 (0.999), Q4.9 (0.999) due to high commonality values, and the deletion of Q4.6 due to low commonality values, the EFA solution for the scale still proved to be problematic with Q4.3 (0.999) now reporting a high factor loading. Furthermore, a three-factor solution emerged. The analyses suggested that at least three factors were responsible for the intercorrelations between the items constituting internal promotion [Factor 1 (2.508: 36%), Factor 2 (1.363:19%) and Factor 3 (1.109:15.8%)]. No theoretically meaningful patterns were detected in the pattern matrix. In addition, items Q4.6, Q 4.3 and 4.5 now reported high communality values. These items were removed from the revised scale, but then even more items became problematic. The factor structure of the subscale seemed unstable and the researcher faced three options with regard to the internal promotion subscale. Firstly, the researcher could disregard the EFA and use all items to create or compute a factor score. However, the researcher was aware that no valid rationale would be applied to this solution, secondly the researcher could use the remaining four items in the scale to create a factor score, however, this would not be representative of the construct. Thirdly, the researcher could remove the scale completely as it did not have enough construct validity to contribute to the conclusion of the study. Option three was selected from an integrity point of view and as a result the internal promotion scale was discarded from the study and no longer subject to any further
measurement. Conceptually the construct of internal promotion seems quite important in the prediction of employee satisfaction; however the measurement of this construct remains problematic. For this reason, any deductions made in the regression analyses using this measure would be contentious.

- **Main finding 35**: The internal promotion subscale was discarded due to poor construct validity.

The commonality values for internal distribution ranged between 0.422 and 0.743. Question 5.1 (0.743) was the strongest indicator of the construct, whilst Q5.2 (0.422) represented the weakest indicator of internal distribution construct. An unrestricted EFA was run and two Eigenvalues with a value of greater 1.0 were reported. The first factor (2.921) explained 41.72% of the common variance and the second factor (1.969) explained 28.13% of the common variance. In addition, the screeplots were also indicative of additional factors. Further analysis of the scale was therefore deemed necessary. The pattern matrix revealed that Q5.1, Q5.2 and Q5.3 cluster onto one factor (Factor 2) and Q5.4, Q5.5, Q5.6 and Q5.7 cluster onto the other factor (Factor 1) in the same direction. There is enough evidence and items in the scale to support a two-factor solution and the independent ideas coming through. For this reason internal distribution was split into two distinct themes namely: collaborative culture (F2: Q5.1, Q5.2 and Q5.3) and organisational structure (F1:Q5.4, Q5.5, Q5.6 and Q5.7). The factors were therefore labelled as **collaborative culture** (F2) and **organisational structure** (F1). These scales were considered to be unidimensional and therefore no additional rotation of factor scores was necessary. Against this background, it was also permissible to calculate the internal reliability consistency score via Cronbach’s alpha coefficient alpha and to compute a single factor score which will be used in the regression analysis.

- **Main finding 36**: The Internal distribution subscale evolved as a two-factor solution and was split into two factors labelled as collaborative culture and organisational structure. The hypothesis has therefore been split into two H4a (There is a positive significant relationship between collaborative culture and GDP employee satisfaction) and H4b (There is a significant positive relationship between organisational structure and GDP employee satisfaction).

The commonality values for the internal people construct ranged between 0.185 and 0.999. Question 6.5 (0.999) contributed the most to internal people element and Q6.8
(0.185) contributed the least to internal people. However Q6.5 was marked for deletion due to the excessively high communality value, Q6.6 was also approaching a high value and potentially problematic. In addition, two Eigenvalues with a value of greater 1.0 were detected. F1 (5.125) accounted for 64.06% of the common variance and F2 (1.220) accounted for 15.25% of the common variance. The second factor’s Eigenvalue was substantially less than the first, however this may have suggested that the scale was multidimensional. The screeplot results however did not display a clear break point for Factor two (1.220), suggesting that only one or two items tap into the second dimension. Further to this the pattern matrix showed Q6.5 (1.100) and Q6.6 (1.038) as problematic. For this reason the scale required refinement, Q6.5 was removed due to high communality values and the EFA was regenerated. The scale automatically converged to a one-factor solution. The scale was considered to be unidimensional and therefore no additional rotation of factor scores was necessary. One factor was retained and labelled internal people. It was therefore possible to investigate the internal reliability of the construct using the Cronbach alpha coefficient. This would allow for the computation of a single factor score for use in the regression analysis.

- **Main finding 37:** After refinement, the internal people subscale was considered to be valid.

The communality values for **internal process** ranged between 0.469 and 0.977. Question 7.3 (0.977) was the strongest indicator of the construct and Q7.4 (0.469) represented the weakest indicator of the internal process construct. Only one Eigenvalue with an absolute value of greater than 1.0 (2.888) was identified which explained 72.21% of the variance. Q7.3 (0.977) however posed a problem and was rejected as result of a high communality value indicating that Q7.3 did not adequately explain the variance. Although already a uni-dimensional scale, Q7.3 was removed and the EFA regenerated. Only one Eigenvalue (2.076) with a value exceeding 1.0 was present. The scale was considered to be unidimensional and therefore no additional rotation of factor scores was required. One factor was retained labelled internal process. Against this background, it was also permissible to calculate the internal reliability consistency via Cronbach’s alpha coefficient. This would allow for the computation of a single factor score for use in the regression analysis.

- **Main finding 38:** After refining, the internal process subscale was considered to be valid.
The commonality values for **internal physical evidence** ranged between 0.176 and 0.667. Question Q8.5 (0.667) represented the strongest indicator of internal physical evidence and Q8.1 (0.176) represented the weakest indicator to the internal physical evidence construct. Q8.3 (0.176) displayed weak commonality values and a result was marked and considered for deletion. Three Eigenvalues were identified with values exceeding 1.0. Factor 1 (2.265) explained 45.29% of the common variance, Factor 2 (1.032) explained 20.65% and Factor 3 (1.008) accounted for 20.17% of the common variance. The screeplot also indicated the existence of multiple factors suggesting that the scale may be multidimensional. Results from the screeplot and Eigenvalues Table suggest that multiple factors may underlay internal physical evidence. However, no refinement could be made to the scale as the scale did not converge, meaning that the items did not represent the scale denouncing any construct validity. For this reason the internal distribution scale was removed from the study and from any further investigation and measurement.

- **Main finding 39:** The internal physical evidence scale was discarded due to poor construct validity.

### 6.6.1.2 Employee satisfaction

The following section provides a detailed discussion of the EFA conducted for the employee satisfaction section. Table 6.9 contains the unrestricted Eigenvalues, commonality values and common variance.

**Table 6.9. Unrestricted Eigenvalues, commonality values and common variance for employee satisfaction**

<table>
<thead>
<tr>
<th>Constructs and Items</th>
<th>Commonality</th>
<th>Eigenvalue</th>
<th>Factor/Pattern matrix**</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9.1</td>
<td>0.605</td>
<td>3.140</td>
<td>0.778</td>
<td></td>
</tr>
<tr>
<td>Q9.2</td>
<td>0.816</td>
<td></td>
<td>0.903</td>
<td></td>
</tr>
<tr>
<td>Q9.3</td>
<td>0.523</td>
<td></td>
<td>0.723</td>
<td></td>
</tr>
<tr>
<td>Q9.4</td>
<td>0.872</td>
<td></td>
<td>0.934</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>F1</th>
<th>F1</th>
<th>78.49%</th>
</tr>
</thead>
</table>


For employee satisfaction, the commonality values ranged between 0.523 and 0.872. Question 9.3 (0.523) was the weakest indicator of the construct whilst Q9.4 (0.872) represented the strongest indicator of the employee satisfaction construct. Only one Eigenvalue with an absolute value of greater than 1.0 (3.140) was identified, which explained 78.49% of the variance. This scale was considered to be unidimensional therefore no additional rotation of factor scores was required. One factor was retained and labelled employee satisfaction. Against this background, it was also permissible to calculate the internal reliability consistency via Cronbach's alpha coefficient. This would allow for the computation of a single factor score for use in the regression analysis.

- **Main finding 40**: The employee satisfaction scale is considered to be valid.

### 6.6.1.3 Affective commitment

The following section provides a detailed discussion of the EFA conducted for the affective commitment section. Table 6.10 contains the unrestricted Eigenvalues, commonality values and common variance.

**Table 6.10. Unrestricted Eigenvalues, commonality values and common variance for affective commitment.**

<table>
<thead>
<tr>
<th>Constructs and Items</th>
<th>Commonality</th>
<th>Eigenvalue</th>
<th>Factor/Pattern matrix**</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10.1</td>
<td>0.624</td>
<td>4.832</td>
<td>0.790</td>
<td></td>
</tr>
<tr>
<td>Q10.2</td>
<td>0.622</td>
<td>-0.789</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10.3</td>
<td>0.547</td>
<td>-0.740</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10.4</td>
<td>0.671</td>
<td>0.819</td>
<td></td>
<td>69.032%</td>
</tr>
<tr>
<td>Q10.5</td>
<td>0.462</td>
<td>0.680</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10.6</td>
<td>0.744</td>
<td>0.863</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10.7</td>
<td>0.808</td>
<td>0.899</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
For affective commitment, the commonality values ranged between 0.462 and 0.808. Question 10.5 represented the weakest indicator of the construct (0.462), whilst Q10.7 (0.808) represented the strongest indicator of the affective commitment construct. Once the unrestricted EFA had been applied, only one Eigenvalue with an absolute value of greater than 1.0 (4.832) was identified which explained 69.03% of the variance. This scale was considered to be unidimensional and no additional rotation of factor scores was required. One factor was retained and labelled affective commitment. It was therefore deemed possible to determine the internal reliability consistency using the Cronbach alpha coefficient. In this way a single factor score could be generated for use in the regression analysis.

- **Main finding 41**: The affective commitment scale is considered to be valid.

Once the internal promotion and internal physical evidence scales were removed from the study due to poor construct validity, only the remaining internal marketing mix scales namely: internal product, internal price, collaborative culture, organisational structure, internal people and internal process were investigated further to determine their reliability. In addition to this, the employee satisfaction scale and affective scales were assessed for construct reliability as discussed in the following section.

### 6.7 RELIABILITY OF THE MEASUREMENT INSTRUMENT

Although some of internal marketing mix (internal product, internal price and internal promotion) was adapted from previous literature and the employee satisfaction and affective commitment constructs were adopted from previous literature, it was still important to determine the reliability of the measuring scales for this study after the EFA was conducted. Chapter Five (section 5.2.5.6) specified that Cronbach alpha would be used to test the reliability of the questionnaire. Cronbach alpha values of .8 or higher are considered as high reliability; those between 0.70 and 0.80 are regarded as having good reliability; values between 0.60 and 0.70 are fair; and coefficients lower than .60 are questionable (Hair et al., 2010:708). Table 6.11 summarises the results of the Cronbach alpha test.
Table 6.11. Results of the Cronbach alpha test

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal marketing mix</td>
<td></td>
</tr>
<tr>
<td>Internal product (Q2.1, Q2.2, Q2.3, Q2.4, Q2.5 &amp; Q2.6)</td>
<td>0.887</td>
</tr>
<tr>
<td>Internal price (Q3.2, Q3.3, Q3.4, Q3.5 &amp; Q3.6)</td>
<td>0.789</td>
</tr>
<tr>
<td>Collaborative culture (Q5.1, Q5.2 &amp; Q5.3)</td>
<td>0.758</td>
</tr>
<tr>
<td>Organisational structure (Q5.4, Q5.5, 5.6 &amp; Q5.7)</td>
<td>0.796</td>
</tr>
<tr>
<td>Internal people (Q6.1, Q6.2, Q6.3, Q6.4, Q6.6, 6.7 &amp; Q6,8)</td>
<td>0.884</td>
</tr>
<tr>
<td>Internal process (Q7.1, Q7.2 &amp;Q7.4)</td>
<td>0.766</td>
</tr>
<tr>
<td>Employee satisfaction (Q9.1, Q9.2, Q9.3 &amp; 9.4)</td>
<td>0.890</td>
</tr>
<tr>
<td>Affective commitment (Q10.1, Q10.2, Q10.3, Q10.4, Q10.6 &amp; Q10.7)</td>
<td>0.923</td>
</tr>
</tbody>
</table>

The Cronbach alpha scores for the internal marketing mix varied between 0.766 and 0.887. The internal promotion scale and internal physical evidence scale had been removed due to poor construct validity and as a result were not included in the reliability assessment. In addition to this item, Q3.1, Q6.5 and Q7.3 were removed from their designated scales due to low communality values. As can be inferred from Table 6.11, all the subscales reported good internal consistency reliability. Internal product (α=0.887) and internal people (α=0.884) had the highest levels of reliability. Although somewhat lower than internal people and internal product, all the remaining subscales reported sufficient levels of reliability [Internal price (α=.0789), collaborative culture (α=.0758), organisational structure (α=0.796) and internal process (α=.0766)].

