Perceptions of the Impact of Internal Marketing on Business Performance in South Africa

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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 Business Administration.

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ABSTRACT

Business practitioners in South Africa are moving away from competition based on tangible factors and are searching for ways to improve their business performance by developing the intangible factors of business that define their sustainable competitive advantage. Internal marketing is a new concept that is receiving attention in terms of how its processes can impact business performance. The literature suggests that the management of internal marketing health from the consumer's perspective creates an increased probability of achieving improved shareholder value. This research studies the impact, from a South African perspective, of internal marketing on business performance as measured by shareholder value.

The research methodology was qualitative and data was collected by means of in-depth interviews with respondents from Deloitte and Touche's 'Best Company to Work for' competition 2007. Twelve respondents were interviewed by the researcher.

The interviews revealed that companies are realising the importance of internal marketing activities to develop their employees from within the organisation. Defining factors for internal marketing effectiveness are purposeful communication, employee development, aligning departmental activities, accountable and transparent behaviour, motivation, and hiring the right people to 'fit' the organisation. The success of these factors is dependent on the support for internal market orientation as a focus of organisational leadership. An investment of time and money needs to be made to develop the above factors and contribute to their success. These factors impact the business processes and service delivery that creates value for the end customer. A customer who perceives value will remain a customer and new customers are gained successfully. The result of customers gained and retained is an increase in cash flow, which affects the shareholder value of the organisation.

It is recommended that organisational structure and leadership need to be aligned to produce effective internal marketing. Internal marketing needs to be viewed in synergy with an organisation's operations for internal marketing to have an impact on business performance. To be able to create customer value organisations need to align business processes to organisational objectives and empower employees through clear communication, value-adding activities and effective leadership.

Based on the perception of the respondents and the literature study internal marketing improves business performance through increased customer value creation. However, organisations do not perceive internal marketing to be an independent factor for the improvement of business performance. For an organisation to be successful internal marketing cannot be viewed in isolation. An internal marketing effort is only one method for an organisation to achieve the improvement of business performance.

DECLARATION

I, Karen Doyer, 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 Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

……………………………………………………..
Karen Doyer

Signed at …………………………………………

On the……………………. day of ……………….. 2008

DEDICATION

This report is dedicated to my husband,
the Becker Family, and the Doyer Family for
their unconditional love and support throughout the year.

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Many thanks go to my colleagues in the Wits Business School MBA Full Time class of 2007/2008, as well as the Wits lecturers and staff who motivated and encouraged me through my research report. Special mention must be made of Mark Peters who supervised the study and guided me through the process.

To my family, who patiently read through copies of my drafts and assisted with valuable feedback - thank you for your time and love.

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1.1 PURPOSE OF THE STUDY

'In future, the real competition in international markets will be between companies – between company reputations.' (Hart, 1998:63)

Towards the end of the 20th century, a key challenge for companies was realising the potential of their internal marketing (Hart, 1998). When people think of marketing they think of marketing to prospective customers (Hart, 1998). Even though in the modern market it is recognised that service drives competitive advantage and, related to this, employees drive services, the implementation of marketing is essentially seen as an externally focused business function (Lings, 2004). At the same time businesses need to start thinking about the internal customers - the employees - and about the marketing that needs to be done internally (Webster, 1992). An unfamiliar area of business practice is developing your internal marketing because the value is difficult to measure (Piercy and Morgan, 1991).

The term "internal marketing" was created by Berry in the 1980s (Pitt and Foreman, 1999). Internal marketing has stirred an increased interest amongst academics and managers and recently it has been expressed as an essential function within organisations that runs parallel to external marketing (Harrel and Fors, 1991; Pitt and Foreman, 1999; Lings, 2004; Rust, 2004). Within organisations emphasis has been placed on internal marketing to precede external marketing and focus on hiring, training, and motivating capable employees to service the customers well and deliver the same message to the external customer as what the external marketing efforts are portraying (Pitt and Foreman, 1999).

Marketing managers have for many years not been able to account for their marketing expenditure and executives question the credibility of marketing's value add to organisations (Rust, 2004). Marketers are required to show how their function adds to shareholder value as a measure of business performance and studies have shown that it is possible to show how marketing activities add to shareholder value (Rust, 2004). This study aims to show that internal marketing has an impact on business performance.

1.2 CONTEXT OF THE STUDY

Companies are increasingly moving away from competition based on tangible factors and are increasingly beginning to compete on the grounds of intangible factors (Srivastava, 1999). This behaviour is evident in South African service industries. An organisation's reputation in the market is often the most valuable and most misunderstood intangible factor of all (Hart, 1998). Recently there has been a growing interest in internal marketing and its components from academics and business practitioners around the world (e.g. Hart, 1998; Ind, 2003; de Chernatony, 2003; Backhaus, 2004). Heightened interest has been shown in the measuring and assessing of the impact of internal marketing on business performance more commonly in relation to the sustainable competitive advantage and shareholder value (Backhaus, 2004). Consequently, Keller et al. (2006) proposes that managing internal marketing health from the consumer perspective creates a better probability of achieving improved shareholder value

1.3 PROBLEM STATEMENT

1.3.1 Main problem

The purpose of this research is to determine the perceived impact that internal marketing has on South African businesses' performance. This purpose includes finding out what business executives in the field of marketing perceive as internal marketing's role in business strategy and establishing the overall positive or negative return that is perceived when engaging in internal marketing strategies.

1.3.2 Sub-problems

The first sub-problem is to identify what internal marketing in corporate South Africa is perceived to be and how it is developed.

The second sub-problem is to determine the perceived importance and creation of customer value during internal marketing processes and its relationship to creating shareholder value.

1.3.3 Discussion

Articles and studies have been published on internal marketing and the value that it adds to businesses' ability to create a sustainable competitive advantage (Webster, 1992; de Chernatony, 2003; Backhaus, 2004). However, the research has not been conclusive in determining the critical success factors of internal marketing that drive the sustainable competitive advantage and improvements of shareholder value.

Shareholder value has been labelled as an indicator for business performance (Rappaport, 1986). The principle that the fundamental objective of companies is to increase the value of its shareholders' investment is accepted. At the same time the question still remains as to how this is accomplished (Rappaport, 1986).

Marketing practitioners are under increasing pressure from CEO's and organisational owners to prove that the marketing activity is adding to shareholder value (Doyle, 1989). The Corporate Executive Board of the Marketing Leadership Council (2008) state that 70% of organisational marketing budgets are being decreased. Organisations are starting to cut costs in areas that are believed to not add value to the organisation (Rust, 2004). Therefore it is essential for organisations to start using non-financial measures such as customer loyalty, customer perception of the organisation and behavioural intentions to interact with the organisation to drive the financial performance measures namely shareholder value, sales and profits for measuring business performance (Rust, 2004). These efforts to influence the outcomes of non-financial measures can be carried out by the human resources department and marketing department to encourage performance starting from within (Pitt and Foreman, 1999).

1.4 SIGNIFICANCE OF STUDY

"The world economy is not a zero-sum game. Many nations can improve their prosperity if they can improve productivity. The central challenge in economic development, then, is how to create the conditions for rapid and sustained productivity growth." (Lopez-Claros, 2007)

Within a globalised market South African companies need to identify productivity and competitiveness improvements as an essential for growth to encourage the favour of investors to be competitive entities. Webster (2007) states that internal marketing is essential and can improve productivity because employee loyalty and commitment increases.

South Africa's decreased focus on competitiveness compared with the world's major economies was highlighted in the World Economic Forum's Global Competitiveness Report of 2006/2007 (Lopez-Claros, 2007). South Africa has gone from 40th in 2005 to 45th in 2006/2007 out of 125 countries (Lopex-Claros, 2007). Foreign executives and investors are likely to vote with their money by investing in economies that are more productive and competitive

(Cowling, 1998). Furthermore, the reality that organisations and management need to deal with a global economy that is characterised by a high degree of turbulence (Nasser and Vivier, 1993), increasing technology, trade free and lower tariff protection, simultaneously with competing for investments, increases the intensity of the competitive environment.

This research is relevant to marketing managers and their executives to understand the impact on internal marketing and to understand the direct managerial implications of internal marketing implementation. Assigning resources to internal marketing may potentially be wasteful if it is not clear that internal marketing leads to higher performance. From a performance perspective it is important to establish the reason to focus and measure business performance to effectively make managerial propositions towards the improvement of business performance (Venkatraman and Ramanujam, 1986).

