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The Predictors of Business Performance in the Investment Management Industry

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in Strategic Marketing

Johannesburg, 2015

ABSTRACT

This study aimed to investigate the influence of internal marketing, relationship quality and continuity as predictors of business performance in the investment management industry in South Africa.

The tested relationships produced satisfactory results consistent with how they were hypothesised. Specifically, it appears that internal marketing has a positive impact on business performance. These results will have a beneficial outcome on investment management companies and may prompt them to align business strategies to focus more on internal customers which the employees. Relationship quality has a positive effect on business performance and seems to have an encouraging effect on their relationships that are long-term orientated. However, what is evident is that through the alignment of business strategies, it would be advised that investment management companies focus on the quality of relationships that they have with their clients, as this has a favourable result as indicated by the findings of the study. Finally, relationship continuity has a good impact, but there is no significant influence on business performance as indicated by the findings.

Key Words: Internal Marketing, Relationship Quality, Relationship Continuity, Business Performance.

DECLARATION

I, Bongekile Mgxaji, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Strategic Marketing in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Bongekile Mgxaji

Signed at ……

On the …….. Day of …… 20…..

DEDICATION

To my late mother Nikiwe Theodorah Mgxaji, you always emphasised the importance of education. I would not be where I am had it not been for your teachings, support and encouragement. I know that you are very proud wherever you are.

ACKNOWLEDGEMENTS

I would like to express a heartfelt appreciation to my supervisor Prof. Richard Chinomona. There were times where I was on the verge of giving up, and each time you steered me towards the right direction. Your patience and willingness to offer your time and intellect was the major reason in me successfully accomplishing this thesis.

To all my friends, families and study mates, your ability to always remain optimistic regardless of the challenges provided me with a balanced perspective.

To my four-year-old daughter Angandanga Mgxaji, thank you baby girl for your understanding and for never complaining when mommy is not around. To my sister Ziyanda Majavu, thank you for keeping me grounded and for being an anchor in my life. Thembi Mphemba and Thumeka Hoga my babysitters, without your support, I would not have managed to complete my thesis. Thank you for the unconditional love that you gave to my daughter.

To my ex-employer, Investment Solutions, current employer Absa Asset Management, thank you for sponsoring my studies, and my ex-boss, Michele Ongley, thank you for endorsing and believing in my abilities. The support and encouragement that you gave me was tremendous.

Thank you to all the investment professionals that participated in this research study; it would not have been possible without your responses.

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CHAPTER 1. OVERVIEW OF THE STUDY

1.1 Introduction

This chapter covered the overview of the entire study, which included the importance of the concepts of internal marketing, relationship quality, and relationship continuity on business performance. The key fundamentals that play a role in business performance were highlighted. The purpose of the study was discussed, research objectives and research questions, justification of the study, scope of the study as well as the limitations of the study and the definition of key concepts. The problem statement was also described, indicating the research gap that forms part of the motive for conducting the current study.

1.2 Context of the Study

The investment management industry is a growing one in South Africa. This industry is comprised of organisations that look after monetary resources on behalf of individuals, retirement funds and institutional funds. Investment management department is also available in most of the big banks. Therefore, it is surprising to realize that there has not been enough research done to find out important elements to measure the business performance in the investment management industry. It is crucial to identify the predictors of business performance as this will assist companies in the investment management industry to align their strategies better. Internal marketing as a predictor of business performance refers to all the activities that a company (investment management organisations) has to achieve in order to grow, prepare and inspire its employees, so as to improve the quality of customer service offering (Chen & Lin, 2006).

Internal marketing advances the output of the employees and enhances customers' fulfilment, which leads to growth of earnings (Ahmed, Rafiq, & Saad, 2003). This is important for investment managers because increased customer

satisfaction leads to increased revenue. In addition(Alexandris, Zahariadis, Tsorbatzoudis, & Grouios, 2004) studied the internal marketing concept and realised that all the employees especially client servicing should be viewed as internal buyers, their day to day activities as company products. They should be treated as customers even though they work for the company. (Alexandris *et al*., 2004).

According to Ballantyne and Varey, (2006) to achieve a great level of service quality, formulate relationships and company strategies that maintain a customer centric service culture, internal marketing has to be implemented. (Ballantyne & Varey, 2006).

Ravindra, (2013) further adds by saying that to implement internal marketing goals, especially in the investment management industry, different strategies aimed at internal employees should be executed, this will also assist in improving internal communication Ravindra, (2013). In addition customers often measure the company on the quality of service they receive from customer service employees hence the internal marketing, relationship quality, relationship continuity has to be explode in the investment management industry (Ravindra, 2013).

1.2.1 Role of pension funds investment management industry

According to Blake, Rossi, Timmermann, Tonks, and Wermers (2013), the investment management industry involves companies that are involved in managing retirement, health and welfare. These companies are called sponsors. Sponsors save funds so that they are able to pay their employees when they retire. Companies owning pensions funds sometimes manage their own funds or get fund managers or consultants to perform their investment activities (Blake *et al*., 2013).Pension funds are a very important vehicle through which workers can put aside some money while they are actively involved in performing their duties. This is so that they may retire comfortably or maintain a reasonable standard of living when they retire (Blake *et al*., 2013).

The pension promise is everyone's responsibility as it has important implications for the economy and society in general (Blake *et al*., 2013). Johnson and Jan de Graaf (2009) Pursued by saying that there is long-term commitment between employer, employees, trustees, asset consultants and a whole lot of other stakeholders. It is important to nurture those relationships as they foster economic growth.

1.2.2 Role of an asset consultant

Asset consultants have a lot of responsibility towards the funds they look after. According to Cooper (2013) the duties of an asset consultant include, but are not limited to, developing investment policy statements, asset allocation, investment manager selection, asset liability modelling, performance measurement and investment manager oversight.

Large pension funds often rely on their internal investment professionals to fulfil different functions that are needed to construct diversified investment portfolios. Most of the time investment managers are hired to fulfil the same purpose Cooper (2013). The author goes on to say that although some internal investment professionals have the authority to appoint and fire investment managers, the main attribute of asset consultants is their involvement in selecting and making suggestions in the hiring of other investment advisors (Cooper, 2013).

1.2.3 The role of an investment manager

The main responsibility of an investment manager is to construct well diversified portfolios for the retirement funds with guidance from an asset consultant (Cooper, 2013).

An investment manager buys and sells securities according to the fund`s investment objectives and strategies. Their main competitors are banks, money management firms, index fund managers and specialty management firms.

1.3 Problem Statement

The investment management industry is very important to the development of the South African economy. It is surprising, then, that there has not been enough research done on the predictors of business performance in the investment management industry. Internal marketing has been identified as a predictor of business performance. The idea of internal marketing was introduced by Wieseke, Ahearne, Lam, and Dick (2009). They suggest that employees should be considered internal customers and their jobs should be perceived as the company`s products (Wieseke *et al*., 2009). By doing this, the company attempts to treat its employee in a way that will enforce job fulfilment and encourage creativity. In the 1980s, George (1990) established the foundation of internal marketing based on the Scandinavian stream. He argued that at the centre of product and service delivery, employees were the most important element (George, 1990).

Therefore, employees should be trained as marketers in order for them to retain and build on-going solid relationships (Grönroos, 1994). In order for employees to satisfy customer needs, Grönroos (1994) suggest that the internal environment has to be based on internal marketing. This method is based on creating customer-focused behaviour. According to Patrick, Israel, Olawale, and Simeon (2013) the main focus of this approach is to encourage employees to be more satisfied with their jobs. (Taylor, 2015) studied the issue of relationship quality in services-selling and found that a strong buyer-seller relationship is contingent in terms of the relationship continuity. Eisingerich, Auh, and Merlo (2014), reported that employees involved in the service delivery process often take both the blame and credit for negative or positive business performance.

Although previous researchers have presented the issues and the importance of relationship quality and relationship continuity between customers and service providers, the factors that influence sellers to develop a strong and continuous relationship with their customers within the investment management industry have not been explored. By knowing which variables are important or influence business performance, organisations in the investment management

industry will be able to shift focus to these. Therefore, below, the study will focus on certain pertinent problems as identified by the researcher.

1.3.1 Main problem

Though the need for internal marketing is understood, the reality demonstrates that nothing much has been done to properly identify predictors of business performance in the investment management industry.

This study will evaluate internal marketing, relationship quality and relationship continuity as predictors of business performance and contextualise its influence on relationship quality, relationship continuity and business performance in the investment management industry.

1.3.2 Sub-problems

The first sub-problem is to examine the extent to which internal marketing affects business performance.

The second sub-problem is to find out whether relationship quality and relationship continuity have an impact on business performance.

1.4 Purpose of the Study

This study aimed to investigate a role played by relationship quality, internal marketing and relationship continuity as predictors of business performance in the investment management industry of South Africa.

1.5 Research Objectives

1.5.1 Theoretical objectives

The following theoretical objectives were developed:

- To review literature on internal marketing;

- To review literature on relationship quality;
- To review literature on relationship continuity; and
- To review literature on business performance.

1.5.2 Empirical objectives

Based on what the study aims to achieve, the following empirical objectives were developed:

- To investigate the influence of internal marketing on business performance;
- To investigate the influence of relationship quality on business performance; and
- To investigate the influence of relationship continuity on business performance.

1.6 Research Questions

- To what extent does internal marketing influence business performance?
- To what extent does relationship quality influence business performance?
- To what extent does relationship continuity influence business performance?

1.7 Significance of the Study

This study will add value to the investment management industry by giving insights to the extent in which internal marketing, relationship quality and relationship continuity affects business performance. As such investment managers are likely to understand or have a better appreciation of the strategies they need to design in order to have a greater influence on of internal marketing, relationship quality and relationship continuity on business performance. Also given that little has been done on the study particularly on

the South African context, this study will provide new literature that will be useful for future researchers,

1.8 Delimitations of the Study

The study focused on investment managers based in Johannesburg and Cape Town. Personal interviews were limited to the heads of the top five investment management companies based in Johannesburg. The study only focused on client-facing and business development employees.

1.9 Definition of Terms

1.9.1 Internal Marketing

Tsai (2014), define internal marketing as all the activities that a business has to accomplish in advancing, training and encouraging its workers to improve the quality of service rendered to its customers.

1.9.2 Relationship Quality

According to Singh and Chugan (2013), relationship quality can be defined as the magnitude to which consumers want to sustain relationships with their service providers.

1.9.3 Relationship Continuity

Boonpattarakan (2012), define business continuity as an outcome factor that results after a customer is satisfied with the service provider based on the past purchase experience and fairness of the transaction in that relationship and creates a high probability of continuing.

1.9.4 Business Performance

Shehu and Mahmood (2014), define business performance in terms of the market growth, increase of market share and the industry relative growth.

1.10 Assumptions

This study provides the following assumptions provided below:

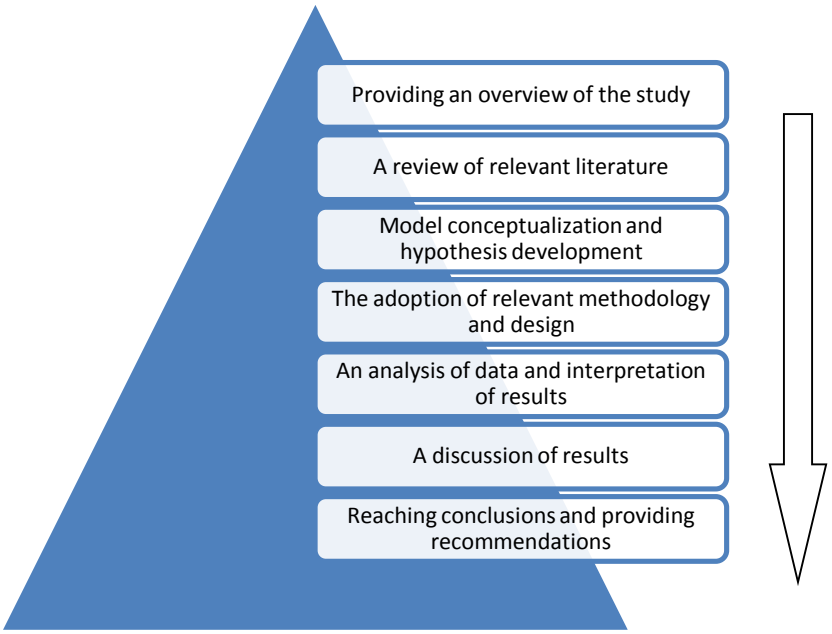
- Management methods in the investment management industry are inspiring and enhance service-mindedness and customer orientation of the employees;
- Employees will get continuous feedback and information
- The results will assist management to align business strategies to the important elements that will generate revenue for the business.

1.11 The Research Flow of the Study

The process under which the research was undertaken is scientific. Figure 1 below is a diagrammatic representation of the research flow of the study. The diagram indicates the course of the research from commencement (i.e. the overview) right up to the conclusion.

The study is inclusive of constituents and procedures necessary to ensure that the research is credible.

Figure 1: Research flow



Source: Own

1.12 Outline of the Study

The following is an outline of the organisation of the current study:

Chapter 1: Overview of the Study

Chapter one covers the overview of the entire study, which includes the introduction, the purpose of the study, problem statement, research objectives and research questions, justification of the study, scope of the study as well as the limitations of the study and the definition of key concepts.

Chapter 2: Literature Review

Chapter two discusses the literature relevant to this study and provides its theoretical underpinning. The chapter begins with a review of the definitions for internal marketing, relationship quality, relationship continuity and business performance. The hypotheses are formulated and variables identified at the end of the chapter.

Chapter 3: Research Methodology and Design

The purpose of this chapter is to elucidate the research methodology relevant to the study. Madue (2014), defines research methodology as the overall approach that the research process will take. The overall approach covers the theoretical foundation through to the collection and analysis of the data.

Chapter 4: Analysis and Interpretation of Findings

This chapter presents the empirical findings of the research, and discusses the findings in relation to the theoretical perspective. The results of main survey are explained, followed by a discussion.

Chapter 5: Discussion of the Results

This chapter discusses the demographic profile of respondents and discusses hypotheses.

Chapter 6: Conclusion and Recommendations

Chapter six encompasses a discussion of the findings, concluding remarks as well as a share of recommendations.

1.13 Summary

This chapter emphasised the importance of the concepts of internal marketing, relationship quality, and relationship continuity on business performance. The key fundamentals that play a role in business performance were also highlighted. Therefore, the present study set out to investigate internal marketing, relationship quality and relationship continuity as predictors of business performance. The problem statement was also described, indicating the research gap that forms part of the motive for conducting the current study.