The Cronbach alpha score for employee satisfaction (α=0.890) indicated a high level of reliability, as did the Cronbach alpha score for affective commitment (α=0.923). Thus, considered collectively, all the measurement scales reported good levels of internal consistency reliability as measured by Cronbach’s alpha coefficient.

- **Main finding 42:** All refined constructs tested were considered reliable.

Since the reliability and validity of the measures included in the study were found to be satisfactory, it was permissible to continue to the hypotheses testing phase of the study. However, regression analysis presumes that the data adheres to a number of assumptions. Before the regression analysis was conducted, the following assumptions were evaluated:
- Impact of outliers are assessed.
• Whether the aggregated factor scores are distributed relatively normal.
• Linearity between independent and dependent factors.
• Homoscedasticity of residuals.

6.8 ASSUMPTIONS OF REGRESSION ANALYSIS

The assumptions of regression analysis are discussed next.

6.8.1 Outliers

Initially, histograms were utilised to observe the presence of outliers in the data set. If outliers were identified in the histogram, box plots were used to examine the presence of outliers further. The circles above and below the whiskers of the box-and-whisker plots are the outliers (Field, 2009:101-102). Circles represent points that extend 1.5 box lengths from the edge of the box. An asterisk represents extreme points more than 3 box lengths from the edge of the box (refer to appendix 4) (Pallant, 2010:131).

6.8.1.1 The internal marketing mix

The results for the internal marketing mix are provided next, (refer to appendix 2 and 4).

• Internal product

The initial observation of the histogram showed the presence of outliers in the data set. Box plots were used to examine the data further. It was identified that case number 22 and 27 were identified as outliers and case number 56 was identified as an extreme outlier. Ordinarily, outliers would be removed from the data set but since the population is small and since none of the outliers posed a threat to the study, they were retained and regression analysis was considered appropriate (Becker, 2013).

• Internal price

The initial observation of the histogram showed the presence of outliers in the data set. Box-and-whisker plots were used to examine the data further. It was identified that case number 56 was identified as an outlier. Ordinarily, outliers would be removed from the data set but since the population is small and since none of the outliers posed a threat to the study, they were retained and regression analysis was considered appropriate (Becker, 2013).
• Collaborative culture

The initial observation of the histogram showed the presence of outliers in the data set. Box-and-whisker plots were used to examine the data. Case number 27 and 56 were identified as outliers. Ordinarily, outliers would be removed from the data set but since the population is small and since none of the outliers posed a threat to the study, they were retained and regression analysis was considered appropriate (Becker, 2013).

• Organisational structure

The initial observation of the histogram showed the presence of outliers in the data set. Box-and-whisker plots were used to examine the data. Case number 27 and 62 were identified as outliers. Ordinarily, outliers would be removed from the data set but since the population is small and since none of the outliers posed a threat to the study, they were retained and regression analysis was considered appropriate (Becker, 2013).

• Internal people

The initial observation of the histogram showed the presence of outliers in the data set. Box-and-whisker plots were used to examine the data. Case number 22 and 28 were identified as outliers. Case numbers 27, 39 and 56 were identified as extreme outliers. Ordinarily, outliers would be removed from the data set but since the population is small and since none of the outliers posed a threat to the study, they were retained and regression analysis was considered appropriate (Becker, 2013).

• Internal process

The initial observation of the histogram showed the presence of outliers in the data set. Box-and-whisker plots were used to examine the data. Case number 56 was identified as an outlier. Ordinarily, outliers would be removed from the data set but since the population is small and since none of the outliers posed a threat to the study, they were retained and regression analysis was considered appropriate (Becker, 2013).

6.8.1.2 Employee satisfaction

The initial observation of the histogram showed the presence of outliers in the data set. Box-and-whisker plots were used to examine the data (refer to appendix 2 and 4). Case numbers 28, 53 and 58 were identified as an outlier. Case numbers 48 and 56 were identified as extreme outliers. Ordinarily, outliers would be removed from the data set but
since the population is small and since none of the outliers posed a threat to the study, they were retained and regression analysis was considered appropriate (Becker, 2013).

6.8.1.3 Affective commitment

The initial observation of the histogram showed the presence of outliers in the data set. Box-and-whisker plots were used to examine the data further (refer to appendix 2 and 4). It was identified that case numbers 22, 28, 53 and 55 were identified as outliers and case numbers 27, 48 and 56 were identified as extreme outliers. Ordinarily, outliers would be removed from the data set but since the population is small and since none of the outliers posed a threat to the study, they were retained and regression analysis was considered appropriate (Becker, 2013).

6.8.2 Normality

The evaluation of normality in the data analysis began with exploring the skewness and kurtosis values of the elements of internal marketing mix, employee satisfaction and affective commitment. Skewness and kurtosis values that are zero or close to zero indicate a normally distributed variable, while values greater than or less than 1 and -1 are considered to be abnormally distributed (Gamst et al., 2008:56, 66). Table 6.12 summarises the skewness and kurtosis values of the constructs.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Skewness statistic</th>
<th>Kurtosis statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal marketing mix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal product</td>
<td>4.271</td>
<td>24.429</td>
</tr>
<tr>
<td>Internal price</td>
<td>0.635</td>
<td>0.532</td>
</tr>
<tr>
<td>Collaborative culture</td>
<td>1.094</td>
<td>1.627</td>
</tr>
<tr>
<td>Organisational structure</td>
<td>1.378</td>
<td>1.048</td>
</tr>
<tr>
<td>Internal people</td>
<td>2.904</td>
<td>10.833</td>
</tr>
<tr>
<td>Internal process</td>
<td>1.394</td>
<td>3.594</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>2.115</td>
<td>4.851</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>1.625</td>
<td>2.620</td>
</tr>
</tbody>
</table>

The skewness and kurtosis values for the internal marketing mix elements, namely internal product, collaborative culture, organisational structure, internal people and internal
process were all above 1, indicating that the data is not normally distributed for these elements. Internal price however displayed a skewness value of 0.635 and a kurtosis value of 0.532, both these values are less than 1, indicating that the data for internal price is normally distributed. The employee satisfaction construct showed skewness and kurtosis values of greater than 1, and is therefore non-normally distributed. The skewness and kurtosis values for the affective commitment construct showed skewness and kurtosis values of greater than 1 and are therefore not normally distributed.

Because the population was small, an additional test for normality was included making use of the Shapiro – Wilks test. The Shapiro-Wilks test rejects the hypothesis of normality when the p-value is less than or equal to 0.05. Based on this, Table 6.13 was used to summarise the p-values of the constructs to determine if they met the requirement of normality.

Table 6.13. Summary of Shapiro-Wilks p-values

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Shapiro-Wilks p – value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Marketing mix</td>
<td></td>
</tr>
<tr>
<td>Internal product</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal price</td>
<td>0.021</td>
</tr>
<tr>
<td>Collaborative culture</td>
<td>0.000</td>
</tr>
<tr>
<td>Organisational structure</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal people</td>
<td>0.000</td>
</tr>
<tr>
<td>Internal process</td>
<td>0.000</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>0.000</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The Shapiro-Wilks (p < 0.05) test confirmed that none of the constructs followed a normal distribution, since all the values were lower than 0.05. The data for the internal marketing mix elements, namely internal product, collaborative culture, organisational structure, internal people and internal process was considered to be non-normally distributed. Employee satisfaction and affective commitment were also considered to be non-normally distributed. The Shapiro - Wilks test however is limited. A significance test does not automatically determine whether the deviation from normality is sufficient to bias any statistical methods applied to the data (Field, 2009:144).
Based on the skewness and kurtosis values and the Shapiro – Wilks test, the dimensions of internal product, internal price, collaborative culture, organisational structure, internal people, internal process, employee satisfaction and affective commitment did not meet the requirements of normality. Since the population was small and limited to a specialised group of employees, normality was not expected and it was considered appropriate to continue with regression analysis (Becker, 2013).

- **Main finding 43**: None of the internal marketing elements, employee satisfaction or affective commitment met the assumptions of normality.

### 6.8.3 Linearity

Chapter 5 section 5.2.8.1 mentioned that scatter plots would be used to test for linearity as scatter plots are useful in plotting a line which summarises the relationship between variables (Field, 2009:119). Scatter plots were used to examine the data for all the internal marketing mix elements (refer to appendix 3). The scatter plots indicated that linear relationships existed between the internal marketing mix elements and employee satisfaction. In addition to this, the scatter plots indicated that a linear relationship exists between employee satisfaction and affective commitment. The basic assumptions of linearity were thus met for the purpose of regression analysis.

- **Main finding 44**: The assumptions of linearity were met.

### 6.8.4 Homoscedacity

Testing for homoscedacity took place, the data was considered to be random, meaning that no structure was observed. The assumptions of homoscedasticity have therefore been met and regression analysis could be performed.

- **Main finding 45**: The assumptions of homoscedasticity were met.

Based on the results discussed the assumptions for linearity and homoscedasticity were met. The results for normality of the internal marketing mix, employee satisfaction and affective commitment however violate the assumptions of normality. Normality was not however expected and given the size and specialised nature of the population, it was considered appropriate to continue with regression analysis. Outliers were not considered
6.9 REGRESSION ANALYSIS AND HYPOTHESES TESTING

Since the assumptions had been tested and the violations were not deemed to be serious, regression analysis could be performed. Factor scores used in the regression analysis were computed-based on the refined measures and not the original scales. Internal promotion and internal physical evidence were not included in the regression analysis as these scales were considered unfit from a validity perspective and discarded as a result of the EFA (discussed in section 6.6.1.1).

Initially, the researcher wanted to apply multiple regression analysis to the study, through this approach the internal marketing mix scales could be applied as a group to determine the influence of the elements on employee satisfaction. Moreover, multivariate regression analyses would allow the researcher to determine which of the internal marketing mix elements emerged as the strongest predictor of employee satisfaction. However, during the analysis phase no single element emerged as the most influential or strongest and for this reason each element was regressed individually against satisfaction in order to assess the strength of each relationship individually. Due to the reasons discussed, a simple linear regression was applied to the study (refer to Chapter 5, section 5.2.8.1).

Simple linear regression was used to test the hypotheses and determine whether to accept or reject the hypotheses. The next section provides the results pertaining to each hypothesis set for the study as discussed in Chapter 1 (section 1.3.3) and Chapter 5 (section 5.2.2.3). The hypotheses aim to provide results for the secondary objectives 4-11 set out in section 6.2.2. The first section focuses on the relationship between the internal marketing mix and employee satisfaction which will aim to achieve the secondary objectives 4-10 and the second section focuses on the relationship between employee satisfaction and affective commitment which aims to achieve secondary objective 11.