Empirical proof that internal marketing has a positive effect on business performance in a South African context is thus useful to managers who wish to build internal marketing systems within organisations.

1.5 DELIMITATIONS AND LIMITATIONS

1.5.1 Delimitations

- The geographical region is the Gauteng Province of South Africa.
- Middle managers and executive managers within the marketing role were interviewed. Employees put forward by the marketing manager or executive manager were interviewed in cases wher the managers believed they would to be suitable interviewees in the managers absence.
- The organisations were from the service industry.
- The method of data collection was one-on-one interviews with respondents.
- The data was analysed in terms of a cognitive mapping approach.

1.5.2 Limitations

Because of time, scale and financial constraints the research involved many factors that potentially limited the generalise ability of the results to a large population:

- The study was carried out in a South African context.
- The companies used during the research methodology were companies that have shareholders currently in the company.
- The focus was the service industry.
- The research measured the relationship between internal marketing and business performance at a single period in time.
- The study was restricted to marketing executives and senior managers who are based in Gauteng.
- The research was exploratory in nature as opposed to being exhaustive.

1.6 DEFINITIONS AND ABBREVIATIONS OF TERMS

The terms within Table 1 that will be abbreviated throughout the report are internal marketing (IM), shareholder value (SV) and Business Performance (BP). The remaining terms will be abbreviated where the researcher believes that the abbreviation will not inhibit the readers understanding of the report and the ease of reading the report.

Table 1: Terms and Abbreviations of Terms

TERM AND ABBREVIATION	DEFINITION
Sustainable Competitive Advantage (SCA)	The competitive advantage and its constructs that supports and organisation into the future (Lings, 2004)
Critical Success Factors (CSF)	Elements of the marketing and business plan that enhance and define the success of the business (Lings, 2004)
Shareholder Value (SV)	Cash flow to shareholders through dividends (Rust, 2004)
Internal-Marketing (IM)	Philosophy for managing the organisations human resources based on marketing perspectives (George, 1990)
Business Performance (BP)	The effectiveness of business processes to achieve targets that define an industry's performance (Srivastava, 1999)
Internal Market Orientation (IMO)	The identification and satisfaction of the wants and needs of employees as a prerequisite to satisfying the wants and needs of customers (Lings, 2004)
Human Resource Management (HRM)	The organisation and provision of quality services for the internal customer in the organisation (George, 1990)
Customer Conscious Employees (CCE)	Employees with a focus on the needs and wants of the customer (Bansal, 2001)
Total Quality Management (TQM)	Managing quality of all products and service processes within the organisation (Rust, 2004)

Transaction Cost Perspective (TCP)	A theory that attempts to identify the governance of mechanisms that will allow exchange to occur at lower cost (Pitt and Foreman, 1999)
Managing Service Quality (MSQ)	Managing systems to promote services within the organisation and towards the external customer (Pitt and Foreman, 1999)
Customer Value Creation (CVC)	Creation of value for the customer through delivery of products or services that meet the needs of the customer (George, 1990)
Internal Customer (IC)	The employees of an organisation (Piercy and Morgan, 1991)

1.7 ASSUMPTIONS

The following assumptions are made in this study:

- It is assumed that organisations have an understanding of what processes are required to develop and design internal marketing systems. Their understanding is within reason because organisations are moving towards an inward approach to marketing. There is an increase of investment in organisations' employees. The outcomes of the study will not be very sensitive to this assumption because the study is exploratory and aims at gaining insight into the perceptions held of the impact of internal marketing on business performance.

- The interviewees are knowledgeable about their organisations performance metrics and the interests of the shareholders. The organisations were approached to allow an interview with an executive or a manager within marketing operations. The researcher can, therefore, assume that interviewees are knowledgeable. This assumption could affect the outcomes as a result of the perceptions and conclusions that are gathered to develop the cognitive maps.

2. CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

"For too long, marketers have not been held accountable for showing how marketing expenditures add to shareholder value. As time has gone by, this lack of accountability has undermined marketers' credibility, threatened the standing of the marketing function within the firm, and even threatened marketing's existence as a distinct capability within the firm." (Rust, 2004:76)

The purpose of this literature review is to highlight the factors of internal marketing (IM) and business performance (BP) that demonstrate that the relationship between IM and BP is evident and needs to be defined within a business. The review will assist in finding proof within the relevant literature that IM has an effect on BP through a measure of shareholder value (SV). Previous studies have demonstrated successfully that a company's marketing orientation has an effect on BP. Authors such as Ambler and Styles (1996), Srivastava (1999) and Rust (2004) have demonstrated successful studies to conclude that marketing expenditures and activities add to SV.

Marketing faces many challenges to connect cross-functional business processes to marketing and translate the connection into business performance measures (Srivastava, 1999). In this review literature will identify that cash flow is a prerequisite for increasing SV and that a means to increase cash flow is to ensure business growth and renewal through gaining and retaining customers (Srivastava, 1999). Srivastava (1999) illustrated in a framework that marketing can play a role in businesses processes towards creating customer value that in turn builds an organisation's SV. Marketing needs to be made a part of business processes to assist in creating and sustaining customer value and SV.

2.2 DEFINITION OF TOPIC

The marketing concept has four dominant pillars that describe it: market focus, customer orientation, coordinated marketing and profitability (Lings, 2004). The "Pillar-coordinated marketing" would seem to show that the marketing concept acknowledges that the internal environment of the organisation needs a degree of focus (Lings, 2004).

'Market orientation is the organisation culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business' (Cowling, 1998:7)

IM is an element of internal market orientation and this research is focused on finding the factors that are found within IM that contributes to the creation of superior BP. An increasing source of evidence supports the proposition that an internal market orientation is positively associated with superior performance (e.g. Srivastava, 1999; Lazonick and O'Sullivan, 2000; de Chernatony, 2003; Lings, 2004). According to Srivastava (1999), because customer needs and expectations continuously change and adapt to the environment over time it is essential to track the market place on an ongoing basis to be able to deliver quality services. Owing to these changing phenomena, one needs to continuously communicate within the organisation to ensure that the employees are portraying the correct message to the final customer – that is IM.

In the 1990s Keller et al. (2006) put forward an illustration of what services marketing had become at that time. This illustration is a marketing triangle and it represents a triad of marketing relationships that should become the focus of services managers' attention.

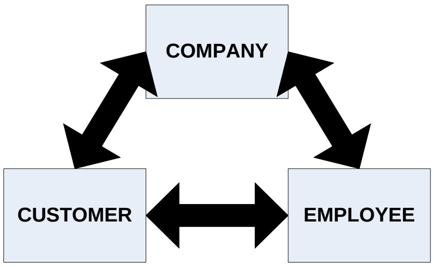

Figure 1: Service Marketing as Described by Keller et al. (1994)

The three relationships are:

1. The relationship between the customer and the company (external marketing);

2. The relationship between the customer and the employees (interactive marketing); and

3. The relationship between the company and employees (internal marketing).

Committed and motivated front office employees are the face and the voice of the organisation to the external market and this is of primary importance to service industries (Lings, 2004). IM as a part of the organisations internal market orientation views the employee as the primary customer. The employee's function is vital to the organisation's performance, which is reflected in the customer's perception about receiving good service (Lings, 2004). Internal market orientation has its foundation in treating employees as the customers of the organisation's jobs. Internal market orientation and IM are sometimes used interchangeably because of their focus on the same goals within an organisation (Lings, 2004).

Within this literature review IM will be defined as the identification and fulfilment of employees needs and wants as a prerequisite to meet the needs and wants of the final customer. The aim of IM is to engage and have inputs into business processes so that marketing is not only a function within business but becomes a way of doing business (Lings, 2004).

The success of external marketing programmes is dependent on the organisation's internal marketing efforts (Piercy, 1995). The relationship between IM and external marketing will only be fine tuned if marketing managers and organisational management understand the benefits of both practices.

Creating superior cash flows is a primary building block towards augmenting SV (Srivastava et al., 1999). The relationship between IM and SV is found within the development of customer value creation within organisations' business processes (Rust, 2004).

2.3 WHAT IS INTERNAL MARKETING?

IM is generally considered to be the application of marketing tools directed at the employees, as an internal market of the organisation, inside the firm (George, 1990; Gummesson, 1991; Piercy and Morgan, 1991; Piercy, 1995; Lings, 2004). IM is the function within an organisation that promotes internal changes in an organisation that meets the implementation and execution of external marketing strategies (Piercy and Morgan, 1991). IM programmes are based on the analysis of the strengths, weakness, opportunities and threats in the internal marketplace, which is represented by the organisation (Piercy and Morgan, 1991). The IM sees the employees and the departments as being internal customers and internal suppliers to other employees and departments within the organisation (Lings, 2004).