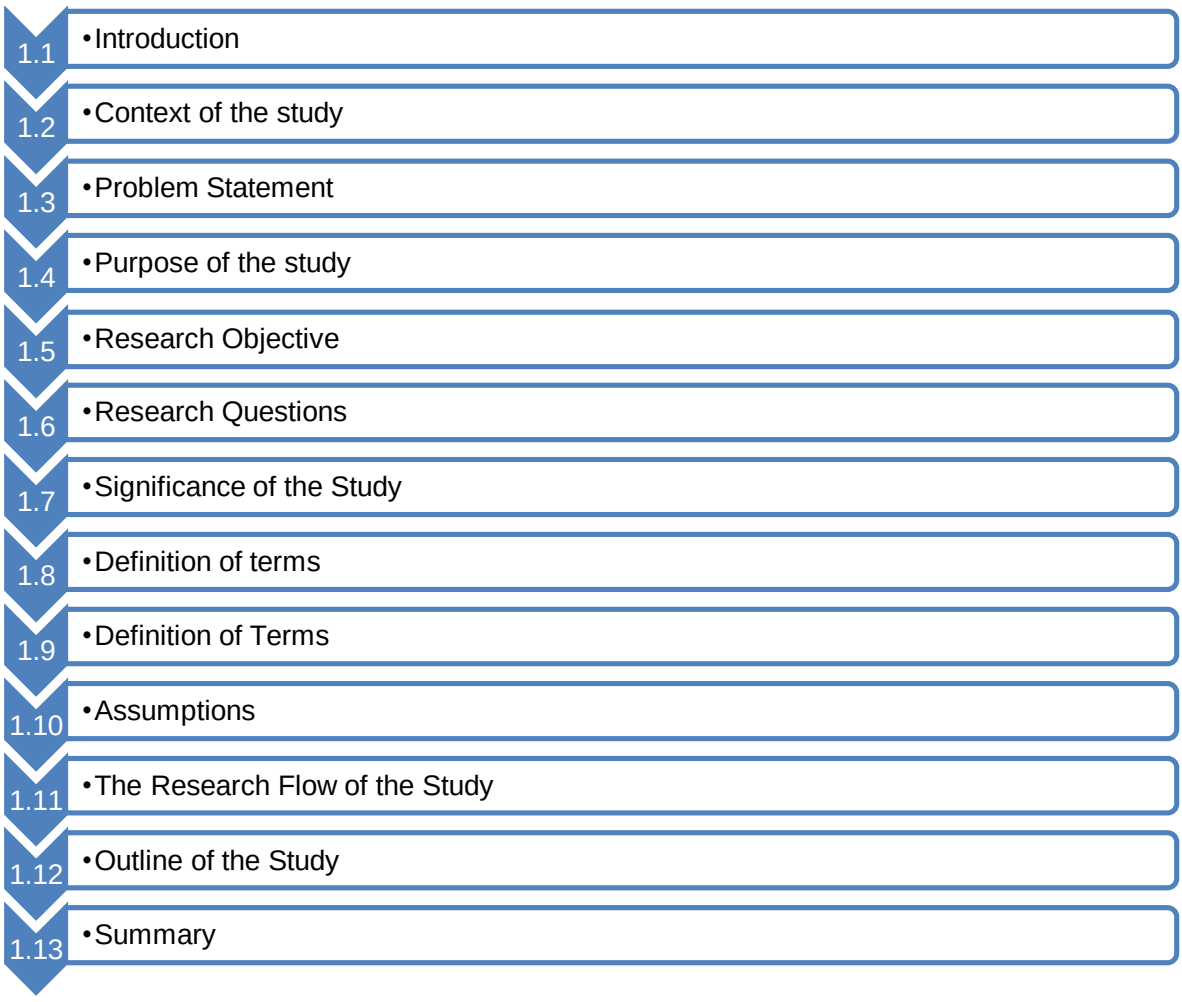
The basics of this chapter were also given light. These include the research purpose, research objectives and research questions. What the study will contribute to the investment management sector as well as academics has also been described.

This is vital since the South African government is actively seeking ways to promote business development. A justification of the study was concurrently highlighted as well.

The scope of the study was expressed also and a research flow to be taken by the study was described, as well as the organisation of the entire study.

Figure 2 below is a diagrammatic representation of summary of Chapter one:

Figure 2 Diagrammatic representation of chapter one summary



Source: Own

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

The point of Chapter two is to deliver the writing significant to this study and to give its hypothetical make-up. The part starts with an audit of the meanings of inner showcasing, relationship quality, relationship progression and business execution. Speculations are figured and variables distinguished are introduced toward the end of the part.

2.2 Resource-based Theory

The resource-based view focuses on the firm's internal characteristics, especially the cultural patterns of learning and human capital asset accumulation, and has a significant impact on the firm's capability to introduce new products and compete for market share. Moreover, these same characteristics define organisational fluidity through strategic intent and their knowledge base (Ulrich & Lake, 1991).

The resource-based view expands on this thinking further by stating that competitive advantage can be achieved and only if the capabilities creating the advantage are supported by resources that are not easily duplicated by competitors. In other words, firms' resources must create a barrier to enter the market (Rumelt, 1984). Thus, resources are the basic units of analysis and include physical and financial assets as well as employees' skills and organizational social processes. A firm's capabilities result from bundles of resources being brought to bear on particular value-added tasks.

This study is based on the dynamic abilities theory which is a subset of resource based theory (Teece & Pisano, 1994) (Eisenhardt & Martin, 2000) This theory states that vital administration is the point at which an organisation is concerned about how it can accomplish and support competitive advantage in the industry it operates in (Teece *et al*., 1997; Eisenhardt & Martin, 2000).

This study perfectly fits into the dynamic capacities. Organizations should focus on the development and the capacity to serve clients and have the capacity to contend more over a period of time (Teece *et al*., 1997).

Researchers have throughout the decades recognized numerous benefits and these incorporate; the necessity for an organisation to add to a strong protective position in the business, the control of data or the capacity to vital put resources into abilities that render the opposition non-focused and picking up efficiencies that are hard to duplicate by building persevering preferences (Teece at al., 1997). As proposed by different authors, a business should be characterized by what it is equipped for doing keeping in mind the end goal to perform well in the long run (Grant, 2001); (van Vuuran & Worgotter, 2013).

2.3 Internal Marketing

Tsai (2014), characterises inward promoting as all the exercises that a business needs to achieve in propelling preparing and urging its employees to enhance the nature of services rendered to its clients.

Ahmed *et al*. (2003), agree by saying that inside promoting helps the profit of the representatives and advances customers` delight, which builds winning. Besides, Zubair, Kabeer, Karim, and Siddiqui (2012) perspective interior showcasing as an apparatus that assumes a critical part in adequately enlisting, developing and rousing workers to empower them to give uncommon client administration. They additionally specify that it is not sensible to suspect perfect administration from a business whose representatives are not arranged to convey such administrations.

The principle destination of inward advertising is to assemble propelled and client cognizant workers to fulfil administration quality as pointed out by Ndubisi and Ndubisi (2013). The thought of inside showcasing was presented by Berry, Hensel, and Burke (1976), took after by (Murray, 1979). Moreover, in an article that they distributed in 2014, Asiedu and Acheampong (2014) likewise touched on the inner promoting idea. The interior showcasing writing is developing quickly yet there is no deliberate method for demonstrating how it ought to really

work by and by. The principle reason is that there is no concurred meaning of inner showcasing (Ahmed *et al*., 2003). Then again, this study utilises, the definition given by (Tsai, 2014).

Boukis, Gounaris, Kostopoulos, and Kaminakis (2015), propose that workers ought to be viewed as inward clients and their occupations ought to be seen as the company`s items. Shehu and Mahmood (2014), characterizes an inward client as one straightforwardly included in the association and who gets paid to render an administration to an outer client, while an outside client is not specifically included in the association and more often than not pays for the administrations rendered. By doing this (survey workers as interior clients and seeing their employments as organization items) the organization endeavors to treat its worker in a manner will authorize work satisfaction and energize imagination. As per (Al-Hawary & Metabis, 2012), the fundamental center of this methodology is to urge workers to be more fulfilled by their employments.

Al-Hawary and Metabis (2012), state that for an association to have upbeat clients, it is imperative to have cheerful representatives first. By satisfying the representatives' needs, the association can keep them content, which can bring about the workers rendering great quality administration and building quality connections (Al-Hawary & Metabis, 2012).

In a paper composed by Pranowo and Andriyani (2012), an essential truth is said that to have content clients, the organization should without a doubt have cheerful workers. He further proceeds by saying that this can be satisfied by applying promoting truths to employment profiles and worker engagement and inspiration. Hence, inside advertising involves selecting, selecting, preparing and urging workers to build up an enthusiasm for overhauling clients better.

Thirty-nine years have passed since Berry *et al*. (1976) thought of the interior showcasing thought. Pranowo and Andriyani (2012) said that further headway in writing on inner showcasing highlight the significance of viably conveying and giving an acceptable sign to representatives of where the association is going.

Accordingly, the examination of writing and key idea has distinguished five components of inside advertising (Ahmed *et al*., 2003).

These components are:

- Employee inspiration and fulfilment;
- Customer introduction and consumer loyalty;
- Inter-practical co-appointment and mix;
- Marketing-like way to the above; and
- Implementation of particular corporate of practical methods

For this study, the emphasis will be on the initial three components to determine the importance of client servicing personnel and the quality of service rendered to clients (Zeithaml & Bitner, 2009).

2.3.1 Employee motivation and satisfaction

Berry *et al*. (1976) concocted the idea of inner promoting with a specific end goal to explain the test of furnishing clients with the best administration reliably. In this way, the principle point of inward advertising is verifying that representatives are roused and fulfilled to the point where they find themselves able to give world-class administration to the clients (Ahmed *et al*., 2003).

2.3.2 Customer orientation and customer satisfaction

Grönroos (1981), took after with the second idea of inner showcasing by concentrating on representatives managing straightforwardly with clients and called that intelligent advertising. His reason was that it is essential for contact workers to go to customers` needs and guarantee that they are fulfilled.

Also, Grönroos (2005) understood the colossal effect that the purchaser dealer relationship has on purchasing and rehash acquiring and the effect that it has in pulling in new clients to the association.

In this manner, the association needs to verify that representatives are client arranged keeping in mind the end goal to exploit new business open doors.

In his view the target of inner showcasing is to contract client driven workers who are inspired, as well as deals concentrated also. Also, Grönroos (2005) distinguished the need to viably orchestrate client adjusting workers and back office staff keeping in mind the end goal to give better administration than the clients. He likewise saw interior advertising as an idea that is pivotal in coordinating distinctive divisions that are vital in the client relations of the association.

2.3.3 Inter-functional co-ordination and integration

Taleghani, Gilaninia, and Talab (2013) demonstrate that between utilitarian coordination means arranging all the exercises of the organization including business data for the profit of the clients. Moreover, inner advertising is utilized as a device to allot the obligation of promoting to the whole organization. All the representatives are urged to concentrate on their parts in the association furthermore see how the parts identify with one another (Achrol & Kotler, 2014).

2.4 Relationship Quality

Agreeing Wong and Dioko (2013) relationship quality is the extent to which shoppers need to manage associations with their administration suppliers.

Relationship quality underscores the relationship between the administration supplier and the purchaser, and perspectives consumer loyalty as key to the accomplishment of a relationship (Wong & Dioko, 2013).

Beatson, Lings, and Gudergan (2008), raise the imperative point that, more often than not, customers don't see any contrast between the association and the individual giving the administration, subsequently the collaboration of clients with salesmen gets to be essential in deciding the nature of the relationship.

For the administration supplier to work together effectively, it is critical for them to comprehend the nature of a relationship from a customer`s perspective (Beatson *et al*., 2008). In his investigation of relationship quality in administration offering, Verma, Sharma, and Sheth (2015) found that an

excellent relationship depends on the salesperson`s aptitude to decrease question. They further say that vulnerability can bring about administration disappointment, prompting unfavourable results. At the point when a relationship is of amazing the client has trust in the salesperson`s capacity not to frustrate later on and trust the salesperson`s uprightness to reliably give attractive administration (Verma *et al*., 2015).

The consciousness of relationship quality has emerged from hypothesis and research in the field of relationship advertising (Verma *et al*., 2015); (Palmer & Bejou, 2015). Besides relationship quality expects to persuade and define objective to reinforce officially solid connections and to stir enthusiasm on clients that are not faithful to the association and cement existing connections (Parish, Lampo, & Landua, 2015).

The significance of relationship quality has been investigated by various diverse creators like (Mullins, Ahearne, Lam, Hall & Boichuk, 2014). They concocted distinctive definitions however concur that relationship quality is a build that has a few diverse yet related components connected to it (Alejandro, Souza, Boles, Ribeiro and Monteiro, 2011).

These segments are advantage (Jin, Weber & Bauer, 2012), client introduction (Palmer & Bejou, 2015), contention (Samaha, & Palmatier, 2015), trust and fulfilment in sales representative (Verma, Sharma & Sheth, 2015), dedication and saw quality (Kayeser & Abdur, 2014).

Besides a few creators have found or measured relationship quality on three components. These components are fulfilment, responsibility and trust. This is backed by the study done by (Liu, Guo & Lee, 2011). The decision of trust, duty and fulfilment is based and upheld by the studies on business to business markets (Mansouri & Pakia, 2015).

2.4.1 Trust

According to Blois (1999) the development of interest on relationship marketing has led to the realisation of the construct of trust. (Blois, 1999). It is important to

understand the impact and the contribution of trust on business to business relationships. Trust has been identified as an important construct used to achieve loyalty and develop successful relationships.

Parasuraman *et, al.* (1985) introduced trust as a critical success factor in successful service relationships. The authors suggest that customers need to feel safe in dealings with suppliers and need to be assured that their interaction is confidential in that they are able to trust their suppliers. Berry (1995) suggests that relationship marketing is built on the foundation of trust. In relation to customer loyalty, Reichheld and Schefter (2000) highlight the importance of trust in that to gain the loyalty of customers, trust has to be gained first.

In addition, trust is an important feature or aspect in the development of quality relationships built through a process of making and keeping promises (Dwyer *et al*., 1987; Gronroos, 1990; Hewett & Bearden, 2001).

Past research has shown a link between trust and customer loyalty. Some studies have shown customer loyalty to be a consequence of trust. Empirically, there is evidence of the direct effects of trust on loyalty. A direct link between trust and loyalty has been demonstrated in several research studies. Chaudhuri and Holbrook (2001) demonstrate that trust plays an important role in the brand domain in that they link (brand) trust to brand performance through brand loyalty.

The view of brand trust as part of the brand domain recognises that brand value can be created and developed through the management of some aspects that go beyond consumer's satisfaction with the functional performance of the products and its attributes (Aaker, 1996); Lasser *et al.*, 1995).

Blackston (1995) also suggests that trust can offer an appropriate schema to conceptualise and measure a more qualitative dimension of brand value. Delgado-Ballester and Munuera-Aleman (2001), using customer commitment as an indicator of customer loyalty, empirically found that brand trust has a direct effect on customer commitment and can thus indirectly affect the level of price

tolerance. Based on this evidence, one can sufficiently conclude that trust leads to customer loyalty.