6.9.1 Regression of the employee satisfaction on the internal marketing mix elements

The secondary research objectives 4-10 will be empirically validated by means of a series of bivariate regression models (step-wise regression), regressing employee satisfaction
onto the internal marketing mix elements. The regression findings are presented in Table 6.14 below.

Table 6.14. Regression of the internal marketing mix elements on employee satisfaction

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent variables</th>
<th>P-value</th>
<th>Beta value</th>
<th>R-square value</th>
<th>Adjusted R-square value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee satisfaction</td>
<td>Internal product</td>
<td>0.000</td>
<td>0.548</td>
<td>0.300</td>
<td>0.289</td>
</tr>
<tr>
<td></td>
<td>Internal price</td>
<td>0.086</td>
<td>0.216</td>
<td>0.470</td>
<td>0.031</td>
</tr>
<tr>
<td></td>
<td>Collaborative culture</td>
<td>0.006</td>
<td>0.338</td>
<td>0.338</td>
<td>0.114</td>
</tr>
<tr>
<td></td>
<td>Organisational structure</td>
<td>0.000</td>
<td>0.431</td>
<td>0.431</td>
<td>0.185</td>
</tr>
<tr>
<td></td>
<td>Internal people</td>
<td>0.000</td>
<td>0.571</td>
<td>0.571</td>
<td>0.326</td>
</tr>
<tr>
<td></td>
<td>Internal process</td>
<td>0.001</td>
<td>0.399</td>
<td>0.399</td>
<td>0.159</td>
</tr>
</tbody>
</table>

6.9.1.1 H1: There is a significant positive relationship between the internal product and GDP employee satisfaction

A positive relationship was predicted between internal product and employee satisfaction. The results from the regression results support the hypothesis ($\beta = 0.548, p < 0.05$). The direction of the relationship was congruent with a priori theorising since a moderately positive relationship was predicted between internal product and employee satisfaction. Thus, the null hypothesis can be rejected in favour of the alternative hypothesis. The adjusted $R^2$ value of 0.289 indicates that approximately 28% of the variance in employee satisfaction is predicted by internal product.

- **Main finding 46:** There is a significant positive relationship between internal product and employee satisfaction indicating that H1 can be accepted.

6.9.1.2 H2: There is a significant positive relationship between the internal price and GDP employee satisfaction

A positive relationship was predicted between internal price and employee satisfaction. The $\beta$ results from the regression results support the hypothesis ($\beta = 0.216$). However, the p value is greater than 0.05 ($p=0.86$) and therefore not statistically significant. The hypothesis is therefore rejected in favour of the null hypothesis.
Main finding 47: Internal price is not statistically significant and therefore H2 is rejected.

6.9.1.3 H3: There is a significant positive relationship between internal promotion and GDP employee satisfaction

The relationship between internal promotion and employee satisfaction could not be tested as the internal promotion subscale was discarded due to poor construct validity and no further testing was conducted for this construct (refer to section 6.6.1.1.).

6.9.1.4 H4: There is a significant positive relationship between internal distribution and GDP employee satisfaction

The internal distribution subscale emerged as a two-factor solution during the EFA and as a result was split into two factors labelled as collaborative culture and organisational structure. For this reason the hypothesis was split into H4a (there is a significant positive relationship between collaborative culture and GDP employee satisfaction) and H4b (There is a significant positive relationship between organisational structure and GDP employee satisfaction)(refer to section 6.6.1.1.). Each of these will be discussed next.

H4a: There is a significant positive relationship between collaborative culture and GDP employee satisfaction.

A positive relationship was predicted between collaborative culture and employee satisfaction. The results from the regression results support the hypothesis ($\beta = 0.338, p < 0.05$). The direction of the relationship was congruent with a priori theorising since a moderately positive relationship was found between collaborative culture and employee satisfaction. Thus, the null hypothesis can be rejected in favour of the alternative hypothesis. The adjusted $R^2$ value of 0.114 indicates that approximately 11.4% of the variance in employee satisfaction is predicted by collaborative culture.

Main finding 48: There is a significant positive relationship between collaborative culture and employee satisfaction indicating that H4a can be accepted.
• **H₄ₓ:** There is a significant positive relationship between organisational structure and GDP employee satisfaction.

A positive relationship was predicted between organisational structure and employee satisfaction. The results from the regression results support the hypothesis ($\beta = 0.431, p < 0.05$). The direction of the relationship was congruent with *a priori* theorising since a moderately positive relationship was found between organisational structure and employee satisfaction. Thus, the null hypothesis can be rejected in favour of the alternative hypothesis. The adjusted R² value of 0.185 indicates that approximately 18.5% of the variance in employee satisfaction is predicted by organisational structure.

• **Main finding 49:** There is a significant positive relationship between organisational structure and employee satisfaction indicating that H₄ₓ can be accepted. As H₄ₓ and H₄ₙ were both accepted, H₄ can also therefore be accepted.

6.9.1.5 H₅: There is a significant positive relationship between internal people and GDP employee satisfaction

A positive relationship was predicted between internal people and employee satisfaction. The results from the regression results support the hypothesis ($\beta = 0.571, p < 0.05$). The direction of the relationship was congruent with *a priori* theorising since a moderately positive relationship was found between internal people and employee satisfaction. Thus, the null hypothesis can be rejected in favour of the alternative hypothesis. The adjusted R² value of 0.326 indicates that approximately 32.6% of the variance in employee satisfaction is predicted by internal people.

• **Main finding 50:** There is a significant positive relationship between internal people and employee satisfaction indicating that H₅ can be accepted.

6.9.1.6 H₆: There is a significant positive relationship between internal process and GDP employee satisfaction

A positive relationship was predicted between internal process and employee satisfaction. The results from the regression results support the hypothesis ($\beta = 0.399, p < 0.05$). The direction of the relationship was congruent with *a priori* theorising since a moderately positive relationship was found between internal process and employee satisfaction. Thus,
the null hypothesis can be rejected in favour of the alternative hypothesis. The adjusted $R^2$-value of 0.159 indicates that approximately 15.9% of the variance in employee satisfaction is predicted by internal process.

- **Main finding 51**: There is a significant positive relationship between internal process and employee satisfaction indicating that $H_6$ can be accepted.

### 6.9.1.7 $H_7$: There is a significant positive relationship between internal physical evidence and GDP employee satisfaction

The relationship between internal physical evidence and employee satisfaction could not be tested as the internal physical subscale was discarded due to poor construct validity and no further testing was conducted for this construct (refer to section 6.6.1.1.).

When entered into the regression equation individually through step-wise regression, the highest level of variance in employee satisfaction is predicted by the internal people element ($\beta=0.571$, $R^2 = 0.326$). The next highest level of variance in employee satisfaction was predicted by internal product ($\beta=0.548$, $R^2 = 0.289$). This was followed by organisation structure ($\beta=0.431$, $R^2 = 0.185$), then by internal process ($\beta=0.399$, $R^2 = 0.159$), and finally by collaborative culture ($\beta=0.338$, $R^2 = 0.114$). Internal price was not regarded as statistically significant and is therefore not regarded as a predictor of employee satisfaction.

- **Main finding 52**: Employee satisfaction is influenced by internal marketing through internal product, collaborative culture, organisational structure, internal people and internal process. Therefore there is a significantly positive relationship between these internal marketing mix elements and employee satisfaction. Figure 6.1 shows the refined theoretical model and statistical results for the relationship between the internal marketing mix elements and employee satisfaction.
6.9.2 The relationship between employee satisfaction and affective commitment

The secondary research objective 11 will be empirically validated by means of a bivariate regression model regressing affective commitment on employee satisfaction. The regression findings are presented in Table 6.15 below.

Table 6.15. Regression of affective commitment onto employee satisfaction

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent variable</th>
<th>P-value</th>
<th>Beta</th>
<th>R-square value</th>
<th>Adjusted R-square value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective commitment</td>
<td>Employee satisfaction</td>
<td>0.000</td>
<td>0.835</td>
<td>0.698</td>
<td>0.693</td>
</tr>
</tbody>
</table>
6.9.2.1 H8: There is a significant positive relationship between employee satisfaction and affective commitment

A positive relationship was predicted between employee satisfaction and affective commitment. The results from the regression results support the hypothesis ($\beta = 0.835, p < 0.05$). The direction of the relationship was congruent with a priori theorising since a strong positive relationship was found between employee satisfaction and affective commitment. Thus, the null hypothesis can be rejected in favour of the alternative hypothesis. The adjusted $R^2$ value of 0.693 indicates that approximately 69.3% of the variance in affective commitment is predicted by employee satisfaction.

- **Main finding 53**: There is a significant positive relationship between employee satisfaction and affective commitment indicating that H8 can be accepted.

**Figure 6.2. Regression results for the relationship between employee satisfaction and affective commitment**

![Regression results diagram](image)

Source: Researcher’s own construct.

Figure 6.3 provides the final refined theoretical model for the study based on the overall regression results for the research objectives.
6.10 FINAL SUMMARY OF RESEARCH OBJECTIVES, HYPOTHESES AND RESULTS

The final section provides a summary of the secondary research objectives, the results of which are presented in Table 6.16.

Table 6.16. Summary of secondary research objectives and hypotheses

<table>
<thead>
<tr>
<th>Objective</th>
<th>Nr</th>
<th>Hypotheses</th>
<th>Main Findings</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>To examine the theory relating to the seven elements of the internal marketing mix, employee satisfaction and affective commitment</td>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>To determine whether GDP employees are aware of the internal marketing mix elements at their bank</td>
<td>2</td>
<td>N/A</td>
<td>1</td>
<td>GDP employees are aware of the internal marketing mix (mean=1.54)</td>
</tr>
<tr>
<td>Objective</td>
<td>Nr</td>
<td>Hypotheses</td>
<td>Main Findings</td>
<td>Results</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>----</td>
<td>---------------------------------------------------------------------------</td>
<td>--------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>To determine GDP employees level of satisfaction with their bank as an employer</td>
<td>3</td>
<td>N/A</td>
<td>27</td>
<td>GDP employees do experience fairly high levels of satisfaction with their employing bank ($mean=1.53$)</td>
</tr>
<tr>
<td>To determine whether a significant positive relationship exists between internal product and GDP employee satisfaction</td>
<td>4</td>
<td>H₁: There is a significant positive relationship between the internal product and GDP employee satisfaction</td>
<td>46</td>
<td>Accepted</td>
</tr>
<tr>
<td>To determine whether a significant positive relationship exists between internal price and GDP employee satisfaction</td>
<td>5</td>
<td>H₂: There is a significant positive relationship between the internal price and GDP employee satisfaction</td>
<td>47</td>
<td>Rejected</td>
</tr>
<tr>
<td>To determine whether a significant positive relationship exists between internal promotion and GDP employee satisfaction</td>
<td>6</td>
<td>H₃: There is a significant positive relationship between the internal promotion and GDP employee satisfaction</td>
<td>35</td>
<td>The scale was removed from the study due to poor construct validity and no hypothesis testing could therefore be conducted</td>
</tr>
<tr>
<td>To determine whether a significant positive relationship exists between internal distribution and GDP employee satisfaction</td>
<td>7</td>
<td>H₄a: There is a significant positive relationship between the collaborative culture and GDP employee satisfaction H₄b: There is a significant positive relationship between the organisational structure and GDP employee satisfaction</td>
<td>36, 48 &amp; 49</td>
<td>As a result of the EFA, the internal distribution scale was split into two factors namely (4a) collaborative culture, and (4b) organisational structure. Both factors proved to have a significant positive relationship with employee satisfaction and therefore the hypotheses were accepted.</td>
</tr>
</tbody>
</table>
### Table