George (1990) describes IM as a holistic management process to integrate the various parts of the organisation in two distinct ways. First, internal marketing should ensure that all employees at different levels throughout the organisation understand and experience the business that they are in and the activities that contribute to the success of the business as well as the importance of customer consciousness. Second, internal marketing should prepare employees to be equipped and motivated to act in a service-orientated manner.

Lings (2004) describes IM in terms of two types of IM behaviours. The description has been done to clarify and effectively define the purpose of IM. The first classification is total quality management. Total quality management is based on the premise that quality is a progressive function of the operations within the value chain of the firm. Total quality management is related to the service offering of the organisation (Lings, 2004). Improvement of services to the internal customers results in improvements in quality and service to external customers (Lings, 2004). The second classification of IM behaviour is focused on human resources and their role. This behaviour relates to George's (1990) second description as both describe external marketing's success as a result of the organisation having met the needs and wants of employees.

2.3.1 Internal marketing development

The creation of IM starts with the realisation that for the creation of a quality service experience for the consumer the organisation needs to create a quality experience for its employees who are 'internal customers' and 'internal suppliers' (George, 1990). Lings (2004) describes this process as 'internal customer orientation' and summarises the issues associated with this process as follows:

- The creation of internal awareness about internal service quality;
- The identification of 'internal customers' and 'internal suppliers';
- The identification of the expectations of the 'internal customers';
- The communication of these expectations to 'internal suppliers' in order to discuss their own capabilities and/or obstacles to meeting these requirements;
- The identification and implementation of behavioural changes on the part of the 'internal suppliers to ensure delivery of required levels of services;

- That 'internal suppliers' should work to make the necessary changes so as to be able to deliver the level of service required; and
- The measurement of internal service quality and its feedback to 'internal suppliers'.

IM programmes can be presented in terms of the product, the price, communications and distribution (Piercy and Morgan, 1991). The hidden dimensions of the product are the values, attitudes and behaviours that are needed to sell the product and this comes from the employees. The price that the internal customer 'pays' to be a part of the collective vision of the organisation should not be ignored as a source of obstacles that may need to be overcome. For example, employees' time spent on servicing the client at the expense of their own administrative duties may be an obstacle if they feel that it is not being recognised or valued.

Communication channels are the most tangible element of the marketing plan. The communication system assists with persuading and informing employees about the marketing strategies and the employee's role to add value to those strategies. The main distribution channel lies within human resource management so that the culture of the organisation created becomes the primary distribution channel for internal marketing strategies (Piercy and Morgan, 1991). Internal market orientation typically describes employees as the internal customer and employment (or the job) as the internal product (Lings, 2004).

George (1990) further states that the development of internal marketing rests within managements focus on six issues – membership, socialisation, identity, organisational structure, employees interpersonal skills, and organisational climate between departments and employees - to create the personality of the organisation. The personality of the organisation is derived from different areas or components within the organisation; namely, the type of organisation, the mission of the organisation, the prevalent leadership styles, and the different personalities within the organisation and the affects of the external environmental factors. The internal integration of the organisation has been defined in many ways but in George (1990:66), it has defined internal integration in psychological terms:

'…the organisation of various traits, feelings, attitudes, etc into one harmonious personality. We in services are beginning to learn the significance of some reasonably intuitive relationships between such factors as employee satisfaction, employee motivation, service quality, customer satisfaction, and, indeed, increase volume of business profitability.'

2.3.2 Internal market orientation

'Internal market orientation (IMO) is the extent to which the company commits to produce value for its employees through effectively managing the relations between employees, supervisors and management.' (Gounaris, 2006:432)

Organisations that have been successful in IM have essentially adopted an IMO (Lings, 2004). IMO enhances the effectiveness of customer satisfaction and this is predicted to result in sales of services or products which results further into profits and growth (Gounaris, 2006). The primary elements practised in the organisation by IMO practitioners are internal market research, internal communications, and internal responsiveness.

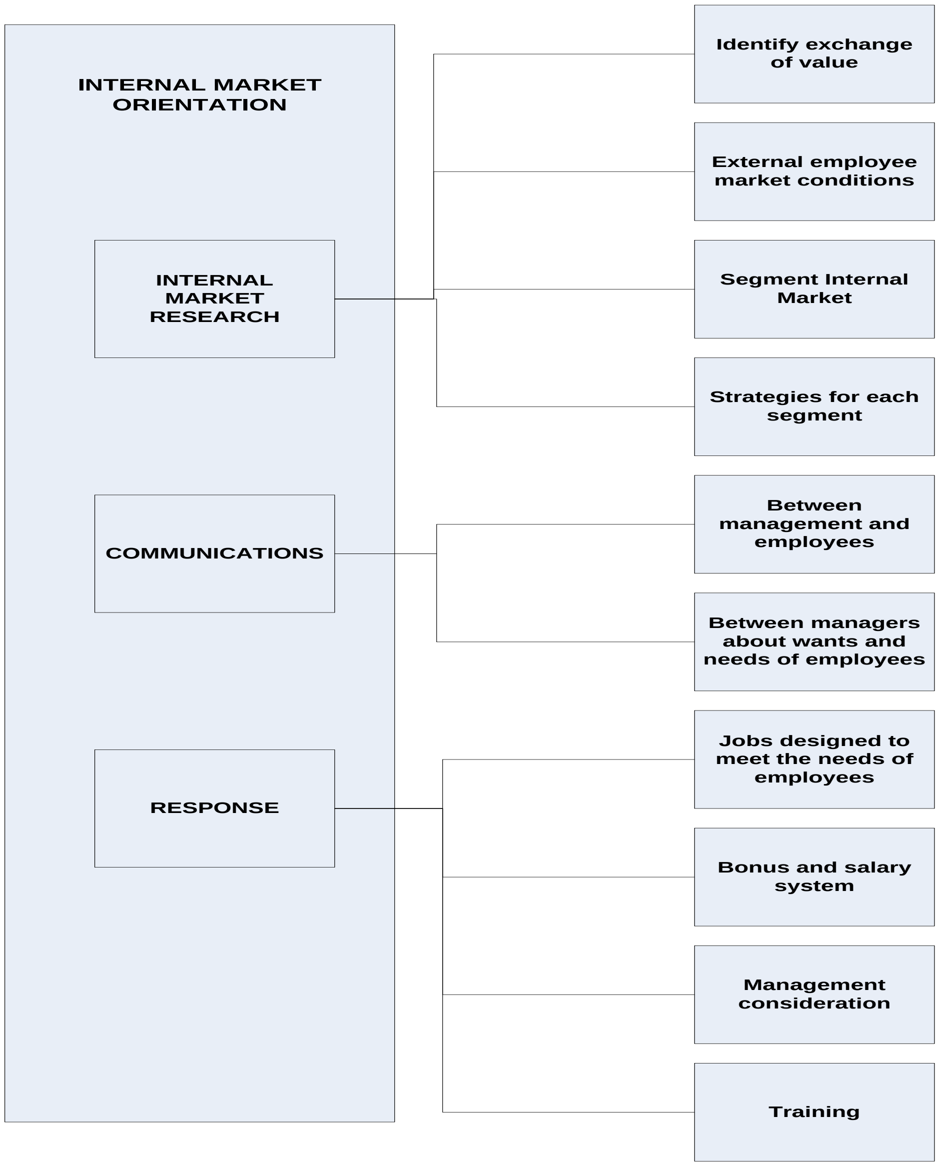

Figure 2: Behavioural Dimensions of IMO (Lings, 2004; Gounaris, 2006).

Figure 2 illustrates the behavioural dimensions of IMO. The first element of IMO is the gathering of information about the internal market that is essential for the organisation to be able to make relevant decisions with regards to the exchange of value in the internal market. The decisions made focus specifically on what the employees expect from their jobs and what employees are prepared to sacrifice and for what (Lings, 2004). This process of defining the behavioural dimensions and their properties (as seen on the right hand side of Figure 2) suitable to the organisations internal market will identify whether the organisation is successful at looking beyond organisational position and hierarchical power when adding value to the customers

(Gounaris, 2006). A method to obtain this information is through segmentation of the internal market to be able to distinguish specific characteristics of employees grouped to better identify their different needs. The relevant information a manager would seek is the important attributes of jobs, satisfaction of employees with their working conditions, the internal and external factors that influence employee satisfaction and the external markets in terms of what competitors are offering and legislative changes (Lings, 2004).