2.4.2 Commitment

It is contended that client duty to the supplier is an imperative driver of client dedication in administration commercial enterprises (Fullerton, 2003).The develop of responsibility has additionally been demonstrated to be a vital measurement of relationship quality (Hennig-Thurau *et al*., 2002). Likewise to trust, responsibility is considered as a vital fixing in fruitful connections (Morgan & Hunt, 1994). The build of responsibility is viewed as the focal develop in relationship advertising (Garbarino & Johnson, 1999; Pritchard *et al*., 1999).

The idea of duty stems from mechanical and hierarchical brain research and has been seen as a proposition to proceed with an approach or movement, for example, keeping up an association with a business accomplice (Fehr, 1988).

In the purchaser and-dealer relationship writing, duty is characterized as a verifiable or express vow of social progression between trade accomplices (Dwyer *et al*., 1987). In less difficult terms, duty alludes to the inspiration to stay with a supplier or suppliers (Moorman *et al*., 1992). In a business relationship, responsibility is a mental supposition of the psyche through which a demeanour concerning continuation of an association with a business accomplice is shaped (Wetzels, de Ruyter & Birgelen, 1998).

Regarding the relationship in the middle of duty and dependability, Dick and Basu (1994) recommended that potential results of responsibility may incorporate informal correspondences a vital part of attitudinal steadfastness.

Clients who have high responsibility in an item or administration will purchase more. At the end of the day, duty prompts the behavioural part of dedication.

In backing of this thought, Pritchard, Havitz and Howard (1999) discovered a huge way from imperviousness to change (responsibility) to dedication. This connection was especially solid in their carrier specimen, with more than a large

portion of steadfastness fluctuation represented by this way. Different creators, for example, Fullerton (2003), Garbarino and Johnson (1999), Geysken, Steenkamp, Scheer and Kumar (1996), Gilliland and Bello (2002), and Wetzels, de Ruyter and Birgelen (1998) additionally gave experimental proof that the relationship of client duty to future buy propositions and expectation to stay in the relationship exists.

2.4.3 Satisfaction

Kotler (1991) essentially expresses the way to client maintenance as being consumer loyalty. There is much hypothetical and exact confirmation that demonstrates this connection in the middle of fulfilment and client maintenance and client steadfastness. In principle, a few creators place the commitment of fulfilment to client faithfulness. Nam, Ekinci and Whyatt (2011), state that fulfilment is a key determinant to each level of brand dependability. These creators suggest that fulfilment is an essential variable in clarifying faithfulness. Pan, Sheng and Xie, (2012) recommend fulfilment to be a good predictor of brand devotion. Fulfilment is regularly thought to influence the probability of repurchasing or reusing the service provider. Lai and Chen (2011) propose three measurements of fulfilment (cognitive, full of feeling and conative) that finish in real life dependability or rehash use. There is a surge of experimental exploration that anxieties the connection in the middle of fulfilments and client steadfastness.

In buyer promoting, there is predictable proof that fulfilment adds to repurchase expectations, behavioural aims, client maintenance and client dependability (Hui, Zhang & Zheng, 2013).

In the setting on showcasing channels, Khan, Williams and Naumann (2013) observationally found that devotion is the aftereffect of monetary fulfilment, and a channel part's assessment of the financial results that spill out of the association with its accomplice, for example, volume, edges and markdown.

The creators likewise found that reliability is decreased by social fulfilment, which is a channel part's assessment of the mental parts of its relationship (Khan, Williams & Naumann, 2013).

In business-to-business examine, a few creators demonstrate that a connection in the middle of fulfilment and reliability exists. For instance Safa and Ismail (2013) found that fulfilled clients stay with the firm. Their outcomes demonstrated that as relationship fulfilment builds, so does client maintenance. Their discoveries show that dependable and profound connections are the consequence of the gatherings included being fulfilled by the result of their work (Safa & Ismail, 2013).

In examination directed in the messenger business- to-business setting, Wong and Dioko, (2013) deliberate client dependability utilizing two measurements: proposal and support. The creators found that consumer loyalty has a beneficial outcome on stand out measurement, which is suggestion.

They didn't discover backing for the speculations that that business consumer loyalty adds to the support measurement of steadfastness. It creates the impression that business clients of dispatch suppliers are primarily determined by their emotional condition of fulfilment in suggesting the administration (Wong & Dioko, 2013).

2.5 Relationship Continuity

As characterized by Heide and John (1990), congruity is the understanding that is in view of the desire by the administration supplier that there will be future communication with the client. Likewise, these days there is an inclination amongst clients and administration suppliers to race into business exchanges without building the fundamental establishment important to manage the connections over quite a while (Morgan & Hunt, 1994) ; Anderson & Narus, 1990). Besides, how the relationship is seen by the administration supplier conditions him to future desire.

The degree in which relationship progression is seen by an exchanging accomplice conditions the exchanging accomplice's desire of dragging out the relationship later on (Heide & John, 1990). Additionally, in the starting phases of the relationship, there is readiness to put by both accomplices keeping in mind the end goal to exploit the nearby joint effort and the continuation of the relationship (Ellram & Edis, 1996); (Ramsay, 1996) & (Cousins, 2002).

2.5.1 Trust

Morgan and Hunt (1994) recognized trust as one of the sub-measurements of relationship progression. Moreover, trust includes respectability and sureness of reliability amongst accomplices (Morgan & Hunt, 1994). Likewise, if the relationship between the client and the administration supplier is new, clients are hesitant to trust the administration supplier without first testing them, however when this is carried out it gets to be conceivable to fabricate a compelling relationship that prompts managed pay (Benton & Prahinski, 2004).

Geyskens and Steenkamp (1995) likewise recommend that trust expands assurance in a relationship, as when a client believes the administration supplier there is an awesome opportunity to hold that client. Correspondingly, trust gives confirmation that an awesome result will be attained to and the coveted objectives arrived at, which ought to prompt more noteworthy slant to chip in (Andaleeb, 1995).

Moreover, the study done by Duarte and Davies (2004), Razzaque and Boon (2003) likewise found that trust prompts relationship progression in the middle of clients and administration suppliers. They likewise set that trust is earned and it is assembled over the long haul through rehashed communications and demonstrations of great confidence (Duarte & Davies, 2004).

Subsequently, Razzaque and Boon (2003) set that when there is absence of ceaseless and common trust in a relationship; it frequently prompts disappointment and breakdown.

Therefore, Liu *et al*., (2007) accentuate the significance adjusting the relationship between a client and an administration supplier; neglecting to do as such may prompt trust breakdown and social danger.

They likewise found that the length of connections can be stretched out through goodwill and trust.

2.5.2 Commitment

As per Rusbult (1983), dedication is the primary motivation behind why a client and an administration supplier stay in a relationship. Dwyer *et al*. (1987) is in assertion as he alludes to duty as a verifiable or unequivocal vow of relationship congruity between trade accomplices.

Duty is one of the primary components of business congruity this has been hypothised by Achrol (1991), Anderson and Weitz, (1989), and Morgan and Hunt (1994) in the exact studies that they have led. They additionally suggested that as the relationship progresses, duty will develops between accomplices (Moorman *et al*., 1992).

Thus, duty is a major component for the relationship achievement (Morgan & Hunt, 1994). Furthermore they raise long haul participation between the accomplices, held up profits identified with the connection with the accomplices rather than fleeting options, and conceivable high hazard activities for accepting that the accomplices won't act astutely as a portion of the essential viewpoints that empower relationship progression (Morgan & Hunt, 1994).

Besides, responsibility exhibits and advances productivity, fitness, gainfulness and benefit (Morgan and Hunt, 1994). Mill and Rauyruen (2007) further express that clients' dedication impacts administration provider`s responsibility absolutely and that prompts relationship coherence.

2.5.3 Adaptation

Kinnie and Swart (2003) state that adjustment means rolling out improvements to a firm`s interior courses of action keeping in mind the end goal to suit the needs of supply accomplices.

Hallén (1991) anticipates that adjustment will happen all the more harmoniously in long haul supply connections where purchaser and supplier structure critical parts of every other`s business.

Brennan and Turnbull (1995) underscored the significance of adjustment in light of the fact that most coordinated efforts are in view of the match between a client and an administration supplier.

Moreover, it happens when the administration supplier adjusts to the needs of the client and the client adjusts to the needs of the service provider in case where there are no alternatives suppliers (Brennan & Turnbull, 1995).

Continuity deals with the vulnerability coming from the relationship and the need to shield the benefits included (Heide & John, 1990). In Heide and Stump's (1995) perspective, the more noteworthy the venture, the more extended the relationship endures over the long run. As indicated by Sánchez, Vélez and Ramón (2006), when a client and an administration supplier choose to change the operation to meet one another's particular needs, continuation of the relationship is guaranteed.

2.6 Business Performance

Execution has to do with a result created through the joined exertion of an association (Rosa, Morote, & Colomina, 2013). It is judged against some objective. To accomplish objectives through activities, inner or outer elements could influence the course towards an unwelcome result or even a vastly improved result. An individual or an association needs to assume liability for seeking after an objective through exertion, capacity and discernment, yet the

assuming of liability does not mean one will control the deciding result. Execution is the yield from the expected activity (Rosa *et al*., 2013).

As indicated by Andrews, Boyne, and Walker (2011) studies on authoritative execution concentrate on two streams: a financial viewpoint, which distinguishes achievement considers the outside business sector components, and a hierarchical point of view, which expands on behavioural and sociological standards and their fit in the earth. Both the monetary and authoritative variables are key figures an association's execution (Andrews *et al*., 2011).

SWOT examination, an idea in key arranging writing, is gone for bringing an association into offset with the outer environment and to keep up that adjust over the long run (Sackett, Jones, & Erdley 2005). Associations perform this parity by assessing the association's qualities, shortcoming, open doors and dangers inside and remotely with the plan of boosting authoritative execution.

SWOT investigation is a preparatory choice making instrument that sets the stage to position the association in a game changer by inspecting intra firm execution differentials through authoritative and/or ecological variables. In this manner, the quest for game changer, as delivered by these vital differentials, is a focal fundamental of the hypothetical points of view that characterize the making of supernormal benefits from such upper hand (Hambrick, 1983) & (White, 1986). Additionally, these variables give off an impression of being synergistic in their total impact on aggregate firm execution.

An audit of a company's current authoritative arrangements will recognize the synergistic potential for consolidating certain worth exercises. The significance of overseeing authoritative limits is alluded to as attaining to interrelations where the quality chain accentuates cooperative energy and mix as a wellspring of game changer (Porter, 1985). This heap of qualities is made out of execution variables or impacts that empower an association to offer an item or administration more adequately or productively than contenders (Carroll, 1989).

Past exploration has sorted determinants as either authoritative or financial in nature and has demonstrated these two impacts as autonomous, with

hierarchical variables clarifying twice as much difference in benefit rates (Hansen & Wernerfelt, 1989).

This study finds basic builds that casing a model of authoritative execution. As indicated by Hansen and Wernerfelt, (1989) worldwide business sector opportunities and countries' communications are being determined by climbing customer interest. These developing world markets make an interest for innovation that backings a climbing expectation for everyday life. The test to key administration in such a reliant and interconnected world is in discovering methods for including quality, expanding benefit and driving expense diminishments over the whole scope of an association's exercises.

Associations need to take to attaining to economies of scale and extension to take care of demand and lower expenses (Hansen & Wernerfelt, 1989).

Authoritative execution expects to quantify and impart the element's execution either in general or commitments from the people of the association in the business sector for an item (Voss, 2002). Given a hierarchical objective, and a cognizant arrangement laid out as work, execution is the outcome accomplished through the employment (Robbins, 1998).

Challagalla and Shervani (1992) contend that execution is just accomplished at the state where the hierarchical objectives are met. Mulyadi (1997) adds that to gauge execution there requirements to be two central focuses time and a target. The time component is identified with the economies of extension, by accomplishing more with little time.

The target element is identified with economies of scale, by accomplishing more with little assets. Execution needs to be surveyed consistently by watching operational exercises towards the hierarchical objectives and against target models and focuses for representatives (Hansen & Wernerfelt, 1989).

There has been an increment in execution estimation and dependability of every measure as expressed by (Murphy *et al*., 1996) & (Suryanto, 2004). This has been determined by expanded business rivalry, with every association contending to give worth to the client. Acknowledgement or dismissal of this

quality by clients judged through a few pointers is a decent impression of the association's execution (Ferdinand, 2000).

Other execution pointers as showed by Narver and Slater (1990) are budgetary development, client development, and degree of profitability. These measures give a decent sign of hierarchical development and business sector acknowledgement.

Wadji (2002) gives a point of view on technique and that to attain to maintainable development; an association ought to have the accompanying six-dimensional attributes:

- To contend, utilize your item as an apparatus;
- The association ought to put resources into development opportunities and get to relatively less expensive subsidizing than contenders;
- Strategically assume responsibility of game changers in the association's utilitarian zones, e.g. product offering, estimating, situating, dissemination channels, and operational methodologies;
- Recruit and hold great abilities and resources;
- Allocate assets as per business require and upgrade the utilization of rare assets; and
- Explore all cooperative energies in the association to minimize cost for high esteem administrations.

In the quest for an upper hand, the association ought to grasp change and study the business sector and utilization innovation and advancement to survive (Dermawan & Wibisono, 2011). Advancement and innovative progression have a beneficial outcome on benefit and deals development.

As examined, a large number of the hypotheses concerning firm execution have their roots in conventional financial hypothesis, with an accentuation on business sector force and industry structure as determinants of execution (Williamson, 1985). They stress the hypotheses of expense slicing through economies of scale and extension, the improvement of exchanges expenses

crosswise over auxiliaries, and also basic business sector qualities to clarify diverse firm-level methodologies of execution.

Hierarchical execution is planned through the arrangement of assets, learning and vision to make upper hand by reacting with exceptional abilities to natural changes.

This is an arrangement of firm qualities with outer open doors (Barney, 1991) & (Porter, 1985). Outside natural conditions and industry structure are generally expected to shape the association's execution. As of late, different surges of examination stressing an asset based heap of capacities point of view on hierarchical execution have developed to describe the association's advancement and vital development plan B (Dierickx & Cool, 1989); (Dosi, 1988); (Itami, 1987); (Mahoney & Pandian, 1992); (Nelson & Winter, 1982); (Wernerfelt, 1984) & (Winter, 1987).

The asset built perspective centers with respect to the company's inside attributes, particularly the social examples of learning and human capital resource collection, and has a noteworthy effect on the association's capacity to present new items and seek piece of the pie. Additionally, these same attributes characterize hierarchical smoothness through key purpose and their insight base (Ulrich & Lake, 1991).