<table>
<thead>
<tr>
<th>Objective</th>
<th>Nr</th>
<th>Hypotheses</th>
<th>Main Findings</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine whether a significant positive relationship exists between internal people and GDP employee satisfaction</td>
<td>8</td>
<td>H$_{8}$: There is a significant positive relationship between the internal people and GDP employee satisfaction</td>
<td>50</td>
<td>Accepted</td>
</tr>
<tr>
<td>To determine whether a significant positive relationship exists between internal process and GDP employee satisfaction</td>
<td>9</td>
<td>H$_{9}$: There is a significant positive relationship between the internal process and GDP employee satisfaction</td>
<td>51</td>
<td>Accepted</td>
</tr>
<tr>
<td>To determine whether a significant positive relationship exists between internal physical evidence and GDP employee satisfaction</td>
<td>10</td>
<td>H$_{10}$: There is a significant positive relationship between the internal physical evidence and GDP employee satisfaction</td>
<td>39</td>
<td>The scale was removed from the study due to poor construct validity and no hypothesis testing could therefore be conducted</td>
</tr>
<tr>
<td>To determine whether a significant positive relationship exists between employee satisfaction and affective commitment</td>
<td>11</td>
<td>H$_{11}$: There is a significant positive relationship between the employee satisfaction and affective commitment</td>
<td>53</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

### 6.11 CONCLUSION

Chapter 6 covered the empirical results of the study. This section commenced with a discussion on descriptive statistics which allowed the researcher to identify the demographics of the sample and interpret them in a meaningful way. In addition to this, the frequency distribution of sample responses could be observed for the awareness of internal marketing, the internal marketing mix, employee satisfaction and affective commitment. This was followed by the validity testing of the measurement instrument.
through exploratory factor analysis (EFA) and the testing of the measurement instruments reliability through Cronbach alpha. The assumptions of regression were also tested. Finally, the relationships and hypotheses linking the refined internal marketing mix to employee satisfaction were tested through simple regression analysis, as was the relationship between employee satisfaction and affective commitment. The hypotheses $H_1$, $H_{4a}$, $H_{4b}$, $H_5$, $H_6$, $H_7$ and $H_8$ were accepted as laid out in Table 6.22. $H_2$ was rejected as internal price was not regarded as statistically significant. Further to this, $H_3$ and $H_6$ could not be tested as the subscales for internal promotion (pertaining to $H_3$) and internal physical evidence (pertaining to $H_6$) were discarded as a result of the EFA due to poor construct validity.

When employee satisfaction was regressed onto each of the refined internal marketing mix elements in a step-wise regression, it was found that all the internal marketing mix elements influence GDP employee satisfaction within retail banks (refer to Figure 6.3). When affective commitment was regressed onto employee satisfaction, it was found that there is a positive relationship between employee satisfaction and affective commitment.

The strongest relationship observed in the step-wise regression analysis was between the internal people construct and employee satisfaction. The second strongest relationship being between internal product and employee satisfaction.

Chapter 7 is presented next. This chapter covers the summary, conclusions and recommendations based on the empirical findings in Chapter 6. Recommendations are made to retail banks in terms of how to improve internal marketing programmes and increase satisfaction and affective commitment amongst existing and potential GDP employees. Limitations of the study as well as possible future research are also discussed.
CHAPTER 7
CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

7.1 INTRODUCTION

Chapter 7 provides a summary of the research undertaken in the study. The realisation of the primary and secondary research objectives will be discussed. A general explanation of the findings will be discussed in this chapter and recommendations drawn from the conclusions of the research will be provided to retail banks to improve GDP employee satisfaction through the design or improvement of internal marketing programmes.

7.2 OVERVIEW OF STUDY

Chapter 1 provided an outline of the study. Brief discussions were provided on the internal marketing concept, the elements of the internal marketing mix (internal product, internal price, internal promotion, internal distribution, internal people, internal process and internal distribution), employee satisfaction and affective commitment. The conceptual framework of the study is based on the premise that the internal marketing mix elements are able to aid in the development of employee satisfaction. In this way the internal marketing mix elements are able to play a role in increasing employee satisfaction within retail banks. It is important therefore that the relationship between the internal marketing mix elements and employee satisfaction is understood (refer to regression results in Chapter 6, section 6.9.1) so that these relationships can be strengthened. It is also important for retail banks to understand the relationship between employee satisfaction and affective commitment so that this relationship may be enhanced. When employees are satisfied they experience higher levels of affective commitment and remain with organisations for longer (refer to regression results Chapter 6, section 6.9.2) Recommendations and guidelines are provided to retail banks in this chapter. These are linked to the secondary objectives of the study (refer to Chapter 1, section 1.3.2).

A theoretical framework was provided (Chapter 1, section 1.2 Figure 1.2) which represented the relationship between the internal marketing mix (internal product, internal price, internal promotion, internal distribution, internal people, internal process and internal physical evidence) and employee satisfaction. In addition to this, the relationship between employee satisfaction and affective commitment was also represented.
The study consisted of literature which discussed services marketing, internal marketing, employee satisfaction and affective commitment. These concepts were identified and explained in detail in Chapter 2, 3 and 4. The research methodology used in the study was also provided in Chapter 5. Chapter 6 discussed the results obtained from the empirical research. The following section of the chapter provides conclusions and recommendations for each secondary objective set for the study in the aim of reaching the primary objective of: To investigate the influence of the internal marketing mix on employee satisfaction from GDP employees’ perspective in order to enhance their satisfaction at retail banks with graduate development programmes in South Africa. In addition to this, the relationship between employee satisfaction and affective commitment is also explored. The secondary objectives and hypotheses are summarised next.

7.3 CONCLUSIONS AND RECOMMENDATIONS FOR SECONDARY OBJECTIVES

In today’s highly competitive market, retail banks have come to realise that employee satisfaction and the retention of talented employees through increased levels of affective commitment could provide the competitive edge needed to succeed in the market (Lumley et al., 2011:107). The following section summarises the conclusions drawn for the research objectives of the study and provides recommendations to retail banks to improve the relationship between internal marketing and employee satisfaction, and the relationship between employee satisfaction and affective commitment. If higher levels of employee satisfaction are achieved, higher levels of affective commitment would follow and thus better retention rates.

7.3.1 Secondary objective 1

To examine the theory relating to internal marketing, the seven elements of the internal marketing mix, employee satisfaction and affective commitment

Chapter 2 highlighted the services marketing constituent of marketing and the characteristics of services as opposed to products. In this chapter internal marketing was defined as a main component of the services triangle and an essential element in the delivery of services. Internal marketing was defined as A philosophy for the management of large service organisations where the employees, in this case GDP employees, are viewed as an internal customer market. Internal marketing includes marketing tactics geared towards the attraction, development and retention of employees with the overall
objective of enhancing service quality to the customer whilst creating value and satisfaction for the employee (refer to Chapter 1, section 1.6.3).

It was highlighted in the literature through the service profit chain that employees play a vital role in the satisfaction of customer needs (Chapter 4, section 4.2). Internal marketing aids in attracting, satisfying and retaining the most talented employees in the market, in this case GDP employees to ensure the delivery of service excellence to external customers. It is pertinent therefore that these employees understand the organisation’s offerings, vision and processes. In addition to this, employees need to be provided with the knowledge and skill to manage internal relationships well (Gummesson, 2007). The significance of internal relationships and cross-functional coordination was elaborated on, as well as the need for an effective internal environment in which employees are encouraged to work together in a coordinated fashion in order to transfer knowledge and produce new ideas that create value for customers. To achieve these goals, an effective internal marketing mix is required (Yang et al., 2011:154-155; Kotlarsky et al., 2008:98-99).

Chapter 3 focused on the internal marketing mix. The internal services marketing mix, namely: internal product, internal price, internal distribution, internal promotion, internal people, internal process and internal physical evidence was chosen to leverage organisational performance.

Chapter 4 discussed employee satisfaction as an essential element for service success. The employee is considered key to the service encounter and in view of the service profit chain, employee satisfaction results in customer satisfaction and overall profitability. Employee satisfaction was defined as an employee’s sense of satisfaction not only with the work, but also with the broader organisational context within which the work exists. Chapter 4 discussed the link between the internal marketing mix and employee satisfaction. The link between employee satisfaction and affective commitment was also discussed.

7.3.2 Secondary objective 2

GDP employees are aware of the internal marketing mix in their bank
The study assumed that GDP employees are aware of the internal marketing mix elements in their bank. Chapter 6 section 6.5.1 showed that the overall mean for the awareness of the internal marketing mix is 1.54 (1=strongly agree and 5=strongly disagree), indicating that the majority of participants agreed with the statements specified in the study and are therefore aware of the internal marketing mix in their bank (main finding 1). The statement which participants agreed with most was Q1.3, “I am aware of whom I report to” (mean= 1.14 and standard deviation = 0.710) as highlighted with main finding 2 (Chapter 6, section 6.5.1). This item relates to the internal people element of the internal marketing mix and suggests that GDP employees are most aware of the internal people element in the bank. The statement indicating the least level of agreement was Q 1.6, “I am aware of the different departments within my bank” (mean= 2.02) (main finding 3). This item relates to the internal distribution element of the internal marketing mix. This result suggests that GDP employees are not overly familiar with the various departments and business units within their bank. Since GDP employees are new to the bank, they may not have had exposure to the various business units or understand the specific functioning of these business units within the broader banking context. However, since internal marketing requires cross-functional integration between departments specifically for the flow of knowledge and information, it is important that this level of awareness increases.

It can therefore be concluded that GDP employees are aware of the internal marketing mix elements within their employing bank. The internal marketing mix elements however did exist independently and the GDP sample were aware of these. The internal people element had the highest level of awareness amongst the retail bank GDP employees and internal distribution accounted for the lowest level of awareness as per the discussion above.

The implications of the results indicate that these internal marketing elements can be enhanced to bring about increased levels of awareness and can be integrated into a formal internal marketing programme in order to enhance employee satisfaction. Through the implementation of a formal programme in which each of the internal marketing mix elements are understood and communicated to employees, it sends a message that the organisation cares about their employees’ needs. Furthermore, just like the external customer, internal customers have become more knowledgeable about internal products and services. If employees are aware of the internal mix, they are able to determine their own level of satisfaction with each of these elements and provide feedback when specific items are not meeting their needs. The internal marketing mix provides an internal
strategy which provides insight into how everything pulls together to deliver value for the external customer. In this way it helps employees understand the corporate objective and their purpose in this regard (Sanchez-Hernandez & Grayson, 2012:282-283). By increasing awareness levels of certain elements, such collaborative culture employees understand the importance of cross-functional integration, teamwork, the role they play in this regard, and how this relates to the service quality provided to external customers.

- Recommendation 1: Retail banks should develop and communicate a formal internal marketing programme incorporating the internal marketing mix elements discussed in Chapter 6 in order to increase the awareness levels amongst staff. In this way the internal marketing mix elements will not exist independently of each other and through a formal approach, employees will be aware of the internal marketing mix within their bank. Through this kind of integrated approach greater levels of employee satisfaction could be achieved which will in turn result in higher levels of affective commitment and employee retention.

7.3.3 Secondary objective 3

| To determine GDP employees level of satisfaction with their bank as an employer |

As discussed in Chapter 6 (section 6.5.3), the overall mean score of the employee satisfaction construct was 1.53, reflecting that GDP employees are satisfied with their bank as an employer (main finding 27). The item accounting for the strongest level of agreement (1= strongly agree) was Q9.4, “I will recommend working for this bank to others” (mean = 1.33) (main finding 28), implying that GDP employees are satisfied with the bank they are employed with and are willing to recommend their bank to others. The item reflecting the least level of agreement was Q9.3, “I feel satisfied with the job I am doing for my bank” (mean=1.89) (main finding 29). Graduates generally start in entry level positions and have to work themselves up to more challenging positions and this may be frustrating for some of these individuals eager to get ahead.