In Figure 2 communication and response is the second and third element of IMO. These elements occur between managers and employees to enable rapid acceptance of organisational goals and changes. Communication enables different levels to understand the difficulties associated with their function and with serving the organisation's customers (Gounaris, 2006). The internal information runs parallel to the context of external market orientation (Lings, 2004). Responding to information pertinent to the internal market has an effect on internal aspects of performance and, in turn, produces an impact on external aspects of performance.

IM and IMO are interrelated because of their role in integrating the different functions of the organisation coordinating all the functions towards achieving the external market objectives (Gounaris, 2006). The degree of IMO that an organisation adopts will have a positive impact on the relationships in organisations and employees will take part in decision making and benefit psychologically through value being added (Gounaris, 2006). Relationship building has a positive influence on quality improvements and increased organisational adaptivity by means of group problem solving. Empowered employees and satisfied employees are the fruits that an organisation bears when investment is made in the IMO of the organisation.

Research Proposition 1:

IMO has a direct impact on the internal aspects of organisational performance.

2.3.3 Internal customers

Gummesson (1991) states that all employees should view themselves as ‘customers of colleagues’ – receiving products and information – and that further, the employees should in turn see themselves as suppliers to other internal customers. Within an organisation one finds front-office and back-office employees. The front-office employees come in contact with the external customers and the back-office employees are seen as support people for the front-office. These back-office employees may not be seen as directly influencing the service but, indirectly, their work influences the final transaction. These supporting back-office employees should recognise the front-office employees as their internal customers and in that way service the final customer - the external customer (George, 1990). The roles of subordinates need to be considered important; therefore, an open internal climate is important and can be seen as a powerful motivation tool (George, 1990)

The view management takes on employees has implications for the organisation’s employee retention, motivation, morale, satisfaction, and commitment to the organisation (Lings, 2004). Internal customers are in their position within the company to perform certain activities that directly or indirectly link to the ultimate customer and the desired market place (Harrell and Fors, 1991). The internal customer perspective views each department or individual as marketing its services and support to other departments and individuals within the firm. This view assists in creating value for the organisation and results in increased productivity, satisfied employees and clear communication channels, which decrease ambiguity within the organisation (Harrell and Fors, 1991; Lings, 2004).

Knowing who internal customers are and their role within the firm will assist in building long-term assets for the organisation (e.g. brand equity and customer equity). These assets are leveraged to build short-term profitability. The acknowledgment of the internal customers’ role leverages the value added to an organisation (Rust, 2004).

2.3.4 The importance of internal marketing

The economy is steadily developing towards service orientation and organisations are required to attract and retain customers to establish a sustainable competitive advantage (Bansal, 2001). IM is aimed at attracting and retaining the best and most committed employees to build the sustainable competitive advantage. The corporate identity is what IM assists in building and it encapsulates a company's ethos, aims and values and presents a sense of individuality that can help to differentiate the organisation within its competitive environment (McDonald, 2001). This is an important corporate asset, which accommodates both an internal focus for employees and an interrelated and comprehensive network of consumer perceptions. IM helps to create a workforce that is difficult to imitate. Organisations that expose their employees to the value proposition of the organisation help the corporate culture to be moulded around the corporate goals, enabling the corporate to achieve a unique culture, focused on doing business in the specific way that the company desires (Backhaus, 2004).

Products are very easily replicated by other companies but services are not (de Chernatony, 2003). The service of the organisation depends on its culture and the training and attitudes of its employees and the employees are the main role players in the service profit chain (Gounaris, 2006). The organisational culture and employee attitudes are very difficult to build and sustain but the benefit come when the service is difficult to copy when the service is established, that builds on the value and sustainable competitive advantage of the business (Albrecht and Zemke 1985). The development of organisational culture and training activities is part of the management of internal labour markets that have become an important factor in creating the sustainable competitive advantage (Gounaris, 2006). Service is an intangible offering and therefore the IM needs to convey the correct message to the employee about the organisational strategies so that the consumer's perceptions are positive towards the products or services because of common knowledge being transferred by employees (McDonald, 2001). The quality of a product or service does not reside in the showroom or on the supermarket shelf, even though the quality is important, it does not always reflect the market share in sales of a product. The processes that happen outside of the showroom floor assists in building the quality or rather the perception of the quality in the mind of the consumer. A powerful IM strategy will build a powerful perception of quality in the mind of the employee who, in turn, will conveyed this perception to the consumer (Rust, 2004). This is only possible if the IM is integrated into the employees who deliver the service. Rust's (2004) image pyramid illustrates how successful internal marketing builds into the external marketing to reflect a unified image of the organisations service offering.

Even though companies may have developed a good position for their corporate brand through IM and communication programmes the IM can still fail because of insufficient attention to the staff who need to deliver the service (Lings, 2004). Viewing front-line employees' jobs as principal products and employees as the most important customer changes the way employees are seen by managers (Lings, 2004). Analysis has shown that training of staff and ensuring their commitment to the brand result in the quality of the brand increasing, a greater potential to succeed, the positive influence of staff morale on consumer satisfaction (McDonald, 2001). Effective IM leads to competitive advantage and this helps the employees to internalise the company values.

Employees are walking and talking advocates of the organisation (Webster, 1992). Employees are a part of differentiation the organisation from the industry competitors. The 4 Ps – product, price, place promotion – are all replicable by competitors. However, McDonald (2001) states that to move beyond the traditional marketing mix there are an additional 6 Ps – philosophy, personality, people, performance, perception and positioning. For increasing competitiveness it is important that a company is IM focused throughout. The difference between the marketing strategies being an idea instead of a reality for your customers is the employees.

Employees are the heart of the company and through IM employees become a source of information about the organisation. Employees come in contact with the customers and learn about customer perceptions and experiences of the organisation. Therefore, employees can assist with improvements being made to the service offering. IM assists in empowering employees because they are hearing the same messages that the general public hear and there is a unified understanding (Webster, 1992). The services offered are consistent with the external message being sent. Service is the most sustainable differential advantage in building a successful brand (Doyle, 1989).

The external market will exchange money for goods and services but in the internal market, time, energy and salaries are exchanged (Lings, 2004). The use of dialogue rather than telling the employee about the IM plan allows the employee to sense ownership towards the marketing strategy and to be a part of defining the vision (Webster, 1992).

2.3.5 Business processes

Marketing's core objective within business, regardless of the view that marketing is a discipline, function or a grouping of activities, is to retain customers (Srivastava, 1999). If organisations desire marketing to become a part of the organisation this desire must not only be in the managers' minds but be integrated into marketing activities as well (Srivastava, 1999). From previous research the evidence is clear that having a superior market orientation is a means of competitive advantage regardless of the environment that organisations are in (Cowling, 1998). Striving to maintain and improve chosen levels of market orientation will have an effect on business performance (Cowling, 1998).

Internal market orientation is almost synonymous with IM and their relationship has a direct impact on the internal aspects of organisational performance and behaviour (Lings, 2004). Marketing needs to be seen as an input to business processes to achieve customer retention and SV. The resource-based view of the organisation links marketing and business processes and recognises customer networks, distribution networks and market information (internal and external) as a valuable assets and the marketing expertise as valuable capability (Srivastava, 1999). The marketing function needs to reinforce marketing perspectives and orientation within the organisation to directly influence business processes that contribute to generating and sustaining customer value (Srivastava, 1999)

To be able to create customer value there are three specific organisational tasks that need to be accomplished at a macro level: (Srivistava, 1999)

- The development of new customer solutions and/or the reinvigoration of existing solutions;
- Continual enhancement of the acquisition of inputs and their transformation into desired customer outputs;
- The creation and leveraging of linkages and relationships to external marketplace entities, especially channels and end users.

These tasks can only be achieved if three core business processes (Figure 3) are adopted by the organisation. The first process is the product development management. This process works towards problem solving to meet the customer's demands. The second process is supply chain management where the physical inputs for the products or services are acquired and transformed into the end service or product. The third process is customer relationship management which process focuses on identifying customers, creating customer knowledge, building customer relationships and forming the customer's perception of the organisation and the product or service offering (Srivastava, 1999).

Figure 3 illustrates a sample of the many sub-processes within the three core business processes (Srivastava, 1999) and that processes cannot be seen in isolation. Groups or individuals who are responsible for the processes need to be empowered with marketing capabilities so that the marketing perspective is brought to every sub-process.