Hence, the association's key resource designation arrangement in backing of its special near preference is critical in deciding its future methods and achievement. In this way, an association's upper hand is gotten from its remarkable learning (Spender, 1993).

The association between firms' abilities and upper hand additionally has been settled in the writing. Andrews (1971), later Hofer and Schendel (1978), Snow and Hrebiniak (1980) prominent the centrality of unique capabilities to focused achievement. Prahalad and Hamel (1990) reemphasised the key significance of distinguishing, overseeing and utilizing center capabilities instead of concentrating just on items and markets in business arranging.

The asset built perspective grows in light of this reasoning further by expressing that upper hand can be accomplished and just if the abilities making the preference are backed by assets that are not effortlessly copied by contenders.

As such, firms' assets must make an obstruction to enter the business sector (Rumelt, 1984). Along these lines, assets are the essential units of examination and incorporate physical and monetary resources and in addition representatives' aptitudes and authoritative social methods.

An association's capacities result from packs of assets being offered as a powerful influence for specific worth included errands.

Hansen and Wernerfelt (1989) contemplated a specimen of 60 Fortune 1000 organizations and found that monetary variables spoke to 18.5 every penny of difference in business returns. Their discoveries further demonstrated that authoritative elements (objective accentuation and human assets) represented 38 every penny of execution change. Their examination proposes that authoritative components have a more prominent effect to firm execution than do monetary elements.

In their decision, they said that it would be intriguing to move past change decay and consider different associations (possibilities) in the middle of financial and authoritative variables (Hansen & Wernerfelt, 1989).

The primary distinction between the model proposed here and those utilized as a part of past studies is that, as opposed to concentrating on the deterioration of benefit fluctuation and the relationships between measures of arrangement ability and gainfulness, this model goes for a subjective assessment of authoritative execution.

Hanks (2005) perception is that execution could be measured equitably by taking a gander at the monetary consequences of an association or subjectively by taking a gander at the administration's trust in the associations' results.

With a target approach, Sapienza, Smith and Gannon (1983) caution of a conceivable predisposition in that administration could control the monetary

results or conceal data from the assessor. In foresight of such an inclination, Covin (1991) backings utilizing a subjective approach far beyond the target approach.

Studies by Zahra and Das (1993) affirm the significance of the subjective methodology and the study indicates high unwavering quality and legitimacy in this methodology. Voss and Voss (2000) and Suryanto (2004) make this a stride further by performing a subjective investigation of staff and administrators impression of different target measures of execution of the association.

The exact research as recommended by Powell (1996) is to concentrate on the effect of firm particular assets in respect to culture, connections, administration and capacities.

Teece (1984) distinguished that a firm needs to match its abilities to its constantly changing environment on the off chance that it is to accomplish its best execution.

In view of this establishing, it could be contended that if organizations working in the business sector could rearrange the earth and focus more lucrative fragments, then they would endeavour to reconsider their blend of assets (capacities) with a specific end goal to change method, accordingly moving in key space and improving execution.

Bartlett and Ghoshal (1981) condense it as takes after: the discriminating key necessity is not to devise the most cunning and decently composed arrangement, however to manufacture the most reasonable vital methodology; the key authoritative undertaking is not to plan the most exquisite structure yet to catch singular abilities and propel the whole association to react helpfully to a convoluted and element environment.

Eventually, the exchange of what an organization is best at gets to the heart of who its target clients ought to be so as to permit it to pick up a practical game changer (Whitney, 1996).

Day (1981), characterizing markets and contenders, bolstered an incorporated viewpoint joining the top-down methodology, which indicates showcases as far as vital abilities and asset transferability's and the base up methodology, which stresses client market prerequisites.

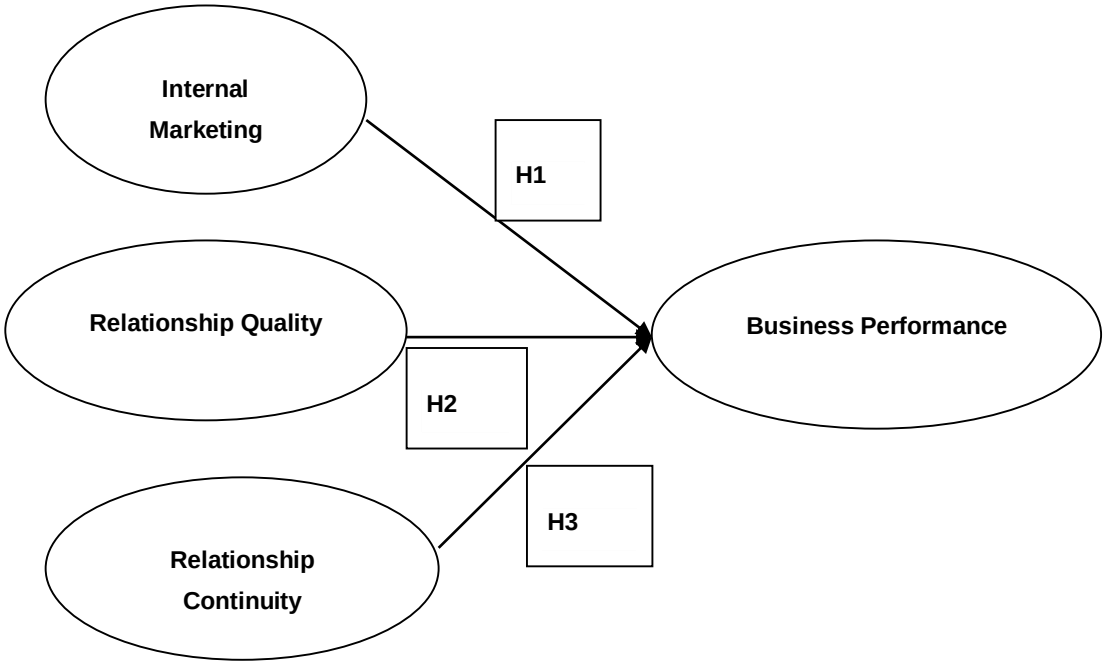
An emphasis on the measurements of business sectors and assets point to these three behavioural forerunners. Where mindfulness and inspiration are moulded principally by business relationship and ability depends generally on key or asset blessings. These determinants help hierarchical abilities in an incorporated way that is discriminating in creating game changer against between firm competition (Miller & Chen, 1994).

2.7 Research Model and Hypothesis Statement

Drawing from the literature review, a research model is conceptualised Figure 3 In this research model, internal marketing, relationship quality and continuity are the predictor variables while business performance is the sole outcome variable. In this conceptual model it is expected that the predictors will have a desirable positive impact on the outcome variable.

The relationships between the predictors and the outcome variable are developed under the hypothesis development section.

Figure 3: Conceptual Model



Source: Own

2.7.1 Internal Marketing and Business Performance

Internal marketing assists in generating revenue for the organisation through happy internal customers (Sheng & Hsin, 2007). Internal Marketing has a positive influence on business performance and is a key driver of financial and non-financial business performance (Panigyrakis & Theodoridis, 2009).

In addition, Tortosa, Moliner and Sanchez (2009) also looked at internal marketing and its influence on business performance and, like other authors, realise that it has a huge impact on the satisfaction of client-facing personnel, and the outcome can be observed in the quality of service they render to satisfy the customers' needs.

Furthermore, Mahra, Joyal and Rhee (2011) looked at staff training as an important element for increasing revenue of the business because happy and well-trained personnel will be well-equipped with knowledge to offer the best service and satisfy their customers properly. Generally the main aim of an organisation's existence is to generate revenue by ensuring that both

employees and customers are satisfied, encompassing the stakeholder`s theory concept.

Therefore, employees of the business play a very important role in building and maintaining relationships with stakeholders. Most organisation face a huge challenge by not recognising the role played by employees. For that reason Tortosa, Moliner and Sanchez (2009) made it clear that when employees are satisfied, they will fully commit to increasing the service quality and profitability of the organisation and their focus will be on the output more than their input. It can therefore be hypnotised that:

H1: There is a positive relationship between internal marketing and business performance in the South African investment management industry.

2.7.2 Relationship Quality and Business Performance

Henning-Thu *et al*. (2002) posit customer satisfaction as the key factor in the success of business relationships. Furthermore, he puts forward relationship quality as the link between the service provider and a customer. However, customers see no difference between the person providing the service and the organisations; therefore the determinant of relationship quality is the interaction between the customer and the salesperson. As such, it is empirical for service providers to understand the quality of a relationship from a customers` point of view for the business perform well (Beatson *et al*., 2008).

Zeithaml *et al*. (1996) identified the need to document the relationship between service quality and retention as these elements have great financial implication for the given service initiative and the organisation. De Ruyter and Wetzel (1998) further suggest that it is important to determine the nature and strength of the relationship between perceived service quality and loyalty for a firm and/or different industry levels. Firm- and industry-level assessment of the quality-service loyalty link provides useful information to shareholders on the viability of business performance. Based on the theory above it can be hypnotised that:

H2: There is a positive relationship between relationship quality and business performance in the South African investment management industry.

2.7.3 Relationship Continuity and Business Performance

Today, in an environment of competitive supply chain conditions, there is a tendency among buyers to rush into alliances with suppliers without first laying the foundation necessary to sustain the relationship over a long period of time (Morgan & Hunt, 1994) and (Anderson & Narus, 1990). The degree in which relationship continuity is perceived by a trading partner conditions the trading partner`s anticipation of prolonging the relationship in the future (Heide & John, 1990).

In the initiation stages of a relationship, both partners invest in a relationship with the objective of benefiting from the advantages aligned with continuing with the relationship (Cousins, 2002). According to Jackson (1985) the purchase decision of a new product or service creates a high level of risk and uncertainty caused by complicated products and services rendered by the company. He continues by saying that a decision to repurchase is usually the same decision to continue a business relationship. Ring and van de Ven (1994) suggest that if a customer is satisfied with the service provider based on the past purchase experience and fairness of the transaction, that relationship has a high probability of continuing.

It can clearly be said that satisfaction with the product or service rendered affects the buyer`s decision to continue with the relationship (Anderson, 1994). Phillip *et al*. (2004) agrees by explaining that the importance of a relationship is estimated to be entrenched in relationship continuity with the service provider. This allows the service provider to capitalise on the lifetime value that carries the cornerstone of relationship marketing (Phillip *et al*., 2004).

In summary, relationship continuity is the readiness of a customer to continue with the relationship for a longer period. It is expected that satisfied customers remain with the service provider rather than change service providers. This will result in sustained income. Therefore it can be hypothesised that:

H3: There is a positive relationship between relationship continuity and business performance in the South African investment management industry.

2.8 Summary of Literature Review

The chapter consists of two sections i.e. a description of the theoretical framework and a review of literature for the research constructs. It began with an account of the theory of relational cohesion, followed by the grounding of the research work in the theory. What followed was a review of literature for each construct of the study i.e. internal marketing, relationship quality, relationship continuity and business performance.

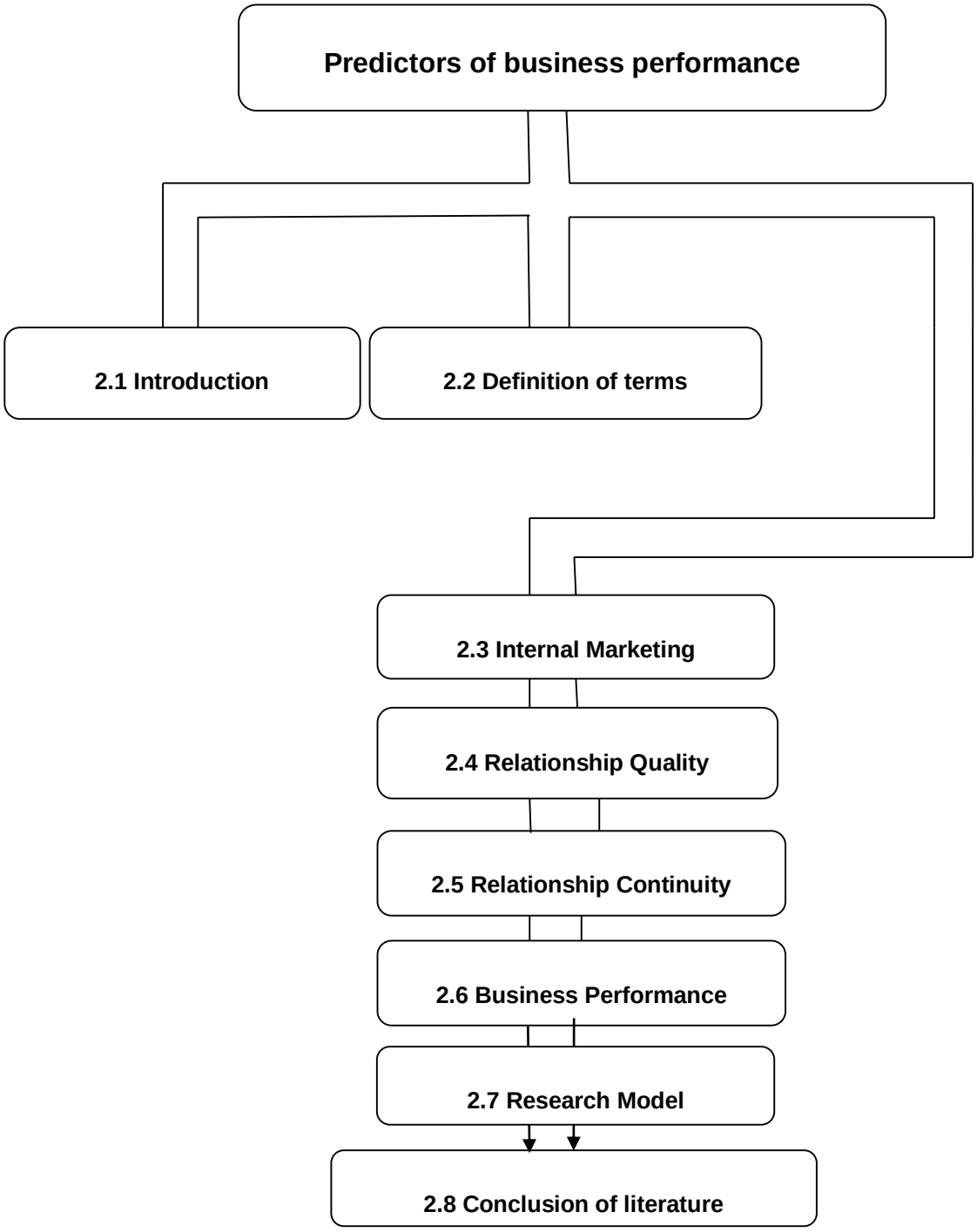
Leaders within the investment management industry should consider practical implementation of internal marketing, relationship quality and relationship continuity to achieve business performance. Communication with customers is important, and customers must be paying attention to the company if the organisation is to retain them.

Companies in the investment management industry must make their values known to their stakeholders, what they stand for, how they fit in the whole picture, and also make the selling process enjoyable for them, or they will not advise their pension funds to invest with investment managers.