It can be concluded that GDP employees are generally satisfied with their employing bank. GDP employees would recommend their bank as an employer to others. Their least level of satisfaction was with the job they are currently doing as discussed. It is important for retail banks to ensure that their employees are satisfied since this can lead to increased productivity, commitment, engagement, lower levels of absenteeism and staff
turnover, all of which increase organisational effectiveness. This is because satisfied employees are more productive and motivated in delivering higher levels of service quality to both internal and external customers. The following recommendations have been put forward.

- **Recommendation 2:** In order to continue to provide high levels of employee satisfaction, retail banks could look at each item developed for the internal marketing mix and determine how improvements can be made to each of these. For example, retail banks could work on improving the supervisor-employee relationship and help ensure that supervisors/direct managers have regular feedback sessions with employees whereby they communicate openly and honestly, since this item had the lowest mean (mean=1.08) indicating the highest level of agreement (1=strongly agree and 5=strongly disagree).

- **Recommendation 3:** “Voice of internal customer” sessions could be held on a quarterly basis in order to stay in touch with GDP employee needs. The sessions would focus on things that are going well and those things which are not going well. In this way evolving employee needs are catered for and effective solutions can be developed. A comprehensive internal marketing programme needs to be put in place to address issues of dissatisfaction.

### 7.3.4 Secondary objective 4

**To determine whether a positive relationship exists between internal product and GDP employee satisfaction**

The findings measuring Hypothesis 1, which links to secondary objective 4, suggest that a significant positive relationship exists between internal product and employee satisfaction. The outcome of the regression supports the hypothesis (β = 0.548, p < 0.05). The adjusted R² value of 0.289 indicates that approximately 28% of the variance in employee satisfaction is predicted by internal product (main finding 46) (Chapter 6, section 6.9.1.1).

By providing internal products that meet employee needs, organisations are able to increase employee satisfaction and their commitment within the organisation. The GDP participants agreed that internal product is important to their job satisfaction (mean=1.35) (main finding 4).
Chapter 3 section 3.2.1.1 highlighted that by providing training as part of the internal product, it serves as both a tool for attracting talented employees and as a way of improving employees' skills and abilities so that they are able to perform their jobs well. When employees are able to perform their jobs effectively and serve customers well, they experience higher levels of satisfaction. GDP employees agreed that the internal training is an important component of internal product (mean = 1.22) (Chapter 6, section 6.5.2).

Chapter 3 section 3.2.1.2 also identified empowerment as a component of internal product. By empowering employees and giving them the discretion to solve both internal and external customer problems, they are able to perform better resulting in greater feelings of satisfaction. In this way empowerment allows employees to feel better about their jobs. In addition to this, empowerment contributes to the building of trust, collaboration and loyalty amongst employees, all of which enhance employee satisfaction. GDP participants agreed that empowerment is an important component of the internal product (mean = 1.41) (Chapter 6, section 6.5.2).

Role fit and role clarity were discussed in Chapter 3 section 3.2.1.3 as further parts of internal product. When the fit between the employee and the job is right, employees are able to perform their jobs better resulting in increased satisfaction. To perform their jobs well, employees need to be clear about what they are expected to deliver. When clear performance goals are put in place and employees are provided with the relevant knowledge and information to achieve their goals, they feel more satisfied. GDP participants agreed with the statement and found role fit to be an important component of internal product (mean = 1.89).

Finally, Chapter 3, section 3.2.1.4 discussed career advancement as an essential part of internal product emphasising that when a clear career progression plan is put in place, employees feel valued by the organisation and become more engaged with the organisation and more motivated to perform well. Clearly defined career paths aid in attracting talented employees, their satisfaction and their retention within the organisation. GDP employees found career advancement to be the most important element in the internal product scale (mean = 1.13) (Chapter 6, section 6.5.2). The overall mean of the statements measuring internal product indicated that GDP employees agree that internal product is important to their job satisfaction (mean = 1.35) (main finding 4, refer to Chapter 6, section 6.5.2). The highest level of agreement was with Q2.2, “It is important that I have opportunities to advance my career in the bank I work for” (mean = 1.13) (main finding 5, Chapter 6, section 6.5.2). The least level of agreement was with Q2.5, “It is important that
my skills match the job I am doing (mean = 1.89) (main finding 6, Chapter 6, section 6.5.2).

Chapter 6 (section 6.9.1.1) confirmed that there is a significant positive relationship between internal product and GDP employee satisfaction. The main conclusion drawn is that the internal product and the components thereof, namely training and development, empowerment, role fit and clarity and career advancement are influencers of GDP satisfaction. Of these components, career advancement opportunities is the most important to GDP employees as discussed. The implication is that retail banks must ensure that the components of internal product, namely training and development, empowerment, role fit and clarity and career advancement opportunities are taken into account, improved and incorporated as part of the internal product offering.

The empirical results identified internal product to be a significant influencer of GDP employee satisfaction (main finding 46, Chapter 6, section 6.9.1.1). This provides an opportunity for retail banks to improve or enhance the internal product element of the internal marketing mix which will form the basis for the recommendations. Therefore, in order to attract the right kind of employees into the organisation the internal product needs to be reviewed and the following elements, namely career advancement opportunities, training and development, empowerment and role fit and clarity ought to be included as part of the internal product offering. These components will help the employee to engage and connect with the organisation. When employees feel connected to the organisation and cared for, they experience high levels of satisfaction and loyalty leading to higher levels of retention. The following recommendations have been put forward:

- **Recommendation 4:** Retail banks must provide comprehensive career plans for the GDP group of employees. This should include a clear career path of what positions they should be able to move into from a promotional perspective, and which positions they would be able to move into from a lateral move perspective. Retail banks need to focus on providing careers that allow GDP employees to grow and develop their skills and competencies. In addition to this employees should be empowered to take charge of their own careers. Employees want to know that they have a future in the bank and that they are an important part of the “cause”. If a career plan is provided, employees feel valued and cared for (refer to Chapter 3, section 3.2.1).

- **Recommendation 5:** Coupled with the career plan is a need for a personal development plan in terms of what training and development and what specific
competencies are required for GDPs to move into the more senior positions specified in the career plan.

- **Recommendation 6:** Before GDPs are promoted into more senior roles, retail banks could conduct competency assessments to assess whether GDP employees do in fact possess the desired competencies required for upward or lateral promotions and positions (Schneider, 2013). In this way retail banks are also able to assist employees to assess their skills and competencies so that they are able to change these areas or develop themselves to manage the challenging parts.

- **Recommendation 7:** Chapter 3 and 4 discussed how training and development comprise a key part of internal product. When employees have been sufficiently trained about the product or service they offer, they feel more confident, professional and more respected by customers. In addition to product and job related training, employees need to receive soft skills training such as emotional intelligence.

- **Recommendation 8:** A coaching and mentoring programme must be established for the GDP group of employees whereby senior managers provide coaching and guidance to these employees. Group coaching sessions could be put in place to help GDP employees with developmental areas such as desirable leadership competencies. Mentoring and coaching is an essential method of transferring knowledge and providing support to GDP employees. On-the-job coaching is essential in ensuring that skills are entrenched and utilised and that employee performance is enhanced (Jabbour, 2013).

- **Recommendation 9:** Chapter 3 and 4 highlighted that GDP employees' need to be empowered to perform their jobs and make decisions necessary for the delivery of service excellence. Given that each customer has their own unique set of needs and requirements, employees need to understand these needs and have the power to meet these needs (within the boundaries of associated business risk). Empowerment provides employees with greater autonomy in terms of how they think, behave and make decisions as well as how they are managed. Employees who are provided with the discretion to perform their jobs well and can see meaning in what they do, tend to be more satisfied and stay with organisations for longer. Retail banks must empower the GDP employees as much as possible. Daily production meetings could be held whereby employees have input in what is going well and not going well, and need to
develop their own solutions to these challenges (within a safe and supportive environment).

- **Recommendation 10**: It is important to note however that not all employees feel comfortable in a collaborative environment or in positions of high autonomy. For this reason, organisations need to ensure that the job fit between the employee and the role they are recruited for is right and organisations must also ensure that the fit between the employee’s values and career goals and the organisational culture are correct to ensure employee satisfaction, productivity and retention over the long run. It is important therefore that the right employees are recruited into the organisation. GDP employees should be carefully screened through competency assessments and other employees in the employing department could participate in the interview process to ensure that the right kind of person is brought into the organisation to ensure a good fit with the existing team.

- **Recommendation 11**: Employees need to know exactly what it is that they are expected to do and deliver. Employees should understand the bank’s external marketing strategy and what role they play in delivering on promises made to both internal and external customers (refer to Chapter 3, section 3.2.1). For this reason, GDP employees need clear job descriptions specifying the functional responsibilities of the job, the competencies required for the job and what a graduate is expected to do over and above this such as being part of an innovation committee of a community of practice. The job description needs to be linked to the employees KPIs and it is essential that regular feedback is provided regarding their performance and the meeting of these objectives. This would in turn facilitate open communication between managers and subordinates. In addition to this, employees should be aware of how their deliverables contribute to the bank’s overall performance as this can enhance satisfaction levels. Satisfied employees tend to feel more passionate about their jobs and as a result put more effort into serving internal and external customers (refer to Chapter 3, section 3.2.1 and Chapter 4, section 4.4.1).

### 7.3.5 Secondary objective 5

| To establish whether a significant positive relationship exists between internal price and GDP employee satisfaction | 222 |
The findings measuring Hypothesis 2, which links to secondary objective 5, suggested that a significant positive relationship exists between internal price and employee satisfaction. The outcome of the regression did not support this as internal price was not found to be statistically significant \((p=0.086)\). As a result the hypothesis was rejected.

Too much work and unrealistic time pressures may result in feelings of stress and burnout, leading to feelings of dissatisfaction resulting in high employee turnover. Employees expected to engage in emotional labour and act empathetically to customers’ needs, experience higher levels of emotional exhaustion and dissatisfaction. In addition to this, if employees feel that they have missed out on opportunities with other organisations as a result of working for the bank or have missed out on opportunities as a result of having to learn new processes, their feelings of stress and dissatisfaction are likely to increase. A psychological contract exists between the employee and the organisation and when this contract is breached employees are likely to become less responsiveness to the organisation and dissatisfied with their work. As a result their productivity will decrease resulting in poor levels of service and these employees are more likely to leave the organisation and seek employment elsewhere. Since the GDP employees are new to the organisation and are part of a programme in which they are cared for and looked after, the psychological contract is still firmly in place and it is unlikely that they would experience high levels of stress and burnout. For this reason it makes sense that the GDP participants did not find internal price to be statistically significant.

Internal price was excluded as an element of the internal marketing mix for the purpose of this study (main finding 47, section 6.9.1.2).

### 7.3.6 Secondary objective 6

| To explore whether a significant positive relationship exists between internal promotion and GDP employee satisfaction |

The findings measuring Hypothesis 3, which links to secondary objective 6, suggested that a significant positive relationship exists between internal promotion and employee satisfaction.

No hypothesis testing could be performed for internal promotion since the internal promotion subscale was removed from the study during the EFA due to poor construct
validity (main finding 35, refer to Chapter 6, section 6.6.1.1.). Three factors with Eigenvalues exceeding 1 were initially detected \([F1(3.744:37.44\%, F2(1.732:17.32\% \text{ and } F3(1.545:15.45\%)]\) and for this reason the scale required refinement. High commonality scores were deleted and factor scores were rotated a couple of times, however throughout the refinement process no meaningful patterns were detected in the pattern matrix. The factor structure of the subscale seemed unstable and the researcher faced three options with regard to the internal promotion subscale. Firstly, the researcher could disregard the EFA and use all items to create or compute a factor score; however the researcher was aware that no valid rationale would be applied to this solution. Secondly, the researcher could use the remaining four items in the scale to create a factor score; however this would not be representative of the construct. Thirdly, the researcher could remove the scale completely as it did not have enough construct validity to contribute to the conclusion of the study. Option three was selected from an integrity point of view and as a result the internal promotion scale was discarded from the study and no longer subject to any further measurement. Conceptually, the construct of internal promotion seems quite important in the prediction of employee satisfaction; however the measurement of this construct remained problematic. For this reason, any deductions made in the regression analyses using this measure would have been contentious.