PRODUCT DEVELOPMENT MANAGEMENT PROCESS	SUPPLY CHAIN MANAGEMENT PROCESS	CUSTOMER RELATIONSHIP MANAGEMENT PROCESS
Ascertaining new customer needs Design tentative new product solutions Developing new solution prototypes Identifying and managing internal functional/ departmental relationships Developing and sustaining networks of linkages with external organisations	Selecting and qualifying desired suppliers Establishing and managing inbound logistics Designing and managing internal logistics Establishing and managing outbound logistics Designing work flow in product/solution assembly Running batch manufacturing Order, processing, pricing, billing	Identifying potential new customers Determining the needs of existing and potential new customers Learning about product usage and application Developing/executing advertising programs Developing or executing promotion programs Developing or executing service programs

Figure 3: Sub-processes within Core Business Processes (Srivastava, 1999)

A few years before the start of the millennium, marketplace shifts were predicted (Srivistava, 1999). Five of these shifts illustrate the changes towards a more customer focused orientation as well as efforts increasing to create value from within the organisation.

The five shifts are:

- Product focus giving way to the need to address customer functionality;
- Product differentiation evolving into solution customisation;
- Transaction-based exchanges being replaced by relationship-based customer intimacy;
- Stand alone competition frequently giving way to networked rivalry; and
- Economies of scope and increasing returns being added to economies of scale.

Research Proposition 2:
Internal aspects of company performance impact directly on the external aspects of performance.

Research Proposition 3:
The internal customer of the organisation is your employee and this understanding and implementation impacts the organisational structure of the organisation.

2.4 BUSINESS PERFORMANCE

Performance is a complex and multi-causal subject that depends on internal elements of the company as well as its strategy (Cowling, 1998). Venkatraman and Ramanujam (1986) state that there are two separate areas of business performance - financial measures and the non-financial measures - that might lead to financial performance. Company mission statements declare that the primary responsibility of management is to maximise shareholders' total return via dividends and increases in the market price of the company's shares (Rappaport, 1986). There is increasing discussion in the literature regarding how economic value is created by strategic objectives and what the correct measures should be for the performance of these objectives (Srivastava, 1999)

The SV approach evaluates the chosen strategies of a company to determine whether these strategies are likely to create a sustainable competitive advantage. The use of the SV creation of strategies is a theoretically sound and practical means of evaluating the absence or presence of competitive advantage (Rappaport, 1986). Even though measurement difficulties are a reality, SV creation is straightforward because the time value of money and the reduced risk is valued (Srivastava, 1999). Srivastava (1999) describes three drivers for SV-based strategies (Figure 4):

- Acceleration of cash flows - focus earlier cash-flow orientated as the risk and time adjustments reduce the value of later cash flows;
- Increasing of revenues and reducing costs, working capital and fixed investments as methods to enhance cash flows;
- Decreasing volatility and vulnerability for reducing risk associated with cash flows.

The strategic assets of a company are developed through IM (Rappaport, 2006). To develop strategic assets such as brand image, distribution channels, proprietary technology, patents, trademarks and experienced staff is often difficult or even impossible. For this reason investors more than often prefer to buy a company with all of the above. The continuous investment in strategic assets and business processes increases SV for the organisation (Rappaport, 1986; Srivastava, 1999; Rappaport, 2006). Figure 4 illustrates the relationship between business processes and the drivers of SV (Srivastava, 1999).

	BUSINESS PROCESSES		
SHAREHOLDER VALUE DRIVERS	**PRODUCT DEVELOPMENT MANAGEMENT PROCESSES**	**SUPPLY CHAIN MANAGEMENT PROCESS**	**CUSTOMER RELATIONSHIP MANAGEMENT PROCESS**
Accelerating Cash Flows	- Speed up cycle time for technologies - Speed up product development, reduce time to market	- Speed up adoption by channels and original equipment manufacturers - Speed up adoption of suppliers	- Reduce time for market acceptance - Minimise customer solution development cycle time
Enhancing Cash Flows	- Product differentiation to enable higher prices and margins - Cannabilise existing products by higher price/margin innovations - Simplified designs to reduce costs - Customer inputs to eliminate unnecessary features and costs - Sharing modular designs across products to reduce costs;reuse designs - Acquiring/licensing technology - Design for manufacturability and assembly to reduce costs and time	- Supply chain process reengineering to minimise costs - Reduce working capital through just in time methodologies - Reduce capital investments by outsourcing low value added elements - Use market information and forecasts to reduce costs and inventories and enhance capacity use for higher value products	- Support high margins with branded products and superior service - Cross selling parts consumables and complimentary services - Maximise customer value by assembling customer solutions - Acquire customers; grow installed base - Refine the quality of customer base; customer management - Lower product launch costs; lower sales and service costs
Reducing Risk (vulnerability and volatility of cash flows)	- Ramp rate of innovation of keep ahead of competition - Technology and strategic alliances to establish market-driven standards - Continuous focus on differentiation - Market-driven product designs - Planned product line migration - Maximise synergies across product portfolio	- Increase switching costs for distributors by providing service incentive and loyalty - Minimise conflict with distributors; manage competition across and within delivery channels - Design hard to copy order delivery processes - Demand-driven flexible manufacturing and order delivery systems;integrate manufacturing and marketing - Outsourcing uncertain demand delivery	- Customer retention and loyalty vs acquisition and attraction programs - Increase customer switching costs by bundling products and services - Excellence in delivery of intangibles, experiential attributes and services - Leverage market-based assets - Customer education or training programs - Leasing programs - Price concessions for long term delivery contracts - Cross–selling parts

Figure 4: Business Processes and Drivers of Shareholder Value (Srivastava, 1999)

All companies need to satisfy the financial demands of their shareholders. If a company is not able to comply with demands it will inevitably cease to exist. Creating SV presents a comprehensive application of the SV approach to the management-planning and performance-evaluation processes. Booth (1998) makes a normative statement that the creating of shareholder value is the correct goal for the organisation.

2.4.1 How to maximise shareholder value

Organisations should be run primarily in the interests of their shareholders (Lazonick and O'Sullivan, 2000). Rappaport (2006) states that more chief financial officers and other organisational executives need to follow the example of CEO Warren Buffet from Berkshire Hathaway's. Warren Buffet has taken steps to enhance SV instead of destroying it. Ways to maximise SV have been identified as follows: (Rappaport, 2006)

- Do not focus on earnings because this does not reflect organisational value or the change in value over a period of time;
- Do not invest poorly merely to enhance earnings;
- Focus on the longer-term benefits of incremental future cash flows;
- Develop the marketing decisions on creating value and not on the short-term effect of earnings per share;
- Outsource the activities that add little value and focus on high-value-adding activities; and
- Buy back shares when there are no opportunities to create value.

In Rappaport's (2006) article 'Tips for Creating Shareholder Value' he emphasises that organisations should only carry assets that maximise value. Compensation incentives are identified in the article as a tool to maximise the potential for high returns.

2.4.2 Why shareholder value?

Financial economists around the world have reported that when an organisation maximises SV this maximisation affects the organisation, the employees, the consumers, the suppliers and the distributors (Lazonick and O'Sullivan, 2000). Strategies to maximise SV emphasises the previous statement that organisation should be run primarily in the interest of their shareholders. The return that shareholders get is made up of the cash flow to shareholders through the dividends paid out by companies, as well as the increase in share price of the organisation when listed (Rust, 2004). The value of a firm can be attributed to its perceived growth potential and expected future performance. The ability for an organisation to increase value can be found within the organisation's marketing assets that can be leveraged to increase current cash flows and, in turn, influence the sustainability of future cash flows (Rust, 2004)

The market value of the firm is sometimes found to be more than the book value of the firm and this is attributable to intangible assets (Srivastava, 1999). Srivastava (1999) states that it is clear that a large portion of an organisation's market value is created by intangible assets (e.g. market-based assets). This statement follows from their observation of the Fortune 500's 'market-to-book' ratios averaging higher than the 'market-to-replacement cost' ratios.

Research Proposition 4:
Organisations need to run their operations and their systems in the interest of shareholders.

2.5 CUSTOMER VALUE CREATION AND SHAREHOLDER VALUE

The concept of IM has emphasised the focus on delivering value to the company and this will ultimately result in value being added to the end user, the final customer (Harrell and Fors, 1991). According to Bansal (2001) the cash flows, profit and growth are increased by the creation of market-based assets such as customer loyalty. The result of customer loyalty is customer satisfaction and the satisfaction created is largely influenced by the value of service delivered to the customer. This customer value is created by satisfied, loyal and productive employees. Employees are the key focus in the service-value chain and managers of internal processes have become elementary in developing the service organisation competitive advantage (Bansal, 2001).