If there is innovation, creativity and giving back to the customers, going above and beyond for them, in return there will be huge rewards with their commitment and their repeated business.

Below is a representation of the chapter 2 in diagrammatic form.

Figure 4 Diagrammatic presentation of chapter 2



Source: Own

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Introduction

Chapter 2 undertook an extensive review of internal marketing, relationship quality and relationship continuity as predictors of business performance. A review of the literature provided a theoretical platform for the study, from which the empirical study was initiated.

The purpose of this chapter is to elucidate the research methodology relevant to the study. Collins and Hussey (2003) define research methodology as the overall approach that the research process will take. The overall approach covers the theoretical foundation through to the collection and analysis of the data.

The research methodology used in the study is presented in greater detail. This includes a description of the quantitative research methods, and the method applicable to the study. The sample design procedure for the empirical study, data collection method and measuring instrument, data preparation and capturing are outlined. Reliability and validity of the instrument are discussed. Finally, data analysis and statistical procedures used in the study are addressed.

3.2 Research Philosophy

Research methodology may be defined as a system of explicit rules and procedures upon which research is based and against which claims for knowledge are evaluated (Frankfort-Nachmias & Nachmias, 1997). It refers to the techniques used to acquire and analyse data to create new knowledge (Petty, Thomson & Stew, 2012). Research methodologies have an influence on the validity and generalisation of a study (McGrath & Brinberg, 1983) and play a vital role in knowledge development (Yang, Wang & Su, 2006).

Comprehending and using a relevant methodology into the present study is essential in order to identify the unit of analysis and employ compatible methods that will provide intended results.

A research design will typically include (Yang *et al.* 2006, Santy and Kneale, 1998):

- How data is to be acquired;
- What instruments will be employed;
- How the instruments will utilized; and
- The intended means for analyzing data collected.

3.2.1 Quantitative research

Quantitative research, a method used in this study, is searching for quantities in something and establishing the final outcome numerically. This research tests the influence of internal marketing on relationship quality, relationship continuity and business performance. The survey will be conducted within the investment management industry in South Africa. According to Cohen (1980), quantitative research is identified as research that utilises experiential methods and empirical claims. He defines an empirical statement as a descriptive statement about what is the case in the real world rather than what ought to be the case.

On the other hand, Creswell (1994) has given a very brief definition of quantitative research as a type of research that is explaining phenomena by collecting numerical data that are analysed using mathematically-based methods, in particular statistics. In short, quantitative research generally focuses on measuring social reality. Quantitative research or questions search for quantities in something and seek to establish research numerically.

Quantitative researchers view the world as a reality that can be surveyed without bias, and believe that this can be established in the course of data collection and analysis. In this study quantitative research has been chosen because it is especially suited in the testing of hypotheses.

The research investigated internal marketing, relationship quality and relationship continuity as predictors of business performance in the investment management industry.

3.3 Research Design

The research design that has been utilised in this research is survey research, as it makes use of methodical sampling and questionnaire design to gauge characteristics of the population with numerical accuracy. According to Sukamolson (2000), survey research aims to give answers to such questions as the number of people that feel a certain way and the number of times they engage in certain behaviour. Survey research allows management to do comparison between groups. This type will provide estimates from a sample that can be related to the entire population with a degree of certainty.

Under this method a simple random sampling has been used; this means that each person in the population had a known probability of being sampled.

3.4 Population and Sample

The target population for this research study was investment managers located in Johannesburg and Cape Town. Simple random sampling was used in this study, and this was done by selecting a simple random sample numbered list of all the investment managers from the financial Services Board list. In total, the sample size was 150.

3.4.1 Population

The target population for this research was the investment managers in Johannesburg and Cape Town.

3.4.2 Sample and sampling method

Simple random sampling was used in this study. This was done by selecting a simple random sample numbered list of all the investment managers.

The sampling frame is the investment managers in Johannesburg and Cape Town. The respondents were selected from 20 Investment management companies.

The respondents were differentiated, by seeking from each organisation an example of each of the following: business development managers, client servicing managers, fund managers and senior marketing executive responsible for institutional investments.

These individuals were selected with the expectation that they would give different views and knowledge regarding the importance of the predictors of business performance. The researcher made appointments in advance and the interviews were conducted at the respondents' offices.

The purpose and scope of the research was explained when the appointments were set up. Most of the respondents are the researcher`s competitors and some are potential clients. The extent of the relationship with them varies between individuals. The researcher interacts with some on a regular basis, while others are only dealt with occasionally.

3.4.3 Sample size

The total sample size is 150.

Table 1: Profile of Respondents

Description of respondent	Number sampled
Client Servicing Executives responsible for institutional investments.	60
Business Development Executives	60

Fund Managers	30

Source: Own

The respondents were differentiated, by seeking from each organisation an example of each of the following: business development managers, client servicing managers, fund managers and senior marketing executive responsible for institutional investments. These individuals were selected with the expectation that they will give different views and knowledge of the importance of the predictors of business performance.

3.5 The Research Instrument

In this study the measurement instrument contain four groups of questions. The questionnaire design was based on the objectives and study variables. Each questionnaire came with a letter from the researcher where the purpose and confidentiality of the study was described. The first group of questions referred to the internal marketing of the investment managers. The questions on this construct were adapted from Caruana & Calleya (1998); Tsai (2008) and Ahmed *et al*., (2003) measured by using eight items. Relationship quality was investigated with the second group of questions. The questions on this construct were adapted from measured by using seven items. Relationship continuity was investigated with the third group of questions adapted from Goran (2005) and Gillilland & Bello (2002). Business performance was investigated with the fourth set of questions, measured by using five items; modified from (Venkatraman & Ramanujam, 1986).

Respondent answered the questions pertaining to these four sections by using a five-point Likert Scale, where the score of agreement and disagreement was stated. The fifth group of questions helped to form the demographic and occupational profile of the sample.

3.6 Procedure for Data Collection

At the point when conducting a study, it is fundamental to acquire honest and dependable data about the phenomena being concentrated on. It is vital that all information accumulation strategies, from the most straightforward to the most complex be dealt with tirelessness and admiration. Questions, perception sessions and different exercises must be planned fastidiously to guarantee that the information to be gathered is significant (Lethbridge, Sim & Singer, 2005).

As per Lethbridge *et al*. (2005) the decision of the information gathering procedure ought to be done in the setting of research objective or question. It is said that three issues ought to be well thoroughly considered out when selecting a technique i.e. the level of access to information accumulation accessible to the researcher, amount of information obliged and the type of research question (Lethbridge *et al*., 2005). The decision of system must be deliberately thoroughly considered as it will impact the answers that are to be acquired (Tourangeau & Smith, 1996). There are diverse sorts of information accumulation procedures which are illustrated underneath:

- Focus groups, which is the place gatherings of individuals, including a moderator are united to concentrate on a specific issue (Lethbridge et al., 2005). In a center gathering, members interrelate with one another as opposed to with the questioner such that the assessments of the members can get to be known as opposed to permitting the researcher's plan to rule (Cohen et al., 2007). Such cooperation is said to evoke critical information and results (Cohen et al., 2007)
- Observation, which is the technique for gathering information through direct contact with an entity, which is normally another individual (Potter, 1996). The researcher is said to screen the conduct and to record the properties of the item or individual (Potter, 1996).
- Interviews, which are said to create first-individual records of the experience (Polkinghorne, 2005). The justification of a meeting is to acquire a complete and point by point report specifically from a source of the experience under study (Polkinghorne, 2005).

- A questionnaire, which is an instrument for gathering studied data. It assembles, organized, regularly numerical information that can be managed without the presence of a researcher and is typically relatively simple to analyse (Wilson & McLean, 1994). At the point when administering a questionnaire, it is vital that consideration is paid to the wording of the questions, the outline of the structures and the order of the questions with a specific end goal to guarantee legitimate results (Lethbridge et al., 2005).

Each data collection technique has an advantage and a disadvantage. Examples are provided in Table .2 below.

Table 2: Data collection techniques: advantages and disadvantages

TECHNIQUE	ADVANTAGE	DISADVANTAGE
Focus groups	Quick data generation at low cost; data generation and examination from varying subgroups of a population.	Can become too unfocused; Thoughts and feelings may not be expressed truthfully by participants.
Observation	Identifies conduct otherwise overlooked; Yields authentic data through direct cognition.	Loss of perspective by the researcher may result due to too much involvement; limitation of data due to predefined categories in order to understand the environment under study.
Interviews	Facilitates the use of multi-sensory channels; may identify relationships and variables when applied as an explanatory apparatus.	Time and cost inefficient; impels researchers to be too reliant on respondents' self-report of their behaviour or attitude which may deter the generation of meaningful data as a result of incoherent representation by the respondents.
Questionnaires	Can be administered quickly and without difficulty; facilitates the simple acquisition of data from a large number of respondents in geographically dissimilar locations.	May have vague and poorly worded questions which may be problematic; return rates can be low, thus having negative effects on the representativeness of the sample.

Source: Cohen *et al.* (2007); Lethbridge *et al.* (2005).

3.6.1 Justification for using personal interviews

For this study personal interviews were used. According to Sukamolson (2000), a personal interview consists of an interviewer asking the respondent questions in a face-to-face situation.

In this case the interviews were conducted with the top five investment management companies in Johannesburg due to convenience. The interviews were conducted at the respondents' work office and restaurant, depending on where the respondents were more comfortable. This method was chosen because of its flexible nature. Personal interviews can be utilised to manage any type of questionnaire, such as structured questionnaires with specified but variable question sequences (skip patterns) and unstructured questionnaires requiring a close rapport between the interviewer and the respondent (Sukamolson, 2000).

3.6.2 Justification self –administered questionnaires

The respondents completed the questionnaires themselves. Self-administered questionnaires were circulated to investment managers who are based in Johannesburg and Cape Town via e-mail. Survey links were emailed to 150 respondents. A total of 105 participants responded to the online survey. When combined with the five personal interviews conducted, the response rate came to 73%. Of the 105 returned questionnaires, seven were inadequate and discarded accordingly. Combining the two data collection steps resulted in a total of 98 usable questionnaires.

Sukamolson (2000) believes that the questionnaires allow the researcher to draw out detailed information from respondents who may not be accessible otherwise. The reasons for choosing this method were that it is reasonable on cost, does not require interviewer`s time and it allows respondents to maintain their anonymity, leading to more valid answers, as well as permitting respondents to complete it at their convenience (Sukamolson, 2000).

3.7 Data analysis and interpretation

Data analysis refers to the range of techniques utilised to process a volume of data and report overall trends.

It provides ways to examine, summarise, and interpret quantitative data objectively in order to discover the fundamental causes, relationships, and patterns (Stangor, 2007). For the purpose of the research study descriptive statistics was computed.

3.7.1 Descriptive Statistics

Descriptive statistics is defined as a quantitative check that describes the main structures of an assemblage of data. It is concerned with the description and/or summary of the data obtained for a group of individual units of analysis (Welman & Kruger, 2001). A descriptive focus involves the creation of a summary picture of a sample or population in terms of key variables being researched (Gray, 2009). This may involve the presentation of data in a graphical form.

3.7.1.1 Frequency distribution

Frequency distribution is one of the most common methods of data analysis, particularly for analysing survey data (Gray, 2009). Anderson, Sweeny and Williams (2000) define frequency distribution as a tabular summary showing the frequency (or number) of observations in each of several non-overlapping classes.

In statistics, a frequency distribution is a planning of the values that one or more variables include in a sample. Each record in the table encompasses the frequency or count of the occurrences of values in a particular group or interval, and in this manner, the table summarises the distribution of values in the sample (Malhotra& Briks, 2006). The frequency distribution, pie charts were utilised to describe the biographical information of the sample (Section A). The results are provided in Chapter 4.

3.7.2 Inter-construct correlation analysis

Correlation is a term that refers to the strength of a relationship between two variables.

A strong or high correlation means that two or more variables have a strong relationship with each other, while a weak or low correlation means that the variables are hardly related (Welman & Kruger, 2001).

Gray (2009) says that when a relationship is measured numerically, the researcher gets a correlation coefficient that gives the strength and the direction of the relationship between variable, and it can range from -1.00 to +1.00. The value of -1.00 represents a perfect negative correlation, while a value of +1.00 represents a perfect positive correlation. A value of 0.00 means there is no relationship at all.

3.7.3 Validity

Validity can be defined as the extent to which differences in observed scale scores reflect true differences between objects on the characteristics being measured, rather than systematic or random errors (Cant et. al., 2003). It is divided into two: convergent and discriminant validity. In this study convergent validity was used to be measured using item-to-total correlation, factor loadings and average variance extracted (AVE) values.

3.7.4 Reliability

Reliability refers to the similarity of results provided by the independent but comparable measures of the same object or construct, or an index of consistence (Lacobucci & Churchill, 2010). To test the reliability of scales in the questionnaire, a Cronbach's alpha coefficient test was performed. To assess the measurement reliability an Average Variance Extracted (AVE), item-total correlation values and Composite Reliability (CR) was used.

3.8 Limitations of the Study

- Some respondents considered the information confidential and were not willing to cooperate. The researcher reassured the respondents that the information was to be used solely for academic purposes; she also produced the letter with her supervisor's contact details;
- The researcher only managed to retrieve 98 questionnaires out of 150 questionnaires distributed;
- The measurement tools used were taken from previous research studies so any limitations that are embedded in them equally affected this study.
- The questionnaire used closed ended questions which could have resulted in limited collection of relevant information.

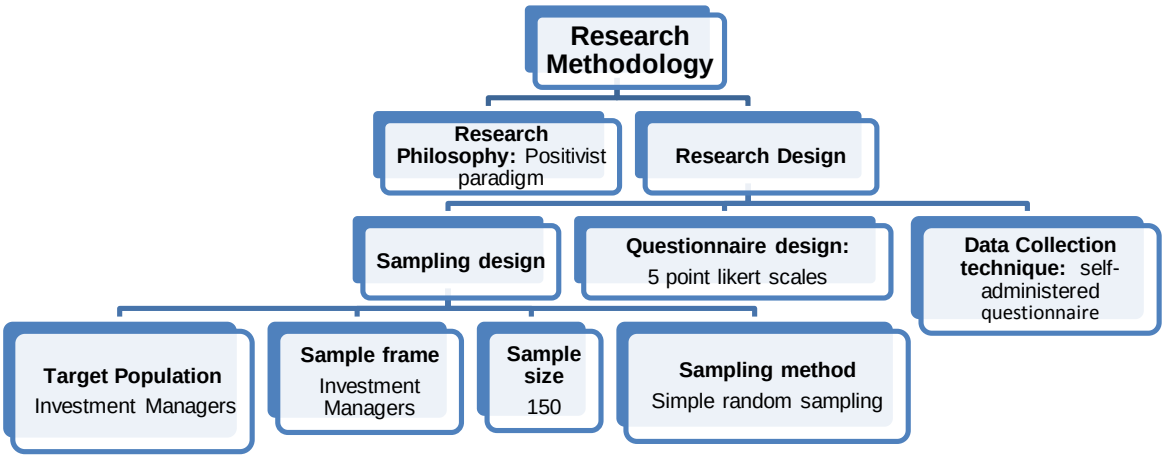
3.9 Demographic Profile of Respondents

The respondents were differentiated, by seeking from each organisation an example of each of the following: business development managers, client servicing managers, fund managers and senior marketing executive responsible for institutional investments. These individuals were selected with the expectation that they will give different view and knowledge of the importance of the predictors of business performance.