7.3.7 Secondary objective 7

**To determine whether a significant positive relationship exists between internal distribution and GDP employee satisfaction**

The findings measuring Hypothesis 4, which links to secondary objective 7, suggested that a significant positive relationship exists between internal distribution and employee satisfaction. During the EFA internal distribution emerged as a two-factor solution (main finding 36, Chapter 6, section 6.6.1.1). Initially two factors emerged, the first factor labelled collaborative culture (2.921) explained 41.72% of the common variance, and the second factor labelled organisational culture (1.969) explained 28.13% of the common variance. Each of these is discussed next.
7.3.7.1 Collaborative culture

**H4α: There is a significant positive relationship between collaborative culture and GDP employees’ level of satisfaction**

A positive relationship was predicted between collaborative culture and employee satisfaction. The results from the regression results support the hypothesis ($\beta = 0.388$, $p < 0.05$). The adjusted $R^2$ value of 0.114 indicates that approximately 11.4% of the variance in employee satisfaction is predicted by collaborative culture (main finding 48, Chapter 6, section 6.9.1.3).

Chapter 3, section 3.2.4.1 specified the importance of organisational culture for the purpose of collaboration and the transfer and sharing of skills and knowledge. The culture of the organisation defines the values and norms required to support an internally market orientated environment. When employees are recruited into the organisation, it is important that their personal values match those of the organisation and the employees working there. This helps create an environment of synergy and teamwork. Teamwork is essential for allowing knowledge to be shared across the organisation. Delivering service quality requires a team effort and synergy across a number of departments and co-workers. A culture that supports interfunctional coordination encourages employees to come together and share ideas and knowledge which allows for better job performance resulting in enhanced feelings of satisfaction. The GDP participants agreed with the literature and found collaborative culture to be a predictor of employee satisfaction. In addition to this, the GDP participants agreed with the concepts presented in the literature (pertaining to Q5.1, Q5.2 & Q5.3) and found Q5.1, “it is important that everyone in my bank works together to provide high quality service to customers” to be the most important component in the collaborative culture construct (mean=1.63)(refer to Chapter 6, section 6.5.2).

The main conclusion is that collaborative culture is an influencer of GDP employee satisfaction. Employees working together to provide a high quality service to both internal and external customers were considered to be the most important element in the collaborative culture construct as per the previous discussion. The implication is that retail banks must encourage a culture of teamwork and collaboration. Retail banks must become cross-functional and integrated so that
information can flow seamlessly and all functions work together to create value within the value chain.

- **Recommendation 12:** Retail banks must focus more on cross-functional integration by encouraging business units to work together. Retail banks could include different talents and different points of view by forming a cross-functional value proposition area for example whereby employees from the sales area, marketing area, product area and customer strategy area come together to understand the external customers’ needs and how to develop meaningful solutions to meet these needs. In this way, knowledge can be shared and employees work together to provide higher levels of service quality to customers. To this end, retail banks are able to increase their collaborative intelligence by harnessing the power within networks of people which allows employees to synchronise their activities and create value within the value chain (refer to Chapter 3, section 3.2.3.1).

- **Recommendation 13:** Retail banks need to adopt a clan-type culture which values employee commitment, loyalty, empowerment, openness, morale, participation, teamwork, personal involvement and cohesiveness, by stressing the need for flexibility and internal focus (refer to Chapter 3, section 3.2.4.1). This kind of organisational culture will govern employee behaviour and attitudes within the organisation. In addition to this, this type of culture will help establish trust and the formation of close internal relationships between employees which will in turn aid with the sharing of knowledge and information.

### 7.3.7.2 Organisational structure

**H₄b:** There is a significant positive relationship between organisational structure and GDP employees’ level of satisfaction

A positive relationship was predicted between organisational structure and employee satisfaction. The results from the regression results support the hypothesis ($\beta = 0.431, p < 0.05$). The adjusted $R^2$ value of 0.185 indicates that approximately 18.5% of the variance in employee satisfaction is predicted by organisational structure.

Chapter 3, section 3.2.4.2 explained the importance of organisational structure in creating organisational culture and specified that the organisation needs to be structured for inter-
functional purposes allowing for the free flow of information and the sharing of ideas. It is the responsibility of managers to create an internal environment where employees can build positive relationships with co-workers and management and feel more engaged and connected. When employees are more involved and connected to the organisation, they experience higher levels of satisfaction. Decentralised structures are the embodiment of decentralised decision-making and are thus essential for responding to needs such as empowerment, flexibility, freedom and action. Managers who implement decentralised or more horizontal type structures encourage the free exchange of information and support high levels of communication across departments and across all levels of the organisation. Managers therefore need to ensure that the right channels or structures are in place for information to be shared and for the empowerment of employees to make decisions. When employees are empowered through decentralised decision-making supported by a decentralised structure, they are able to perform their jobs well which results in increased satisfaction. The GDP sample agreed with the literature and found organisational structure to be a predictor of employee satisfaction. In addition to this, the GDP participants agreed with the concepts presented in the literature. The GDP participants found Q5.7, “It is important for me to able to communicate with upper management when necessary” (mean=1.31) to be the strongest item in the scale (main finding 14, refer to Chapter 6, section 6.5.2). The least level of agreement and highest level of variance was with Q5.2, “It is important for me to share the same values as my colleagues” (mean=2.13)(main finding 15, refer to Chapter 6, section 6.5.2).

The main conclusion is that organisational structure is an influencer of GDP employee satisfaction. Communication with upper management was viewed as the most important characteristic of the internal organisational construct as discussed. The implication is that retail banks need to be structured for cross-functional purposes and allow for the free flow of information across departments and specifically across different levels of management. It is important that employees have access to and are able to communicate with senior level management.

The empirical results identified organisational structure as an influencer of GDP employee satisfaction. This provides an opportunity for retail banks to improve or enhance the organisational structure element of the internal marketing mix which will form the basis for the recommendations.

- **Recommendation 14:** Retail banks must adopt flatter and more decentralised organisational structures that allow for better integration between departments and
higher levels of internal communication across all levels of management and departments. Matrix structures could make for the best fit in which employees from different areas come together to work on projects. For example, in the development of a new banking product, a matrix structure would bring employees together from areas such as marketing, product, sales and finance. These kind of structures encourage open employee communication, interfunctional integration and involved decision-making (refer to Chapter 3, section 3.2.3.2). A decentralised organisational structure will allow employees to communicate freely with all levels of management and across departments, resulting in higher levels of satisfaction. In this way employees are better able to serve their internal customers. Decentralised structures also bring about more empowerment which supports the internal product from an empowerment perspective. When employees are empowered to serve customers well they experience higher levels of satisfaction.

7.3.8 Secondary objective 8

To explore whether a significant positive relationship exists between internal people and GDP employees’ level of satisfaction

The findings measuring Hypothesis 5, which links to secondary objective 8, suggest that a significant positive relationship exists between internal people and employee satisfaction. The outcome of the regression supports the hypothesis ($\beta = 0.571, p < 0.05$). The adjusted $R^2$ value of 0.326 indicates that approximately 32.6% of the variance in employee satisfaction is predicted by internal people (main finding 50, Chapter 6, section 6.9.1.5) Chapter 3, section 3.2.5 reiterated that retail banks are people-based organisations. Therefore people form the most important asset required for producing services. Through strong internal relationships with leaders, supervisors/managers and co-workers, employees are able to fulfil their affiliation needs and as a result feel more satisfied with their work and their organisation.

From an employee satisfaction perspective, the relationships with leaders, supervisors/direct managers and co-workers all have an impact on the employee as employee behaviour depends on the interaction with others in the internal environment. It is the responsibility of senior leadership to establish a clearly communicated shared vision for employees in the organisation. In addition to this, leaders encourage the development of new ideas, teamwork and the sharing of information with employees across all areas of
the organisation. Leaders need to be accessible and are required to listen to the suggestions their employees make, thereby creating an environment of trust and commitment within the organisation.

Chapter 3, section 3.2.5 also stressed the importance of supervisors/direct managers. The supervisor/direct manager is the employee’s source of reference when he/she is facing challenges. For this reason supervisors need to be approachable and encourage informal discussion as this allows for more open communication between supervisors and subordinates. SHRM (2012:15) states that when there are open lines of communication, supervisors/direct managers are able to respond more effectively to employees’ problems and concerns. Further to this supervisors are required to assign meaningful work, help manage workloads and employee stress, involve employees in decision-making and reward employees for a job well done. In this way supervisors/direct managers support employees and employees feel that they been treated fairly resulting in feelings of satisfaction.

Chapter 3, section 3.2.5 also mentioned the role of co-workers as part of internal people. Co-workers are the employees’ second family; it is the relationship with co-workers that provides the notion of ‘teamwork’ and the feelings of a team spirit. Team spirit is based on how employees feel about their co-workers as this group collectively depends upon one another as they work together to achieve common objectives. If positive relationships exist between co-workers, these employees will bond better as a team resulting in greater levels of employee satisfaction. Employee satisfaction is increased when co-workers are friendly, competent and supportive as these employees serve as a source of support, comfort and advice to each other. It is also essential that co-workers treat each other with respect. When employees feel respected, they feel satisfied. In addition to this, when co-workers are positive and satisfied with their work they send out positive cues to others to model their behaviour.

The GDP participants agreed with the literature and found the most important item, “It is important that my manager/supervisor communicates openly with me” (mean=1.08) (main finding 17, Chapter 6, section 6.5.2). If employees feel they are supported by their supervisors and are able to communicate openly and honestly, they tend to experience higher levels of satisfaction. Employees often feel that supervisors can be approached through informal discussions which make them more real to employees and employees are encouraged to communicate more freely allowing for the healthy exchange of knowledge, skills and services (Hsu, 2011:235). Their least level of agreement was with “It
is important to me that my co-workers are satisfied with their jobs" (mean=2.41) (main finding 18, Chapter 6, section 6.5.2). This suggests that GDP employees do not believe strongly that their satisfaction is linked to their colleagues’ feelings of satisfaction.

The main conclusion therefore is that internal people is the strongest influencer of employee satisfaction given that the strongest relationship observed in the step-wise regression analysis was between the internal people construct and employee satisfaction. The research findings showed the relationship with supervisors in terms of open communication with subordinates to be the most important component of the internal people construct as per previous discussions.

The implication is that internal people is recognised as the strongest influencer of employee satisfaction. Therefore, retail banks need to ensure that the components of internal people, namely leadership style, relationship with supervisors/direct managers and relationship with co-workers are firmly entrenched within the bank in a way that creates employee satisfaction and stronger levels of affective commitment. In particular it is necessary to ensure that open channels of communication are established between management and subordinates.

When employees are satisfied, affective commitment is higher and employees remain with organisations thereby increasing retention rates and ultimately profitability. The empirical results identified internal people to be the most important influencer of GDP employee satisfaction. This provides an opportunity for retail banks to improve or enhance the internal people element of the internal marketing mix which will form the basis for the recommendations.

- **Recommendation 15:** Retail banks must ensure that supervisors/direct managers are accessible and constantly communicating with GDP employees. A weekly progress meeting could be put in place to discuss performance and development plans and progress. This is also a great opportunity for employees to raise concerns and ask for support which enhances open communication between employees and supervisors/direct managers. Further to this, it is essential that supervisors and direct managers provide positive reinforcement to this particular group of employees. Shaw and Fairhurst (2008:368) state that although GDP employees are independent, they are emotionally needy and as a result require constant feedback and seek approval and praise from their superiors (Shaw & Fairhurst, 2008:368). It makes sense therefore that these employees require constant open communication with direct
managers/supervisors. When positive feedback and guidance are given, these employees feel that they are adding value to the organisation and are therefore more satisfied.