Rust (2004) developed ‘the Chain of Marketing Productivity’ that illustrates the relationship between customer value creation and shareholder value. The chain is shown in Figure 4. The flow of the chain starts with the organisation’s strategies and tactical marketing actions. These two areas are the catalysts for service improvement and define the organisation’s objectives and goals. At this stage value is being added to the system from within the organisation through IM (Rust, 2004). The tactical actions influence customer satisfaction, brand loyalty, and other customer-centred elements. Customer behaviour influences the results that an organisation can experience in the market, changing market shares and changes in sales (Rust, 2004).

Figure 5 illustrates the flow of strategies and results. There are visibly two ‘flow circles’ with financial impact and financial position as the connectors between the two circles. All the elements have a direct or indirect impact on other elements. The impact consequently indicates a relationship between all the elements, even though they are not directly linked. All elements are equally important and need attention if they are to produce the financial results and, ultimately, the desired result of market value add and value of the organisation (market capitalisation).

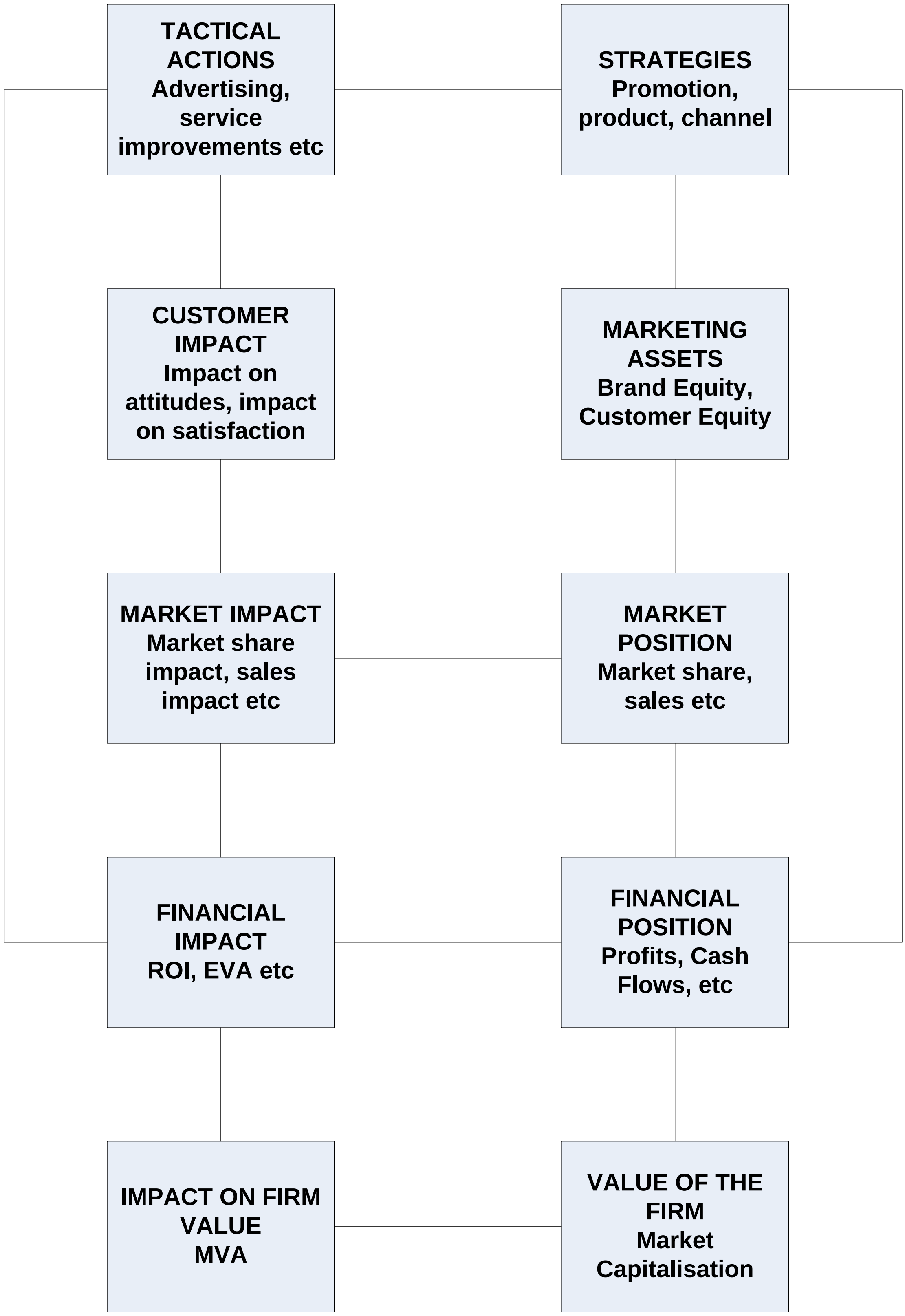

Figure 5: The Chain of Marketing Productivity (Rust, 2004)

The customer impact described by Rust (2004) is in terms of five dimensions - customer awareness, customer associations, customer attitudes, customer attachment and customer experience - that are concerned with the strength and length of customer relationships. The marketing impact results from the customer impact as the marketing assets influence market share and sales. This phenomenon influences the organisation's competitiveness in the market. Further, the chain evaluates the financial benefits and return on investment from marketing actions which influences the financial position of the organisation commonly measured by profits and cash flow. The final result of marketing actions is the impact that they have on the value of the firm. This impact concludes the link of marketing actions through to customer value to the resultant changes in market value.

Marketing assets created by IM aimed at the creation of customer value are essential and need to be nurtured and developed as they represent cash flows from marketing activities and future revenues. The customers and channels are not merely results of marketing activities but are also marketing assets that need to be leveraged to increase profits and, in turn, shareholder value (Srivastava, 1999). Marketing-based assets are a link between marketing and shareholder value. Marketing-based assets associated with the organisation only create value for the firm when the asset is able to exploit opportunities. The asset is rare, rivals are not able to imitate the asset easily, and few substitutes exist in the market (Srivastava, 1999). These areas as seen in figure 5 need to be satisfied for a market based asset to contribute to customer value and financial value.

According to Srivastava (1999), there are many ways that market-based assets can contribute to the competitive success of the organisation. The ways value can be created for customers are:

- Lowering costs by enhancing productivity;
- Enhancing revenues through higher prices (because products or services have high quality and functionality);

- Serving as a barrier to entry or mobility barrier because others need to make the same investments;
- Providing a competitive edge that makes other assets more valuable; and
- Providing managers with options (share equipment across departments).

Customer value creation works synonymously with the development of market based assets and these elements have a clear link to SV as seen below (Srivastava, 1999).

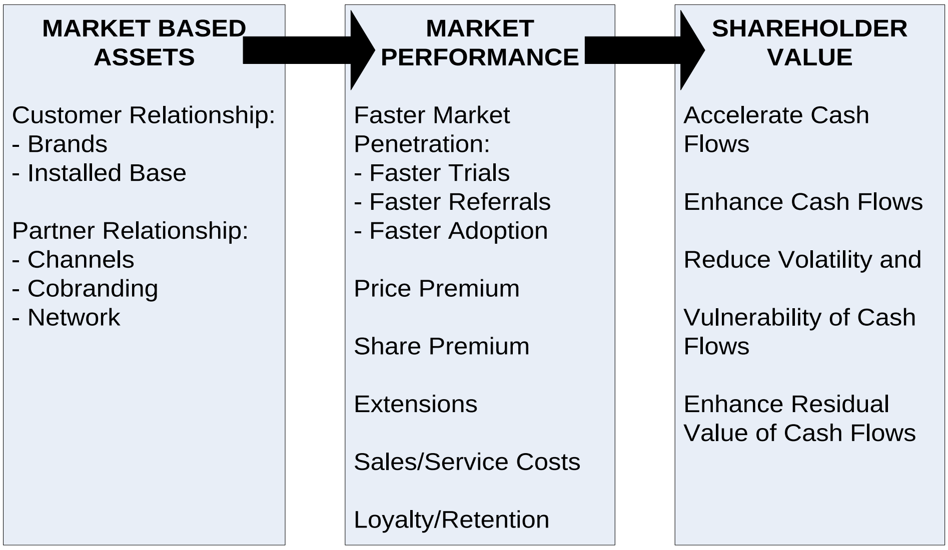

Figure 6: The Relationship between Market-based Assets and Shareholder Value (Srivastava, 1999)

Figure 6 shows that the market-based assets (customer relationships and partner relationships) influence the market's performance. If these market-based assets are developed effectively they will encourage a faster market penetration. This faster penetration further translates into the price premium, the share premium, extensions, sales/service costs, and loyalty/retention of the customers being affected. The market-based assets thus influence customer value creation which results in market performance. The market performance influences SV. SV is all about the acceleration, enhancement, volatility and vulnerability of cash flows.