3.10 Summary of Research Method

The diagram below summarises the research methodology used in the research.

Figure 5: Summary of Research Methodology



Source: Own

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

The central purpose of this chapter is to present empirical results of the research. The statistical package SMART PLS was used for analysing the data. It is important that the study's propositions are supported by empirical evidence in order to be confirmed and validated. The chapter is structured with five main headings. Firstly, descriptive statistics are addressed. This is a task that involves a description of the sampled population with corresponding statistics. Thereafter, scale item results from the analysed data are exhibited. This is followed by reliability and validity tests respectively. Reliability tests were taken for the purpose of evaluating the reliability of measures, while validity tests examined convergent and discriminant validity in particular. Lastly, Structural Equation Modelling by which the measurement model and structural model are examined is brought to light.

4.2 Descriptive Statistics

Descriptive statistics is defined as a quantitative check, which describes the main structures of an assemblage of data. It is concerned with the description and or summary of the data obtained for a group of individual units of analysis (Welman & Kruger, 2001). A descriptive focus involves the creation of a summary picture of a sample or population in terms of key variables being researched (Gray, 2009). This may involve the presentation of data in a graphical form.

4.2.1 Respondent Profile

Table 3 below provides a contextual summary of information regarding the respondents that participated in the study. Smart PLS was utilised to provide respondent profiles and comparison of the constructs.

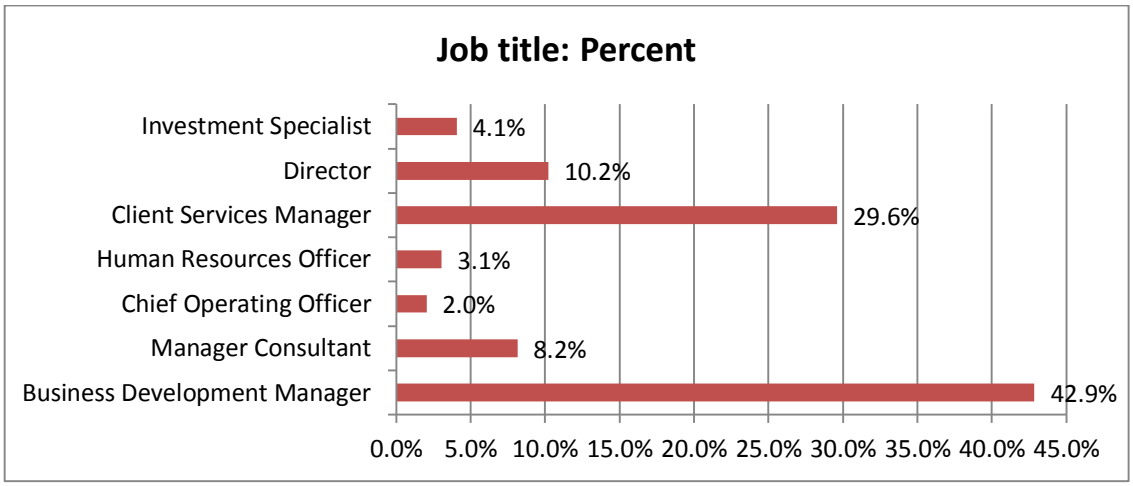
The respondents were asked to provide demographic information, including gender, age, working experience, marital status and education.

Table 3: Respondent Profile

CHARACTERISTICS		FREQUENCY	PERCENT	CUMULATIVE PERCENT
Job Title	Business Development Manager	42	42.9	42.9
	Manager Consultant	8	8.2	51.0
	Chief Operating Officer	2	2.0	53.1
	Human Resources Officer	3	3.1	56.1
	Client Services Manager	29	29.6	85.7
	Director	10	10.2	95.9
	Investment Specialist	4	4.1	100.0
	Total	98	100.0	
Experience (Years)	1-3	7	7.1	7.1
	4-6	9	9.2	16.3
	more than 6	82	83.7	100.0
	Total	98	100.0	
Education	Matric	3	3.1	3.1
	Diploma	9	9.2	12.2
	Degree	18	18.4	30.6
	Honours	42	42.9	73.5
	Masters	23	23.5	96.9
	Other	3	3.1	100.0
	Total	98	100.0	
Gender	Male	66	67.3	67.3
	Female	32	32.7	100.0
	Total	98	100.0	
Age	18-25	1	1.0	1.0
	26-35	27	27.6	28.6
	36-45	62	63.3	91.8
	46 and above	8	8.2	100.0
	Total	98	100.0	
Marital status	Single	25	25.5	25.5
	Married	70	71.4	96.9
	Other	3	3.1	100.0
	Total	98	100.0	

Source: Own

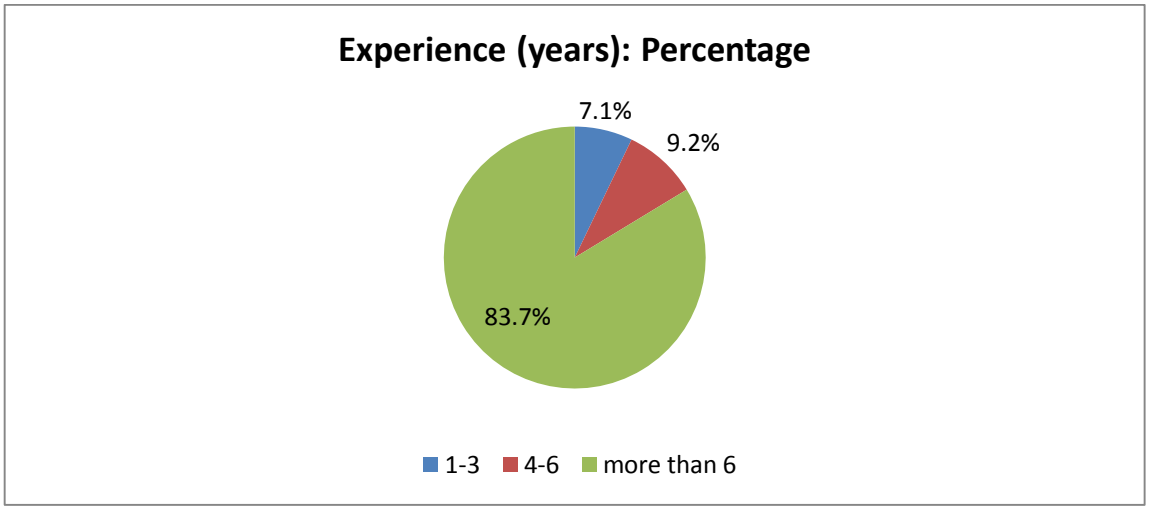
Figure 6: Respondents' positions



Source: Own

Figure 6 illustrates the job titles of the respondents in the investment management industry. 42.8% respondents work as Business Development Managers, 29.59% respondents work as Client Services Managers, 10.20% respondents work as Directors 8.16% respondents work as Manager Consultants, 4.08% respondents work as Investment specialists, 3.06% respondents work as Human Resources Officers and 2.06% respondents are Chief Operating Officers.

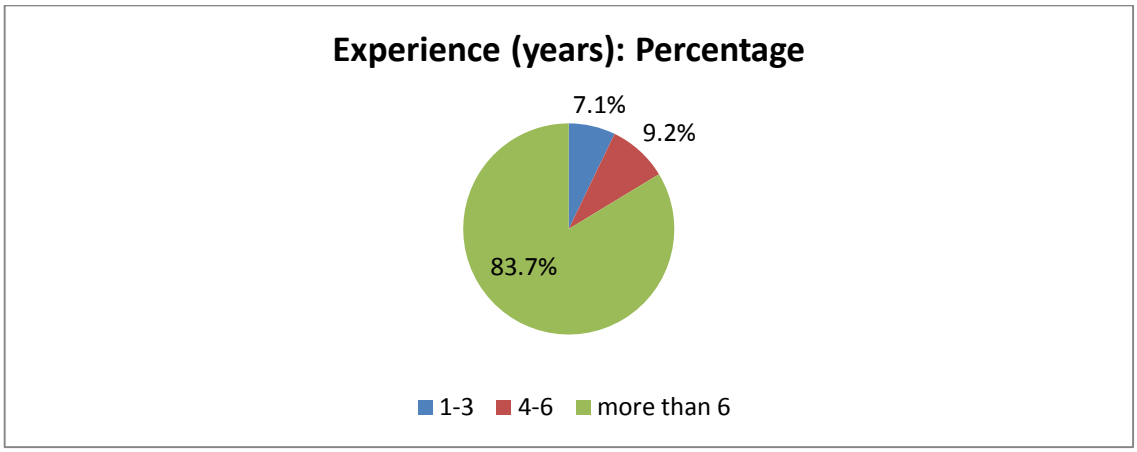
Figure 7: Respondents' age



Source: Own

Figure 7 illustrates respondents` age. 63.27% of the respondents are in the 46 years and above age group and is the largest group, followed by the age group 26-35 years (27.55 %), age group 36 – 45 years (8.16%) and (1%) respondents for age group 18-25 years.

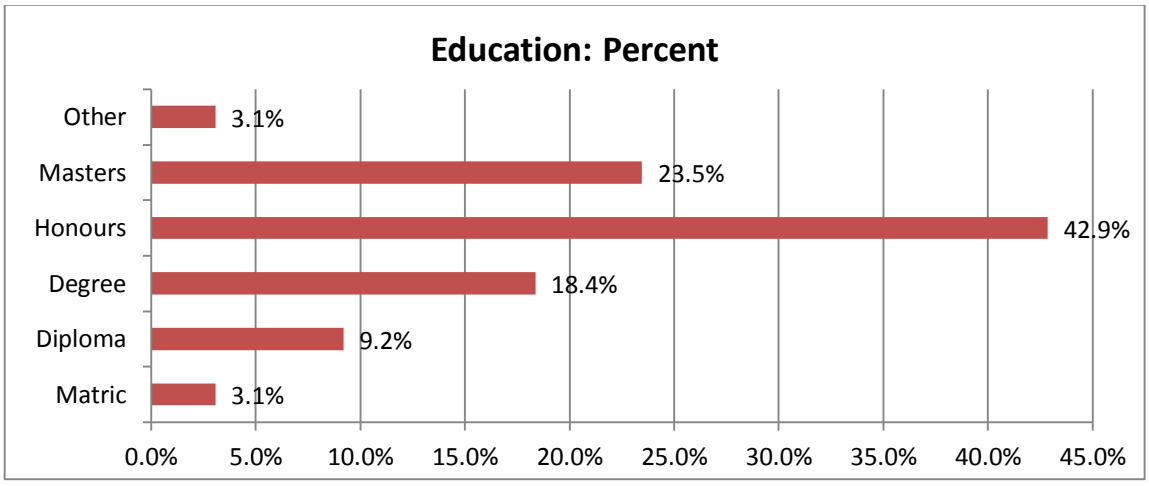
Figure 8: Working experience



Source: Own

Figure 8 shows the number of years the respondents have been working in the investment management industry. 7.14% respondents have been in the investment management industry for 1-3 years, 9.18% respondents have been in the investment management industry for 4-6 years, and 83.67% respondents have been in the investment management industry for more than 6 years.

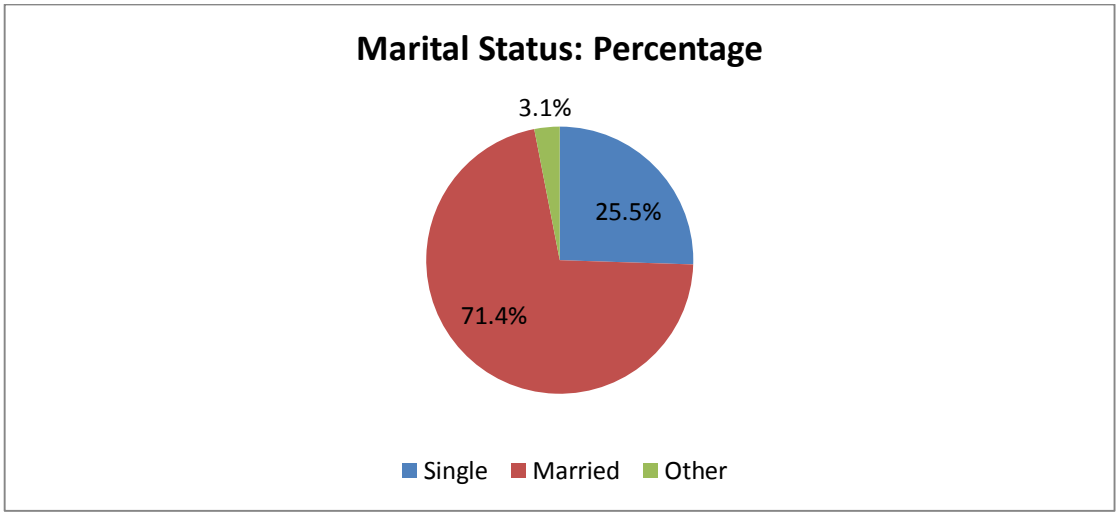
Figure 9: Education



Source: Own

Figure 9 illustrates the education level of respondents. According to figure 9, 3.06% respondents are in possession of a matriculation certificate, 9.18% respondents have a diploma, 18.37% respondents have a degree, 42.86% respondents have an Honours degree, 23.47% respondents have a Master's degree and 3.06% respondents have other qualifications.