- **Recommendation 16:** Retail banks should develop a combination of a participative and transformational leadership style within the organisation. Chapter 3 and 4 highlighted how, in order to create an internal environment in which direct managers/supervisors treat employees with respect and develop open channels of communication; the right kind of leadership style is required. A combination of a participative and transformational leadership style resembles the best fit in this regard. Through a combination of a participative and transformational leadership style organisations are able to shape employees into team orientated individuals committed to sharing knowledge and improving service quality. A participative leadership style is focused on the self-development of employees; it focuses strongly on the development of behaviours such as self-leadership, goal setting and working in teams, which aid in the sharing of information and the generation of ideas. In this way a participative leadership style supports employee empowerment, relationships between employees and supervisors/direct managers and an internally market-orientated environment further supporting the internal product and collaborative culture objectives. Transformational leadership on the other hand refers to how leaders are able to communicate the vision in a charismatic way and inspire an emotional connection within the organisation. Transformational leaders are able to motivate employees to go above and beyond their perceived personal limitations and to pull out all the stops for both internal and external customers. Mohammed, Al–Zeaud and Batayneh (2011:39) espouse that transformational leadership styles also reduce employee work pressure and stress and increase employee morale thereby resulting in increased levels of employee satisfaction. From a transformational leadership perspective, leaders should focus on being inspirational, positive about the future, articulating a vision for the future and displaying a confident behaviour. Leaders need to find ways to become more intellectually stimulating, seek different perspectives when problem solving and instil a sense of pride in employees (Mohammad et al., 2011: 43).

- **Recommendation 17:** Retail banks should provide training and support programmes to help managers develop a participative style of leading. This would help leaders to consult employees more often and ensure that they have sufficient autonomy when executing their work. This would also help leaders to create a safe environment that fosters openness, risk-taking and idea generation (De Jong & Den Hartog, 2007:58).
• **Recommendation 18**: Executive coaching could be provided to help develop the transformational leadership style of leading. This would help leaders to become more inspirational and enhance their communication skills (Schneider, 2013).

• **Recommendation 19**: Create opportunities whereby GDP employees can work together as a team to solve problems and develop solutions for example through daily production meetings mentioned under Recommendation 9. GDP employees are most satisfied when working in areas characterised by high levels of collaboration and empowerment. To provide service excellence to internal customers, strong internal relationships are required. For this reason relationship with co-workers becomes paramount for organisational success. Co-workers are regarded as the employees’ ‘work family’, so when employees identify with, share the same values, and can relate to their co-workers, they bond as a team which heightens feelings of satisfaction. GDP employees as part of the Generation Y group have high levels of social consciousness and look to peers for mutual support. This group of employees would prefer to work collaboratively with others than operate in isolation on their own (Shaw & Fairhurst, 2008: 373).

• **Recommendation 20**: Retail banks must create an environment that supports and encourages social interactions amongst employees in order to develop trust and deeper relationships. For this reason, social activities and team-building interventions are a necessity for this group in order to strengthen the social bonds. Higher levels of social capital result in more informed and engaged employees which results in higher levels of satisfaction and loyalty towards the organisation (Ali & Haider, 2010:40).

### 7.3.9 Secondary objective 9

| To explore whether a significant positive relationship exists between internal process and GDP employees’ level of satisfaction |

The findings measuring Hypothesis 6, which links to secondary objective 9, suggest that a significant positive relationship exists between internal process and employee satisfaction. The outcome of the regression supports the hypothesis ($\beta =0.399$, $p< 0.05$). The adjusted $R^2$-value of 0.159 indicates that approximately 15.9% of the variance in employee satisfaction is explained by the internal process element (main finding 51, Chapter 6, section 6.9.1.6).
Chapter 4 discussed how internal processes that are practised often and enforced will ensure a consistent level of service quality. From an internal process perspective, consistent processes contribute to confidence levels as employees understand exactly what is expected from them, allowing them to perform their jobs more effectively. It is the internal processes that help coordinate internal resources. In this way business operations and employees across different business units function together in order to create value through all steps in the value chain. When well designed processes are implemented within organisations, employees understand what to do resulting in better service delivery through faster turnaround times and a more consistent service experiences which results in satisfied internal and external customers.

When designing internal processes, organisations need to consider technology and various system designs which allow for the automation of internal processes to take place. Automated processes allow for greater efficiencies to be achieved from a cost, time and employee energy perspective, resulting in increased feelings of satisfaction. Through the delivery of well designed processes, better internal coordination can be achieved between internal customers and suppliers allowing for better interfunctional relationships and teamwork. In this way internal process contributes to the collaborative culture objectives. In addition to the design and delivery of internal processes, organisations should be continuously improving their existing processes. Internal process improvements allow organisations to reduce errors and improve their decision-making ability which leads to increased internal quality and employee satisfaction. Thus internal process enhances employee empowerment and in turn the internal product.

The GDP participants agreed with the internal process literature and found the most important item in the scale to be, “It is important to have automated processes that allow me to save time” (mean=1.55)(main finding 20, Chapter 6, section 6.5.2). Automated processes avail time and energy so that employees are able to focus on more pertinent issues such as managing people or serving customers better. The GDP participants agreed least with the item, “It is important that the bank I work for has well designed processes” (mean= 1.95)(main finding 21, Chapter 6, section 6.5.2), implying that GDP employees do consider well designed processes to be as important as other items in the scale.

The main conclusion is that internal process is an influencer of employee satisfaction. Automated processing that allows for time saving was considered to be the most important component of the internal process element as per the discussed.
The implication is that internal process is important to GDP satisfaction. Therefore retail banks need to design, implement and improve internal processes in a manner that enhances employee satisfaction

- **Recommendation 21**: All processes should be documented, scripted and visible so that every employee understands exactly what is expected and what needs to be done. This will ensure a more consistent service experience for both internal and external customers. In addition to this, internal processes will increase employee accessibility to information and the internal product.

- **Recommendation 22**: Well designed automated processes such as e-procurement and e-learning which are consistent, should be implemented and coordinated across the organisation. This will ensure that employees are able to obtain and share information in a meaningful way which is critical for service improvement (Schneider, 2013).

- **Recommendation 23**: New technology should be reviewed and implemented to enhance self-service as this aids in reducing employee energy and time costs, whilst increasing the speed and effectiveness of service delivery. In terms of delivering both internal and external service, processes must be effective in terms of reducing waiting lines and ensuring high levels of reliability throughout the process.

- **Recommendation 24**: Employees work with processes every day and for this reason the employee should have input into how process improvements can be made. Basic process training could be provided to employees in order to empower employees and enhance their ability to understand processes and how to make relevant changes to non-value adding processes (Weir, 2011).

- **Recommendation 25**: Employees must be informed of any process changes. Employees who understand the processes feel more confident to perform their jobs and have more trust in the organisation. If any process change takes place, this must be clearly communicated to all employees who are affected, and may require a change management or training intervention.

- **Recommendation 26**: Internal processes must be reviewed on a regular basis in order to assess whether all steps in the process are adding value to internal and
external customers. If certain activities are not adding value, these activities should be reviewed and removed if necessary (Weir, 2011).

7.3.10 Secondary objective 10

To determine whether a significant positive relationship exists between internal physical evidence and GDP employees’ level of satisfaction

The findings measuring Hypothesis 7, which links to secondary objective 10, suggested that a significant positive relationship exists between internal physical evidence and employee satisfaction.

No hypothesis testing was however performed for the internal physical evidence subscale, since the scale was removed from the study during the EFA due to poor construct validity (main finding 39, refer to Chapter 6, section 6.6.1.1.). Three Eigenvalues were identified with values exceeding 1.0. Factor 1 (2.265) explained 45.29% of the common variance, Factor 2 (1.032) explained 20.65% and Factor 3 (1.008) accounted for 20.17% of the common variance. However no refinement could be made to the subscale as the scale did not converge, meaning that the items did not represent the scale denouncing any construct validity. For this reason the internal physical evidence scale was removed from the study and from any further investigation and measurement.

7.3.11 Secondary objective 11

To determine whether a relationship exists between employee satisfaction and affective commitment

The findings measuring Hypothesis 8, which links to secondary objective 11, suggest that a significant positive relationship exists between employee satisfaction and affective commitment. The outcome of the regression supports the hypothesis ($\beta = 0.835$, $p < 0.05$). The adjusted $R^2$ value of 0.693 indicates that approximately 69.3% of the variance in affective commitment is predicted by employee satisfaction.

The literature in Chapter 4 covered how organisational commitment was identified as the strongest predictor of employee intention to remain with organisations. Organisational commitment was discussed through the three-component model which proposes three...
types of organisational commitment namely, affective commitment, normative commitment and continuance commitment. The focus of the study is on affective commitment since it has been demonstrated to have a strong positive relationship with employee satisfaction. Affective commitment has been described as the employees’ state of emotional commitment to the organisation and is influenced by factors such as organisational support. Employees link their identity with that of the organisation and form an emotional commitment with the organisation which goes beyond the organisation’s instrumental worth. As a result, employees desire to continue their association with the organisation (Awwad & Agti, 2011:311).

Chapter 4 explained how employees demonstrate affective commitment to organisations in return for certain rewards which can either be extrinsic such as reward and recognition, or intrinsic such as belonging and job satisfaction. When employees feel that they are able to develop with organisations and are satisfied with the employee satisfaction predictors such as relationship with co-workers, pay and supervision, their level of affective commitment to their organisations is greater. In order to ensure greater levels of affective commitment, it is necessary that employees feel satisfied with their jobs. Thus a strong relationship exists between affective commitment and employee satisfaction. The overall mean score of affective commitment indicates that GDP employees agree with the statements measuring affective commitment (mean=1.83) (main finding 30, Chapter 6, section 6.5.2). GDP participants had the strongest level of agreement with the statement, “I feel emotionally attached to my bank” (mean=1.32)(main finding 31, Chapter 6, section 6.5.2). Their highest level of disagreement was with “I would be happy to spend the rest of my career with my bank” (mean=2.18) (main finding 32, Chapter 6, section 6.5.2).

The conclusion can therefore be made that employee satisfaction influences affective commitment. The implication is that employee satisfaction influences affective commitment. Therefore, retail banks need to develop strategies and put procedures in place to enhance employee satisfaction in order to create a higher level of affective commitment and retention. The following recommendations have been put forward.

- **Recommendation 27**: Retail banks need to develop a comprehensive internal marketing programme as discussed in the findings. Through the implementation of an internal marketing mix, internal marketing focuses on treating employees with the same level of importance as customers in order to achieve both the internal and external marketing objectives. In this way employees feel cared for by organisations,
which results in increased levels of employee satisfaction and more positive attitudes towards their work, such as increased affective commitment and loyalty.

Figure 7.1. A summary of the primary objective, the secondary objectives, the sections in the questionnaire, the main findings and the recommendations of the study

The primary objective and secondary objectives were met by proving the relationships suggested in the refined theoretical framework (Chapter 6, section 6.9.2.1, Figure 6.3) based on the perceptions of the GDP employee group. Main finding 52 (chapter 6, section 6.9.1) confirmed that employee satisfaction is influenced by internal marketing through internal product, collaborative culture, organisational structure, internal people and internal process. Therefore, internal marketing does influence employee satisfaction among graduate development employees in South African retail banks. Main finding 53 (Chapter 6, section 6.9.2.1) confirmed that there is a positive relationship between employee satisfaction and affective commitment. Thus the primary research objective was achieved.
7.4 LIMITATIONS OF THE STUDY

The main limitation of this study is that the study was only conducted among GDP employees. Findings could have been significantly different had the study been conducted among other populations within the retail banking community such as with middle and senior level management. In addition to this only three retail banks were included in the study. It is possible therefore that the information provided may not be representative of the entire industry. The results of the EFA found the factor validity for the internal promotion scale and the internal physical evidence scale to be weak. These scales were removed and therefore not used in the statistical analysis in the study. Both these factors are considered to be important elements of internal marketing. Reward and recognition formed part of the internal promotion scale and this item in particular is often considered to be the most important element of employee satisfaction. Due to the removal of the internal promotion scale, this item was not included in the statistical analysis of study. Multiple regression was not possible for this study and as a result the researcher could not establish through multivariate analysis which internal marketing element was the strongest predictor of employee satisfaction.