2.6 THE INTERDEPENDENCE OF HUMAN RESOURCE MANAGEMENT AND INTERNAL MARKETING

There are many practices in business that have traditionally been incorporated into certain departmental managers' roles. However, this perspective is changing and managers are also realising their interdependence and the value that they can add to other departmental processes (Collins and Payne, 1991). Human resource managers have traditionally been the division in the organisation who reinforce the role of internal operations and employee focus and this focus is a source for sustainable competitive advantage to be developed within the organisation (Bansal, 2001). To achieve this employee focus there needs to be focused management and this role is fulfilled by a collective cooperation from all departments. Management, marketing and human resources cannot be held solely responsible to build staff who working towards achieving the organisational goals and strategy (Harrell and Fors, 1991; Bansal, 2001; Lings, 2004).

In service providing organisations the function that human resources plays in relation to training and development supports the quality and performance of the service outcomes (Bansal, 2001). Human resource managers need to become more market oriented to make a difference to the success of the organisation. This success can be achieved through efforts towards demonstrating the importance of human resource activities to all management levels to help increase productivity (Collins and Payne, 1991). The internal marketing function (as we have seen earlier) within marketing has similar actions that overlap with the human resource function; for example, hiring employees who 'fit' into the organisational model; training employees; developing effective communication channels (this is similar in terms of channels to improve processes towards servicing the external customer) and creating job satisfaction. Three concepts identified by Collins and Payne (1991) link the roles of marketing and human resource management on the premise that the organisation is focused on serving the marketplace and thinking is centred on the consumer. These concepts are as follows:

1. Human resource management desires a clear knowledge of the needs, wants and problems of the CEO, organisational managers and their employees. In the marketing concept the HR manager needs to begin with knowledge of client needs and work backwards to develop products and services to meet these needs adequately.
2. The cost, design, implementation and follow up on projects done by the HR department are carefully planned so that features are consistent with the organisational goals and strategy.
3. Marketing processes internally need the support from HR to meet the goals and objectives. The risk of not having support from HR would mean that projects and processes would be discontinued and functions would be eliminated.

There are elements of IM that relate to marketing management and human resource management (Bansal, 2001). The first element is employment security that assures employees that their jobs are secure during economic difficulties and it shows commitment to the employees. This commitment is often reciprocated with loyalty to the firm and trust in management. The second is extensive training to increase knowledge generation and build a sustainable competitive advantage. The third element is the sharing of information, which is possible through clear channels and building trust between employees and employers. The fourth is employee empowerment and reduced status distinctions. All these elements are related to building job satisfaction, loyalty to the organisation, and trust in management (Bansal, 2001).

Marketing management and human resource management both strive to enhance effectiveness and efficiency within the organisation (Collins and Payne, 1991). The scope of marketing managers has changed to a focus on the internal customer as well as the external customer, which change has resulted in an overlap between the marketing and human resources role with regards to employee management. The relationship between marketing management and human resource management can be narrowed down to the view that both functions are working in a market orientated environment. This view would lead the human resource management to focus on similar internal operations as marketing, for example, client needs focus would help human resources to determine which training programs for employees would meet the clients' needs suitable from within the organisation (Collins and Payne, 1991).

The relationship between human resources and marketing working towards building the internal environment to enhance business performance would have positive effects in the long run for organisations (Lings, 2004). The focus on employee satisfaction has a positive effect on the employee remaining in the organisation, as well as a willingness to develop skills within the employee's specific role. The impact that long-standing employees have on financial performance of the organisation is a result of employees developing a better understanding of customer needs and creating loyal customers (Lings, 2004). The concept of internal market orientation will assist the introduction of marketing strategies into human resource plans and of human resource strategies into marketing plans.

2.7 CONCLUSION OF LITERATURE REVIEW

Recognising the importance and need for internal marketing within an organisation can enhance the service delivery of an organisation through focus and attention being given to the detail that goes into the customer service. IM can be used in three different ways: assistance in developing a service culture; maintaining a service culture; and introducing new products as well as new marketing activities successfully. Managers' responsibility to view their employees as internal customers can be challenging but, in turn, it can have positive outcomes through the chain of service-delivery processes carrying a unified strategy. The fundamental understanding of IM is viewed by academics as behavioural by taking the strategies and the programmes that the organisation chooses to implement internally to achieve the external market objectives.

The literature suggests that SV is a suitable measure for business performance and that this is the trend that organisations are moving towards in the 21st century. The creation of value for shareholders is essential for long-term performance through the creation of short-term profits. Market assets are created through the creation of customer value. This value can only be created through the internal processes and service delivery that the organisation focuses on for the purpose of building a positive perception of the organisation within the customers mind. The development and nurturing of market based assets increases profitability and growth for the organisation. The result of growth and profitability is enhanced cash flows and dividends being paid out to shareholders. SV is created at this time.

Who is responsible for the IM activity that enhances SV? The main responsibility lies within management who coordinate the marketing and human resources department strategies. However, for IM to be successful corporate commitment is essential. Literature has illustrated that times are changing and that the source of competitive advantage is within the organisation. Marketing investments and commitments need to be assessed to determine the impact they have on efficiency, effectiveness of business processes and creation of SV.

2.7.1 Research Proposition 1:

IMO has a direct impact on the internal aspects of organisational performance.

2.7.2 Research Proposition 2:

Internal aspects of company performance impact directly on the external aspects of performance.

2.7.3 Research Proposition 3:

The internal customer of the organisation is your employee and this understanding and implementation impacts the organisational structure of the organisation.

2.7.4 Research Proposition 4:

Organisation need to run their operations and their systems in the interest of shareholders.

Table 2: Literature Review Cognitive Map Nodes

NODE	RECEPTOR (+)	EFFECTOR
Internal market orientation (IMO)	• Organisational communication. • Response to change. • Employee focus.	
Organisational Communication	• Motivation • Internal customer	• IMO
Employee focus	• Internal customer	• IMO
Response to change	• Service delivery	• IMO
Motivation	• Service delivery	• Organisational communication
Service delivery	• Internal customer	• Response to change • Motivation
Internal customer	• External customer • Gain and retain customers	• Employee focus • Organisational communication • Service delivery
Gain and retain customers	• External customer value	• Internal customer • Service delivery
External customer value	• Cash flow	• Internal customer • Gain and retain customer
Cash flows	• Shareholder value	• External customer value
Shareholder value		• Cash flow

(The cognitive map is represented in the research methodology, Figure 7)

These nodes have been identified from trends and the themes found within the literature review. The table shows the nodes with their effectors and receptors as described in the literature.

3. CHAPTER 3: RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY

This study determines which perceptions exist within the South African service industry related to IM and its impact on BP. To find a synergy between the literature review and the data gathered the approach used for this research was qualitative. This approach was chosen because the study of IM remains an area of discussion and has room for different interpretations and understanding from the participants. A single common understanding in the area of IM and BP does not present itself at present and qualitative research assists in exploring underlying trends in the research problem (Leedy and Ormrod, 2005). Leedy et al. (2005) states that qualitative research is a useful method to illustrate complex phenomena and create an understanding of the phenomena as perceived by the participant of the research sample. The research proposition and resulting questions is exploratory and interpretive. The perception and emotions of the sample will influence the interpretation of the subject material as well as affect the final outcomes.

All forms of qualitative research approaches have two components in common. The first component is that they all focus on phenomena that occur in natural settings. The second is that these phenomena are studied in their natural setting which is studied in depth. Qualitative research looks for the reasons behind phenomena without simplifying the observations of the researcher (Leedy et al., 2005). Researchers (Kosko, 1993; McMillan, 2001; Leedy et al., 2005) believe that objective methods may be used to study scientific events and models but objective methods are not suitable to study interpersonal relationships, social structures and creative products. In addition, researchers (Kosko, 1993; McMillan, 2001; Leedy et al., 2005) have found that there is not necessarily a single answer found for the research problem through qualitative research. Qualitative research starts with a few general research questions and results in verbal data being collected from a small selection of participants (Leedy et al., 2005). For this study open-ended questions that were formulated from the sub-problems and propositions guided the verbal answers collected from the participants on their thoughts and perceptions about the impact of IM on BP in South Africa. This form of semi-structured interview allowed adaptation of the interview structure according to each respondent's situation and responses.