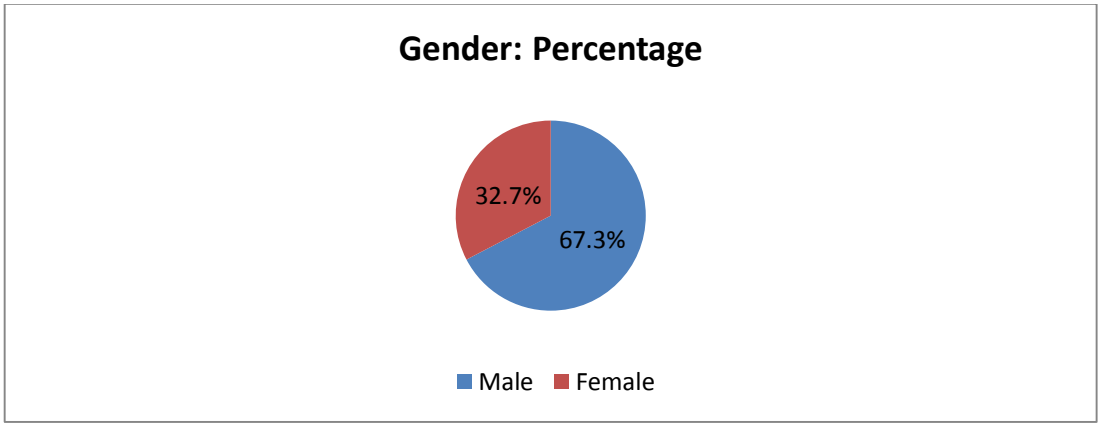
Figure 10: Marital Status



Source: Own

Figure 10 provides an illustration of the marital status of respondents. 71.43% respondents are married, 25.51% respondents are single and 3.06% are either engaged or divorced.

Figure 11: Gender



Source: Own

Figure 11 provides an illustration of the gender composition of the sample. Out of the 98 respondents, 67.35 % respondents are male, and 32.65% respondents are female.

4.2.2 Summary of responses

The table 4 below gives an indication of the results of item scale. A 5-point Likert scale was used to measure the research constructs. After measuring the fourteen items for an internal marketing construct, the results were positive as most respondents agreed with all six of the measurement items. The range of respondents is between 37% - 56% for the measurement items.

The pattern for relationship quality is similar to that of internal marketing. Eight measurement items were used to measure relationship quality. The respondents mostly agreed with all eight of the measurement items. The range of respondents is between 34%-52% for the measurement items.

Six measurement items were used to measure relationship continuity, and most respondents agreed with all six items. Results show a range of respondents that is between 39% - 60% for measurement items.

Lastly, the outcome construct business performance was measured using four measurement items. The respondents agreed with the four measurement items, this resulted in a range that is between 38%-65% for measurement items.

Table 4: Summary of Responses

		Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Total
Construct	**Item**	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**	**Freq**
Internal Marketing	IM1	0	0%	7	7%	5	5%	56	57%	30	31%	98
	IM2	7	7%	14	14 %	17	17%	45	46%	15	15%	98
	IM3	2	2%	13	13 %	26	27%	37	38%	20	20%	98
	IM4	2	2%	11	11 %	10	10%	43	44%	32	33%	98
	IM5	0	0%	8	8%	12	12%	55	56%	23	23%	98
	IM6	2	2%	8	8%	13	13%	50	51%	25	26%	98
	IM7	0	0%	17	17 %	17	17%	41	42%	23	23%	98
	IM8	3	3%	19	19 %	19	19%	42	43%	15	15%	98
	IM9	4	4%	25	26 %	23	23%	40	41%	6	6%	98
	IM10	4	4%	10	10 %	11	11%	44	45%	29	30%	98
	IM11	4	4%	7	7%	15	15%	50	51%	22	22%	98
	IM12	4	4%	9	9%	14	14%	52	53%	19	19%	98
	IM13	2	2%	9	9%	21	21%	39	40%	27	28%	98
	IM14	2	2%	10	10 %	7	7%	48	49%	31	32%	98
Relationship quality	RQ1	1	1%	12	12 %	20	20%	50	51%	15	15%	98
	RQ2	2	2%	8	8%	24	24%	56	57%	8	8%	98
	RQ3	1	1%	2	2%	24	24%	59	60%	12	12%	98
	RQ4	0	0%	14	14 %	28	29%	45	46%	11	11%	98
	RQ5	0	0%	18	18 %	30	31%	38	39%	12	12%	98
	RQ6	0	0%	14	14 %	25	26%	51	52%	8	8%	98
	RQ7	0	0%	14	14	26	27%	46	47%	12	12%	98

	RQ8	1	1%	21	21 %	25	26%	33	34%	18	18%	98
Relationship Continuity	RC1	1	1%	11	11 %	22	22%	55	56%	9	9%	98
	RC2	0	0%	19	19 %	32	33%	38	39%	9	9%	98
	RC3	0	0%	4	4%	11	11%	59	60%	24	24%	98
	RC4	1	1%	7	7%	31	32%	56	57%	3	3%	98
	RC5	1	1%	9	9%	14	14%	58	59%	16	16%	98
	RC6	1	1%	1	1%	10	10%	56	57%	30	31%	98
Business Performance	BP1	2	2%	3	3%	18	18%	53	54%	22	22%	98
	BP2	2	2%	3	3%	19	19%	64	65%	10	10%	98
	BP3	6	6%	14	14 %	25	26%	37	38%	16	16%	98
	BP4	2	2%	2	2%	24	24%	52	53%	18	18%	98

Source: Own

4.3 Reliability and validity assessment

The researcher measured convergent validity by checking whether the items loaded on respective constructs were more than 0.6. On the other hand, discriminant validity was tested by ensuring that there were no significant inter-research variables cross-loadings (Chinomona & Sandada, 2013). As evident from Table 5 below, most of the items have loadings greater than 0.6, with the highest loading being 0.915, with no cross loadings greater than 0.903, while t-statistics derived from bootstrapping (200 resamples) suggest all loadings are significant at pb0.001.

For that reason, it can be confirmed that all the measurement items converged well on their respective constructs and therefore are acceptable measures.

Table 5: Accuracy Analysis Stats

Research Construct		Mean	Std. Deviation	Item-Total Correlation	Cronbach's alpha	CR	AVE	Factor loadings
IM	IM1	4.11	0.80	0.58	0.940	0.946	0.559	0.700
	IM2	3.48	1.13	0.62				0.698
	IM3	3.61	1.02	0.62				0.739
	IM4	3.94	1.03	0.62				0.783
	IM5	3.95	0.83	0.61				0.665
	IM6	3.90	0.95	0.71				0.769
	IM7	3.71	1.02	0.65				0.802
	IM8	3.48	1.07	0.56				.0648
	IM9	3.19	1.02	0.64				0.768
	IM10	3.86	1.08	0.65				0.755
	IM11	3.81	1.00	0.75				0.795
	IM12	3.74	1.01	0.68				0.828
	IM13	3.82	1.01	0.55				0.706
	IM14	3.98	0.99	0.70				0.788
RQ	RQ1	3.67	0.92	0.66	0.939	0.950	0.704	0.901
	RQ2	3.61	0.83	0.59				0.864
	RQ3	3.81	0.71	0.60				0.767
	RQ4	3.54	0.88	0.60				0.889
	RQ5	3.45	0.93	0.54				0.887
	RQ6	3.54	0.84	0.53				0.880
	RQ7	3.57	0.89	0.44				0.830
	RQ8	3.47	1.06	0.44				0.666
RC	RC1	3.61	0.85	0.45	0.845	0.868	0.845	0.835
	RC2	3.38	0.90	0.44				0.823
	RC3	4.05	0.72	0.60				0.589
	RC4	3.54	0.72	0.56				0.725
	RC5	3.81	0.86	0.48				0.830
	RC6	4.15	0.72	0.45				0.501
BP	BP1	4.87	1.00	0.48	0.811	0.877	0.645	0.901
	BP2	4.73	0.91	0.49				0.915
	BP3	4.23	1.46	0.28				0.660
	BP4	4.80	0.95	0.40				0.704

Notes: IM: Internal Marketing; RQ: Relationship Quality; RC: Relationship Continuity; BP: Business Performance.

Source: Own

4.3.1 Construct Validity

Gray (2009) says that when a relationship is measured numerically, the researcher gets a correlation coefficient that gives the strength and the direction of the relationship between variable, and it can range from -1.00 to +1.00. The

value of -1.00 represents a perfect negative correlation while a value of +1.00 represents a perfect positive correlation. A value of 0.00 means there is no relationship at all.

Table 6: Inter-construct Correlation Matrix

	IM	RQ	RC	BP
IM	1.00			
RQ	0.44	1.00		
RC	0.50	0.46	1.00	
BP	0.39	0.31	0.35	1.00

Notes: IM: Internal Marketing; RQ: Relationship Quality; RC: Relationship Continuity; BP: Business Performance.

Source: Own

4.3.2 Structural path model analysis: hypotheses testing

In this study, path modelling was performed using SMART PLS software package. Path modelling describes the relationships between observed or measured variables and theoretical constructs (Roche, Duffield and White, 2011) and tests the structural paths of the conceptualized research model. The SEM technique demonstrates and tests the theoretical underpinnings of a proposed study and the significance of the relationships between model constructs. SEM stipulates a technique where separate relationships are allowed for each set of dependent variables and provides an estimation technique for a series of separate multi regression equations to be estimated concurrently. It further contains two mechanisms, namely the structural model, which is the path where independent and dependent variables are linked, and the measurement model, which enables this study to use several indicators for a single independent variable.

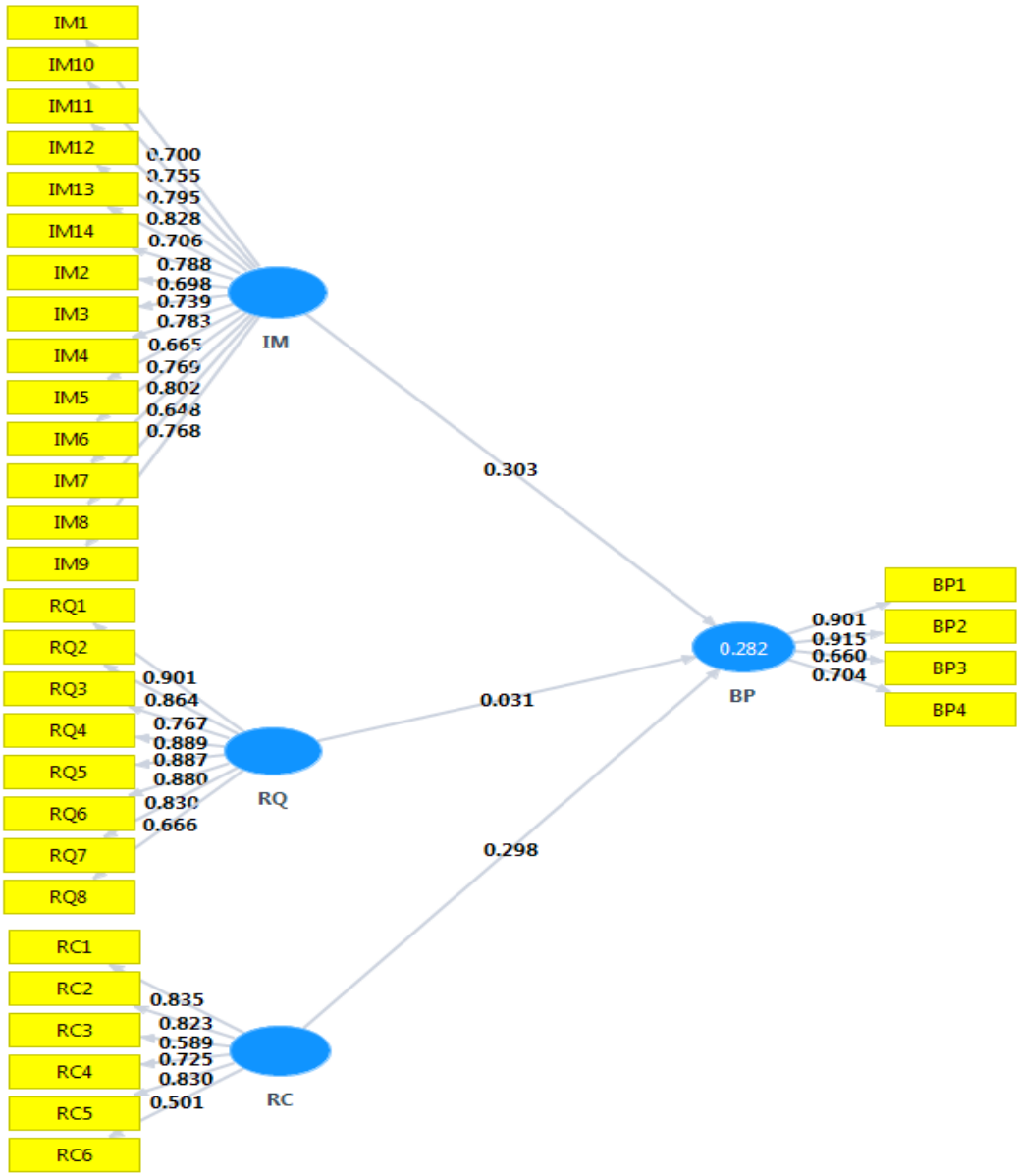
In this study several attributes are to be identified as having an effect on business performance. The multi-item scales for each construct can be developed. Thus by assessing each relationship simultaneously rather than

separate by incorporating all the multi scale items to account for measurement errors with each scale.

4.3.3 Path Model

SMART PLS produces the path coefficients for the relationships demonstrated among the constructs. The significance of these coefficients was measured using the bootstrap procedure (with 200 sub-samples) that provided the t-values for each path estimate. Figure 11 and Table 6 give the results of the PLS analysis on the structural model along with the path estimates and t-values. Support for the study hypotheses, which are labelled on their corresponding paths in Figure 12, could be determined by probing the directionality (positive or negative) of the path coefficients and the significance of the t-values. The standardized path coefficients are expected to be at least 0.2, and preferably greater than 0.3 (Chinomona & Sandada, 2013).

Figure 12: Measurement and Structural Model Results



Notes: IM: Internal Marketing; RQ: Relationship Quality; RC: Relationship Continuity; BP: Business Performance.

Source: Own

Table 7: Goodness of Fit Calculation

R	R*R	av(AVE)		√[R2 x av(AVE)]
0.282	0.079524	0.68825	0.054732	**0.233**

Source: Own

The global goodness of fit as calculated above is 0.233, which is below the threshold of GoF>0.36, as suggested by Wetzels, Odekerken-Schröder and van Oppen (2009).

4.3.5 Validity of measurement instruments

Validity test was undertaken in which convergent validity was examined and is discussed below.

4.3.5.1 Average Variance Extracted (AVE)

According to Chinomona (2011), the average variance extracted estimate reflects the overall amount of variance in the indicators accounted for by the latent construct.

It is said that a variance extracted estimate that is greater than 0.5 indicates that a latent variable is represented well by its instrument. Therefore judging from the results exhibited in the above table 7 which range from 0.559 - 0.845, it can be concluded that latent constructs are represented well in the measurement instrument.

4.3.5.2 Hypotheses Testing Results

The study's hypotheses were tested in order to evaluate these relationships between latent variables. Below is a table indicating results elicited following the hypotheses test. They are discussed here after.

4.4 Results pertaining to internal marketing and business performance

Table 8: Results pertaining to internal marketing and business performance

Path coefficient	t-statistic	Accept / Reject
0.303	2.83	Accept, significant

Source: Own

As hypothesised, Internal Marketing positively affects Business Performance, as shown by the positive path coefficient of 0.303 and t-statistics of 2.83, therefore the hypothesis is significantly accepted.