7.5 FUTURE RESEARCH OPPORTUNITIES

Further research could be extended to include other segments within the retail banking community, other geographical regions, and other banking structures such as Islamic banking or other service organisations. Various demographic focuses could be investigated such as the influence of age, gender and race within retail banking. Further to this, additional questions could be developed for the internal promotion and internal physical evidence scales to ensure factor validity. These elements could then be included in the study to extend the statistical analysis. Lastly, through further refinement, multivariate analysis could be performed to determine which of the internal marketing mix elements is the strongest predictor of employee satisfaction.

7.6 CONCLUSION

Retail banks are known to have a high turnover rate amongst GDP employees which indicates that GDP programmes are not as effective as they could be (Clarke, 2012). The use of the internal marketing mix is not being used as tool to improve satisfaction and increase retention. Employees provide the differentiating advantage for service organisations and employee satisfaction is therefore pivotal for organisational success.
For this reason, retail banks must consider the importance of a comprehensive internal marketing programme which is integrated into the bank’s overall marketing strategy. This will ensure that retail banks hire and train employees to deliver on the promises made through the external marketing strategy. A retail bank’s strategic advantage often exists in its capacity to streamline and connect the organisation’s capabilities in order to create service practices that are superior to competitors. Through aligning processes and employees with the external marketing strategy and external customer needs, retail banks are able to create a strategic advantage that is difficult to replicate, ensuring a sustainable competitive advantage. With the aid of internal marketing, retail banks are able to enhance GDP employee satisfaction which results in higher levels of affective commitment and GDP employees remaining with the organisation for longer, thereby contributing to better service, stronger financial performance and profitability.

Chapter 7 provided insights into the major findings of the study and provided retail banks with recommendations for the implementation of a formal internal marketing mix utilising the five internal marketing mix elements identified in this study. In this way increased levels of employee satisfaction and affective commitment can be brought about. A summary of the primary and secondary objectives, the hypotheses, relevant sections in the questionnaire, main findings and recommendations were also provided in this chapter.

The study aimed to investigate the influence of the internal marketing mix on GDP employee satisfaction and to establish whether a relationship exists between employee satisfaction and affective commitment. The five internal marketing mix elements that came to the fore were: the internal product, collaborative culture, organisational structure, internal people and internal process. The study showed that GDP employee satisfaction is influenced by the internal product, collaborative culture, organisational structure, internal people and internal process. In addition to this, the study showed that affective commitment is influenced by employee satisfaction. The primary objective of the study was therefore achieved.
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APPENDICES

Appendix 1: GDP cover email and questionnaire

Dear Valued GDP Employee

Please make a difference and assist me in obtaining my Masters of Commerce degree, while simultaneously contributing to a significant study that will add value to the business and academic community at large.

This study is on how internal marketing influences employee job satisfaction (specifically Graduate Development Employees) within the retail banking industry.

Brief background to the study

Service organisations have begun to place large emphasis on internal marketing in order to attract, satisfy and retain employees within the organisation. The objective being that satisfied employees are more able to deliver on the brand promises made to external customers. The purpose of this study is to understand how the different elements of the internal marketing mix, namely internal product, internal price, internal promotion, internal distribution, internal people, internal process and internal physical evidence influence employee job satisfaction and the retention of talented employees within the organisation specifically the retention of GDP employees.

You have been identified as a current GDP employee and therefore your opinion is held in high regard to this study.

Information about the survey

I will be conducting the survey during the month of August and the questionnaire will take approximately 15 minutes to complete. Should you choose to participate in this study an email containing an electronic link hosted by the University of Johannesburg will be sent through to you. Once you have completed the survey the information will be sent directly to the statistical department of the University of Johannesburg for collation.

Any information obtained from this study will in no way reflect the identities of the people participating in the study (it will be entirely anonymous). Your cooperation, opinions and attitudes will be kept completely confidential.

If you would like to participate please email me on leigh.de.bruin@gmail.com. Please also cc me on reg@metaskills.co.za to ensure that I receive the mail.

Your opinion matters so please share it and add value to this study!
### Demographics of the employee

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which banking brand do you work for?</td>
<td></td>
</tr>
<tr>
<td>Which department are you working in?</td>
<td></td>
</tr>
<tr>
<td>What is your gender?</td>
<td></td>
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<tr>
<td>What is your race?</td>
<td></td>
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<tr>
<td>What age bracket are you in?</td>
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<tr>
<td>Have you worked in another organisation previously?</td>
<td></td>
</tr>
<tr>
<td>If you answered 'yes' to the previous question, please specify</td>
<td></td>
</tr>
</tbody>
</table>

### Section 1 - Awareness of Internal Marketing Mix

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of internal product</td>
<td>I am aware of my job description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awareness of internal price</td>
<td>I am aware of my total cost to company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awareness of internal distribution</td>
<td>I am aware of whom I need to report to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awareness of internal promotion</td>
<td>The bank communicates with me through internal measures such as intranets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Section 1 - Awareness of Internal Marketing Mix

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of internal processes</td>
<td>I am aware of the processes involved in order to complete my work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awareness of internal people</td>
<td>I am aware of the different departments within the bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awareness of internal physical evidence</td>
<td>I am aware that my physical working environment influences the way I perform my job</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Section 2 - Internal Marketing

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Product</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and development</td>
<td>It is important that the bank I work for provides me with training opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career advancement</td>
<td>It is important that I have opportunities to advance my career in the bank I work for</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Section 2 - Internal Marketing

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role clarity</td>
<td>It is important that I understand what I am expected to deliver in my job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment</td>
<td>It is important that I am provided with the opportunity to make my own decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role fit</td>
<td>It is important that my skills match the job that I am doing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Degree of passion</td>
<td>It is important to me to feel passionate about the work that I do</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and development</td>
<td>It is important that the bank I work for provides me with training opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Internal Price</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Willingness to go the extra mile</td>
<td>It is important that I put in extra time to learn new processes in my bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burn out - exhaustion (psychological cost)</td>
<td>It is important that I do not have too much to do and too little time in my job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stress (psychological cost)</td>
<td>It is important that the sacrifices I make at work are worth it for me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity cost</td>
<td>It is important to me to feel that by working for my bank I have not missed out on opportunities elsewhere</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 2 - Internal Marketing

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

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<th>Statement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional labour</td>
<td>It is important that I don’t find it stressful to put on a ‘happy face’ at work when I am not in a happy mood</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depersonalisation (psychological cost)</td>
<td>It is important that I feel responsive towards my bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Internal Promotion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>It is important the bank’s vision is frequently communicated to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>It is important that print materials (such as posters and newsletters) are frequently used by my bank to communicate to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>It is important that events (such as roadshows) are frequently used by my bank to communicate to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>It is important that my manager has one-on-one meetings to communicate to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>It is important that my bank communicates to me through online mechanisms (i.e. intranet, Internet, email or social networking)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Section 2 - Internal Marketing

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

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<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition</td>
<td>It is important for me to receive verbal recognition for the job I do</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognition</td>
<td>It is important for me to receive public appreciation (so that my colleagues know I am a good performer and valued team member) when I achieve my performance goals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reward</td>
<td>It is important that the pay I receive is high compared with what others get for similar work at their organisations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reward</td>
<td>It is important for me to receive an award on a monthly/annual basis when I perform my duties well</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reward</td>
<td>It is important that financial rewards (bonuses, increases, security of employment) are used to acknowledge me when I achieve the goals set out for me by my job description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture</td>
<td>It is important that everyone in my bank works together to provide high quality service to customers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section 2 - Internal Marketing

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

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<th>Statement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>It is important for me to share the same values as my work colleagues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture</td>
<td>It is important for me to frequently share information with my colleagues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culture</td>
<td>It is important for me to frequently share information with managers I do not report to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>It is important that I am easily able to implement plans set up within the boundaries of my job description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>It is important that my manager allows me to communicate with supporting departments without his/her permission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>It is important for me to be able to communicate with upper management when necessary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal People</td>
<td>Leadership (transformational) It is important that senior leaders in the bank communicate a clear vision</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leadership (transformational) It is important that senior leaders consider the suggestions of employees while making a decision</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Section 2 - Internal Marketing

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

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<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership (Participative)</td>
<td>It is important that senior leaders in the bank share information about the bank with employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership (Participative)</td>
<td>It is important that senior leaders in the bank encourage teamwork</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisor</td>
<td>It is important that my manager/supervisor supports me by treating me fairly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisor</td>
<td>It is important that my manager/supervisor communicates openly with me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-workers</td>
<td>It is important that my co-workers treat me with respect</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-workers</td>
<td>It is important to me that my co-workers are satisfied with their jobs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Internal Processes

| Process design | It is important that the bank I work for has well designed processes |  |  |
| Process delivery | It is important that the support activities offered by other departments are reliable |  |  |
**Section 2 - Internal Marketing**

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

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<th>Strongly Agree</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Process improvement</td>
<td>It is important that improved ways of doing tasks at work are found allowing me to give better service to my internal customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process design</td>
<td>It is important to have automated processes that allow me to save time</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Internal Physical Evidence</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical evidence</td>
<td>It is important for me to work in a physically appealing environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical evidence</td>
<td>It is important that the layout of my office is easy to work in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical evidence</td>
<td>It is important that my colleagues are grouped around me in a pleasant manner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Essential evidence</td>
<td>It is important that my manager/supervisor helps me set both personal and work-related goals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Essential evidence</td>
<td>It is important that my manager/supervisor frequently provides feedback relating to my work performance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Section 3 - Employee Job Satisfaction

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

<table>
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<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>I am positive about my job</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>I have positive feelings towards the bank I work for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>I feel satisfied with the job I am doing for my bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>I will recommend working for this bank to others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Section 4 - Affective Commitment (Retention)

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

<table>
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<tr>
<th>Measurement</th>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective commitment</td>
<td>I would be happy to spend the rest of my career with my bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>I do not feel a strong sense of 'belonging' to my bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>I feel 'emotionally attached' to my bank</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Section 4 - Affective Commitment (Retention)

Please answer the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly agree and 5 being you strongly disagree)

<table>
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<tr>
<th>Measurement</th>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective commitment</td>
<td>I feel like a ‘part of the family’ at my bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>The relationship between my bank (as an employer) and myself is mutually beneficial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>My bank is the first company that comes to mind when I make future career decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>I intend to stay in a committed relationship with my bank (as my employer)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 2: Histograms for the internal marketing mix, employee satisfaction and affective commitment
Appendix 3: Scatter plots for internal marketing mix elements, employee satisfaction and affective commitment

**Internal product and employee satisfaction**

![Normal Q-Q Plot of INT_PRODUCT]

**Internal price and employee satisfaction**

![Normal Q-Q Plot of INT_PRICE_OVERAL]
Organisational structure and employee satisfaction

Collaborative culture and employee satisfaction

Internal people and employee satisfaction
Internal process and employee satisfaction

Employee satisfaction and affective commitment
Appendix 4: Box-and-whisker plots for the internal marketing mix, employee satisfaction and affective commitment

Internal Product

Internal Price

Internal promotion

Organisational structure