4.5 Results pertaining to relationship quality and business performance

Table 9: Results pertaining to relationship quality and business performance

Path coefficient	t-statistic	Accept / Reject
0.031	2.94	Accept, significant

Source: Own

Relationship quality positively affects Business Performance; this is evident from positive path coefficient of 2.94. Therefore the hypothesis is significantly accepted.

4.6 Results pertaining to relationship continuity and business performance

Table 10: Results pertaining to relationship continuity and business performance

Path coefficient	t-statistic	Accept / Reject

0.298	0.35	Accept, however not significant

Source: Own

Relationship Continuity positively affects Business Performance but has an insignificant impact on Business Performance as indicated by the t-statistic 0.35.

4.7 Summary of the results

This chapter provided the empirical results drawn from the research. Firstly, descriptive statistics of the study were presented. Next, the item scale results were addressed. Thereafter, reliability and validity tests were conducted respectively and both tests elicited results confirming reliability and validity of measurement. Structural Equation Modelling was undertaken subsequently. Herein, CFA and structural modelling were carried out.

The primary purpose was to examine the study's proposition that the predicting role of internal marketing, relationship quality and relationship continuity will have an influence of business performance in the investment management industry in South Africa. All three hypothesised relationships were supported. Having analysed data with the use of stipulated statistical packages and procedures, it can be deduced that proper assessments regarding research objectives, theory and hypothesis can be made bearing in mind the empirical evidence. This appraisal will be done in the next chapter that is chapter 5.

CHAPTER 5. DISCUSSION OF THE RESULTS

5.1 Introduction

The purpose of this chapter is to make deductions from the results presented in chapter 4. The chapter will first provide an overview of the findings. Herein, major findings of the study will be reviewed. Thereafter, the implications that the findings have on the current study will be described.

5.2 Demographic Profile of Respondents

The respondents were asked to provide demographic information, including gender, age, working experience, marital status and education. The respondents were predominantly male (67.3%). The primary age group of the respondent was that of 36 - 45 years (63.3%). 71.4% of the respondents were married. 83.7% have more than six years working experience. 42.9% were Business Development Managers and 29.6% were Client Services Manager. About 18.4% respondents have obtained a degree and the remainder had diploma and matric (12.3%) or postgraduate level of education (42.9%).

Table 11: Respondents Profile

Characteristics		Frequency	Percentage	Cumulative Percentage
Job title	Business Development Manager	42	42.9	42.9
	Manager Consultant	8	8.2	51
	Chief Operating Officer	2	2	53.1
	Human Resource Officer	3	3.1	56.1
	Client Services Manager	29	29.6	87.7
	Director	10	10.2	95.9
	Investment Specialist	4	4.1	100
	Total	98	100	
Experience (years)	1 -3 years	7	7.1	7.1
	4-6 years	9	9.2	16.3
	More than 6 years	82	83.7	100
	Total	98	100	
Education	Matric	3	3.1	3.1
	Diploma	9	9.2	12.2
	Degree	18	18.4	30.6
	Honours	42	42.9	73.5
	Masters	23	23.5	96.9
	Other	3	3.1	100
	Total	98	100	
Gender	Male	66	67.3	67.3
	Female	32	32.7	100
	Total	98	100	
Age	18 - 25	1	1	1
	26 - 35	27	27.6	28.6
	36 - 45	62	63.3	91.8
	46 and more	8	8.2	100
	Total	98	100	
Marital Status	Single	25	25.5	25.5
	Married	70	71.4	96.9
	Other	3	3.1	100
	Total	98	100	

Source: Own

5.3 Discussion Pertaining to Internal Marketing and Business Performance

The current study suggests that internal marketing programs have an impact on enhancing business performance in the investment management industry in South Africa. The findings of the study are consistent with the previous studies, in that it was suggested that satisfied internal customers through internal marketing programs are more inclined towards enhancing firm performance (Sheng & Hsin, 2007), effective training also contribute towards firm performance (Panigyrakis & Theodoridis, 2009), internal favourable policies for employees make them concerned to work for organisational profitability (Tortosa, Moliner, & Sa´nchez, 2009), and training and shared vision improve profitability of the firm (Mehra, Joyal, & Rhee, 2011). This study is also consistent with the findings attained by Ahmed *et al*. (2003). Therefore it is empirical for managers in the investment management industry to be open-minded about internal marketing and apply it in a more focused manner for the organisation to perform well.

5.4 Discussion Pertaining to Relationship Quality and Business Performance

Relationship quality generally measures the strength of the relationship between two parties (Palmatier *et al*. 2006). As described in the marketing literature, relationship quality has appeared as a model that shows the extent that the customer trusts and has confidence in the service provider's future performance because the provider's past performance has been consistently satisfactory. It is the nature of the relationship between the service provider and its clients that decides the likelihood of continued interchange between those parties in the future. It has been brought up that a good relationship is particularly vital for conditions where customers face intangibility, uncertainties, lack of familiarity, and long-time horizon of delivery (Verma, Sharma & Sheth, 2015). For this study it seemed as if the service providers' evaluation revolves around relational quality between partners and the desire to maintain

relationships. As explored by Mimouni and Volle, (2003) it is clear that customers focus on the emotional side of commitment which often reflects an opportunistic behavior and constant search for significant alternatives.

Based on the results of this study, managers in the investment management industry should consider the technical aspect of the relationship in order to achieve great business results. The focus should be on servicing customers well to ensure satisfaction, because that will guarantee repurchase of services and strengthen the relationship further resulting in exceptional business performance.

5.5 Discussion Pertaining to Relationship Continuity and Business Performance

The results of the study indicate that relationship continuity has a positive but non-significant impact on business performance. According to Heide and John (1990) continuity is based on the hope that there will be future interaction between two companies. Furthermore, it is the understanding that there may be future transaction between relationship partners. Therefore the results of the study as an indication of a non-significant impact between relationship continuity and business performance could be based on the uncertainty of whether or not the relationship will continue. This is in agreement with the study done by Cousins (2002) where he posits that for the future transactional exchange to continue there has to be great levels of cooperation between two parties.

Moreover, Morgan and Hunt (1994) posit that there is a necessity to first lay the foundation essential to continue with the relationship over a long period of time because service providers often rush into relationships without laying the necessary foundation to prolong the relationship. Therefore managers in the investment management industry should give business continuity attention as well.

5.6 Conclusion

The purpose of this study was to investigate the role played by internal marketing, relationship quality and continuity as predictors of business performance in the investment management industry in South Africa. Specifically, three hypotheses were formulated. To examine the suggested hypotheses, data was collected from Johannesburg and Cape Town. The empirical result supported all the three suggested research hypotheses in a significant way.

This implies that there is a positive relationship between internal marketing and business performance in the South African investment management industry, there is a positive relationship between relationship quality and business performance in the South African investment management industry and there is a positive relationship between relationship continuity and business performance in the South African investment management industry.

The current study will make a significant contribution to the investment management field; the results clearly indicate the underlying constructs that have the strongest relationship with business performance. From an industry viewpoint the greatest meaning of these findings may be that they emphasise the importance of adding internal marketing and relationship quality in formulating business strategies, as they have more positive influence on business performance.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

The purpose of this chapter is to make deductions from the results presented in chapter 5. This will be followed by the conclusion and recommendations with regard to the findings. In the last part of the chapter, the study's limitations are described, including suggestions for future research.

6.2 Conclusions of the Study

The tested relationships produced satisfactory results consistent with how they were hypothesised. Specifically, it appears that internal marketing has a positive impact on business performance. These results will have a beneficial outcome on investment management companies to align business strategies to focus more on internal customers, i.e. employees.

Relationship quality has a positive effect on business performance and seems to have an encouraging effect on relationships that are long-term orientated. Finally, relationship continuity has a good impact, but there is not enough significant influence on business performance as indicated by the findings. The summary of the results in a table format is indicated below.

Table 12: Summary of the Results

Proposed relationship	Hypotheses	Path coefficient	T-statistic	Decision on proposed hypothesis
IM → BP	H1	0.303	2.83	Accept, significant
RQ → BP	H2	0.031	2.94	Accept, significant
RC → BP	H3	0.298	0.35	Accept, however not significant

Source: Own

As hypothesised, Internal Marketing positively affects Business Performance, as shown by the positive path coefficient of 0.303 and t-statistics of 2.83, therefore the hypothesis is significantly accepted. Relationship quality positively affects Business Performance but has an insignificant impact on Business Performance as indicated by a path coefficient of 0.031 and a t-statistic 2.94. Furthermore, Relationship continuity positively affects Business Performance; this is evident from positive path coefficient of 0.298 and a t-statistic of 0.35. Therefore the hypothesis is significantly accepted.

6.3 Recommendations

However, what is evident is that through the alignment of business strategies, it would be advised that investment management companies focus on the quality of relationships they have with their customer as this has a favourable result as indicated by the findings of the study. This is important for investment managers because increased customers` satisfaction leads to increased revenue.

Understanding that internal marketing advances the output of the employees and enhance customer`s fulfilment, it is the recommendation of the study that organisations need to invest in internal/ campaign/ brand in order to ensure that employees remain engaged and aid organisations to achieve its performance objectives.

Whilst the study has proven that the effect of relationship continuity on business performance is positive but not significant, it is recommended that investment management firms continue putting emphasis on it. That will have a great impact on customer retention.

6.4 Suggestions for Further Research

While this study makes a substantial and meaningful contribution to both academia and the investment management industry, there were limitations to the study, hence the suggestion for future research. The data was gathered in Johannesburg and Cape Town, which represents only two provinces of South

Africa; the rest of other provinces were left out and the sample size of 150 was small. Assumable, the results would have been more informative if the sample size was bigger and data collected from all nine provinces of South Africa. For that reason, future studies may be done by including data from other South African provinces. In addition, this study should be stretched beyond South African boundaries and extend to other African countries such as Ghana, Nigeria and Zimbabwe to compare the outcomes. Future studies can also go beyond investment management to investment consulting using the current conceptual model. This will be beneficial and be of great contribution to the new body of knowledge of both the investment management and consulting industries as they are interlinked. For some reason this research context happens to be neglected in academics.

6.5 Summary

This chapter was intended to make inferences from findings extracted through data analysis and to make recommendations. As said before, the chapter is structured in five main headings. Firstly, a recap of the findings was provided. This was followed by a highlight of implications these findings have on the current study and the investment management industry in South Africa. Thereafter, the chapter provides final deductions of the study. As such, recommendations were then given accordingly.

The chapter ended with a discussion on the limitations that were encountered proceeded by suggestions for future studies.

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APPENDIX A

Actual Research Instrument

September 2014

Dear Respondent

RE: Completion of questionnaire

I am doing a Master of Management in Strategic Marketing Degree (MMSM) at Wits Business School. My research topic is “The predictors of business performance in the Investment Management Industry”. Employee happiness can, and should, occur when managers take action consistent with meeting organisational goals and objectives. An emphasis on training, written procedures, job instructions and continuous improvement is vital to achieving customers' expectations. In itself, employee happiness is not a condition both necessary and sufficient to ensure customer satisfaction. However, the extent to which the employees are happy and have aligned their motivation with company goals has a lot to do with the customers' satisfaction.

In order to accomplish my research objectives, a questionnaire has been prepared to gather information regarding the predictors of business performance in the Investment Management Industry.

Your answers will be highly appreciated and all information provided will be treated with confidentiality. The data collected will be used purely for academic purposes only.

Yours sincerely

Bongekile Mgxaji
073 154 7177

Study Supervisor
Professor Richard Chinomona
(011) 717 8284
071 024 7488

SECTION A: Internal Marketing

Please rate how likely do you agree with the statements below with regards to internal marketing

Where: 1=strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly disagree

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
IM 1	Our organisation offers employees a vision that they can believe in					
IM 2	Our human resources communicates the vision well to employees					
IM 3	Our organisation prepares the employees to perform well					
IM 4	Our organisation views the development of knowledge and skills in employees as an investment rather than a cost					
IM 5	Skill and knowledge development of employees happens as an on-going process in our organisation					
IM 6	Our organisation teaches employees "why they should do things" and not just "how they should do things"					
IM 7	Our organisation goes beyond training; it educates employees as well					
IM 8	Our performance measurement and reward systems encourage employees to work together					
IM 9	Our administration uses the data gathered from employees to improve their jobs, and to develop the strategy of the company					
IM 10	Our organisation communicates to employees the importance of their service roles					
IM 11	In our organisation, those employees who provide excellent service are rewarded for their efforts					
IM 12	In our organisation, the employees are properly trained to perform their services roles					
IM 13	Our organization has the flexibility to accommodate the differing needs of employees					
IM 14	Our organization has placed considerable emphasis on communicating with employees					

SECTION B: RELATIONSHIP QUALITY

Please indicate to what extent you agree/disagree with regards to relationship quality with asset consultants

Where: 1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly disagree

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
RQ1	Our company thinks the asset consultant is favourable					
RQ2	Our company is satisfied with the asset consultant					
RQ 3	Our company is satisfied with the asset consulting house`s overall service					
RQ 4	Our company is pleased with the asset consulting house`s employee					
RQ 5	The asset consultant keeps promises					
RQ 6	The asset consultant is sincere					
RQ 7	The asset consultant is reliable					
RQ 8	The asset consultant is honest					
RQ 9	The asset consultant puts our interest first					

SECTION C: RELATIONSHIP CONTINUITY

Please indicate to what extent you agree/disagree with the following statement on relationship continuity with the asset consultants.

Where: 1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly disagree

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
RC 1	The asset consultant frequently says positive things about our company to its clients.					
RC 2	The asset consultant always recommends the services provided by our company to its clients.					
RC 3	Our company is dedicated to continuing to do business with the asset consultant.					
RC 4	The asset consultant rarely alters what has been agreed upon to its clients.					
RC 5	Our company is comfortable with the relationship it has with the asset consultant.					
RC 6	Our company wishes to work with the asset consultant in the future.					

SECTION D: BUSINESS PERFORMANCE

Please indicate to what extent you agree/disagree with the following statements in terms of business performance in your organisation.

Where: 1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly disagree

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
BC 1	Our company has stronger growth in sales revenue.					
BC 2	Our company is better able to acquire new customers					
BC 3	Our company has a greater market share					
BC 4	Our company is able to increase sales to existing customers					

SECTION E: DEMOGRAPHICS

GE. Gender: Male □

Female □

AG. Age: 18 – 25 □

26 – 35 □

36 – 45 □

46 and above

JT. Job title: ……

NE. Number of years in the Investment Industry:

More than 1 year □

1 – 3 years □

4 – 6 years □

More than 6 years □

ED. Education:

Matric □

Diploma □

Degree □

Honours □

Masters □

Other □

MS. Marital Status:

Single □

Married □

Other □