The use of qualitative research is supported by Huberman and Miles (1995). Table 2 shows the four elements according to Huberman and Miles (1995) that constitutes qualitative research.

Table 3: Qualitative Approach according to Huberman and Miles (1995)

1. Qualitative research is dependent on the depth of the familiarisation with a real life situation	2. Qualitative research searches for common themes through unrelated sources.
3. Qualitative research provides an understanding of the situation being researched and assists in determining how different elements are interrelated. Here the significance of elements of the study is identified as more or less important.	4. Qualitative research identifies how people understand and perceive situations. Their perception and understanding would illustrate how their actions are guided.

3.2 RESEARCH DESIGN

Design decisions in qualitative research are mainly conceptual in terms of the conceptual framework and research questions, sampling, definitions, instrumentation and nature of data collection (Huberman and Miles, 1995). The instrument used for the study was semi-structured interviews. The interviews, even though semi-structured, were in depth and were planned thoroughly to be able to draw relevant information within the boundaries of the study. Gubrium and Holstein (2002) compare the interview process to the planning of a vacation. The plans and preparation for the interview need to be sufficient to meet practical and emotional expectations as well as simultaneously be able to change the course of the interview to go in the direction that best suites the organisations experiences and perceptions.

‘In depth interviews differ from other forms because it involves a greater involvement of the interviewers self.’ (Gubrium and Holstein, 2002:109). The nature of interviews finds the interviewer establishing common trends in the first few respondents and the later respondents’ interviews often involve following up interesting leads seen in previous interviews (Gubrium and Holstein, 2002). The perceptions of the marketing executives who work with the development and subject of IM and, therefore, have subject matter knowledge are interviewed. The marketing executives assisted in highlighting their perception of internal marketing’s impact on business performance.
Gubrium and Holstein (2002) lists advantages of one-on-one interviewing:

1. More accurate responses owing to contextual naturalness;
2. Greater likelihood of self-generated answers;
3. Symmetrical distribution of interactive power;
4. Greater effectiveness with complex issues;
5. Better for older or hearing impaired respondents;
6. More thoughtfulness;
7. More accurate results owing to lower interviewer workload;
8. Better response rate;
9. Better for marginalised respondents; and
10. Better for research involving sensitive questions.

3.2.1 Strengths and weaknesses of qualitative research

Huberman and Miles (1995) discuss the four strengths of well collected qualitative data. The first and most prominent feature of qualitative data focuses on naturally occurring, ordinary events in natural settings that illustrate “real life”. Secondly, the emphasis is on collecting the data in close proximity to a specific subject matter within an organisation. This feature allows for the acknowledgement of underlying issues. Third, the researcher can capture data about a broader picture as described by the respondent. Finally, the flexibility of qualitative studies allows for a deeper understanding of phenomena.

Even though these strengths support a reflection of a ‘real life’ situation there are a few weaknesses in qualitative research. Qualitative research lacks in precision, objectivity and rigour as it does not allow for statistical analysis to be conducted (Gummesson, 1991). Therefore, qualitative research’s focus on an individual interpretation of a scenario leaves research at a disadvantage. Qualitative data is usually found in the form of words rather than numbers and words can be ambiguous and leave room for wider interpretation and misinterpretation (Huberman and Miles, 1995)

3.3 POPULATION AND SAMPLE

3.3.1 Population

The population for this research is all companies in South Africa that deliver a service to external customers to obtain financial growth. The companies have a shareholder interest in the company that needs to be nurtured and focused upon. All the companies in this population have an interest in marketing and creating an environment for their employees that is suitable for these employees to do their work effectively. The marketing executives of these companies are the target interviewees. The Deloitte and Touch Best Company to work for competition served as a sample for this population.

3.3.2 Sample

Qualitative research views the sampling process as a dynamic, ad hoc and phased process rather than as a static process with fixed parameters (McMillan et al., 2001). Typically, a qualitative sample is small compared to quantitative research (McMillan et al., 2001; Leedy et al., 2005). The reasoning for any sample size needs to be related to the purpose of the study, the research problem, the data collection technique and the availability of participants relevant to the study (McMillan et al., 2001)

The sample for the purpose of this study was gathered from the Deloitte and Touche's (2007) top 20 overall winners in the 'Best Companies to Work For' competition 2007 results. 12 marketing executives within these South African organisations were interviewed during the process. The sample is a convenience sample as company representatives that were available were interviewed. The organisations whose head offices are based in Gauteng were approached and these organisations availability was secured for interviews. Twenty organisations were approached to take part in this process. The list of the respondent organisations appear in Table 4:

Table 4: List of Respondents

COMPANY
Syngenta
Strate
Pretoria Portland Cement
Kelly
Citadel
Flight Centre
Automotive Industry Development Centre
Golder Associates
Professional Assignments Group
Brandhouse Beverages
Microsoft
LR Group

3.4 PROCEDURE AND DATA COLLECTION

The data collection was carried out in five phases as illustrated by Mcmillan et al. (2001). The first phase was the planning phase, during which interviewees were identified who met the population and sample profile best for achieving information about the research problem. At this point in time permission was received to meet with the chosen network of interviewees and appointment times were confirmed. The second phase is the 'beginning data collection'. Field work was done at this time to assist with research about the companies where interviews would be conducted. The third phase was basic data collection; data was gathered by means of notes and dictaphone recording during the interview. Initial notes and summarise followed each interview. (Mcmillan et al., 2001). In special cases due to respondents time constraints and need to consult with other department about questions interview answers were received electronically as well. At the fourth phase data was closed and the process of data gathering was complete. The fifth and final phase blended formal data analysis and construction of meaningful ways to present the data (Chapter 4 and 5).

Organisations were approached by means of a telephone call to introduce the research process and an information e-mail followed the call to explain the purpose and format of the research. The information letter that was sent via e-mail can be found in Appendix A. Interview dates were secured, by means of e-mail or telephonic agreements, to allow for an informal one-hour discussion between the interviewee and interviewer. The questions that were asked can be seen in Appendix B. These questions were formulated from the research questions that were derived from the literature review and a pilot test of the questionnaire on a respondent from a marketing department within Media24. These questions were open ended and the interviewer kept the discussion within the boundaries of the study for the purpose of ensuring the validity of the research.

The interviews were carried out according to an interview guide. Each participant was asked the same questions but the interviewer decided the order of the questions in the course of the interview process. This approach was relatively conversational and allowed for flexibility in the event that topics had already been covered (McMillan et al., 2001). The interviews were recorded and notes were taken to assist the interviewer through the process and improve the level of reliability of the data.

3.5 DATA ANALYSIS AND INTERPRETATION

The technique that was implemented in the analysis of the data was ‘systematic network analysis’ or otherwise known as ‘fuzzy cognitive mapping’ (Kosko, 1993; Cohen, 2000). This mapping technique represents the content of the data as networks of categories with their causes and effects. Nodes represent occurrences and subjects related to the main problem. These nodes are joined by lines that have positive or negative markers that indicate whether the node has a positive or negative effect on the other node in that relationship. This type of analysis assists in defining factors within a situation and how these factors affect one another. Sets of relationships are tested against each other and their strengths and weaknesses are illustrated.

The fuzzy cognitive map determines drivers for phenomena and bounding this map is very important so that all the peripheral affecting factors are excluded. The map is made up of different nodes that illustrate different affects and functions within a scenario. The transmitter node is the start of an arrow that goes towards a receptor node. The transmitter node has an effect on the receptor node. There is a third node called a policy node which is not affected by any other node.

The first step in the mapping process was to determine which nodes exist from the literature review (Table 2) and their causes and effects on other nodes and draw up a map from the literature review. The next step was to analyse what happens under different scenarios and use the map to provide answers as to what the different scenarios result in. This technique's success rests in its simplicity; no more than 20 nodes are used. The nodes are attached by connectors that represent the positive or negative affect the node the connector comes from has on the node it is going to. A cognitive map can grow continuously if the map designer does not remain within the boundary of the study.

A representation of the success of analysis using cognitive mapping can be seen in Figure 7. Figure 7 is a cognitive map, based on the nodes developed from the literature review and used as a foundation for the analysis of the data gathered from the interviews. Data gathered could support or change the view of the cognitive map and open new avenues for future research.

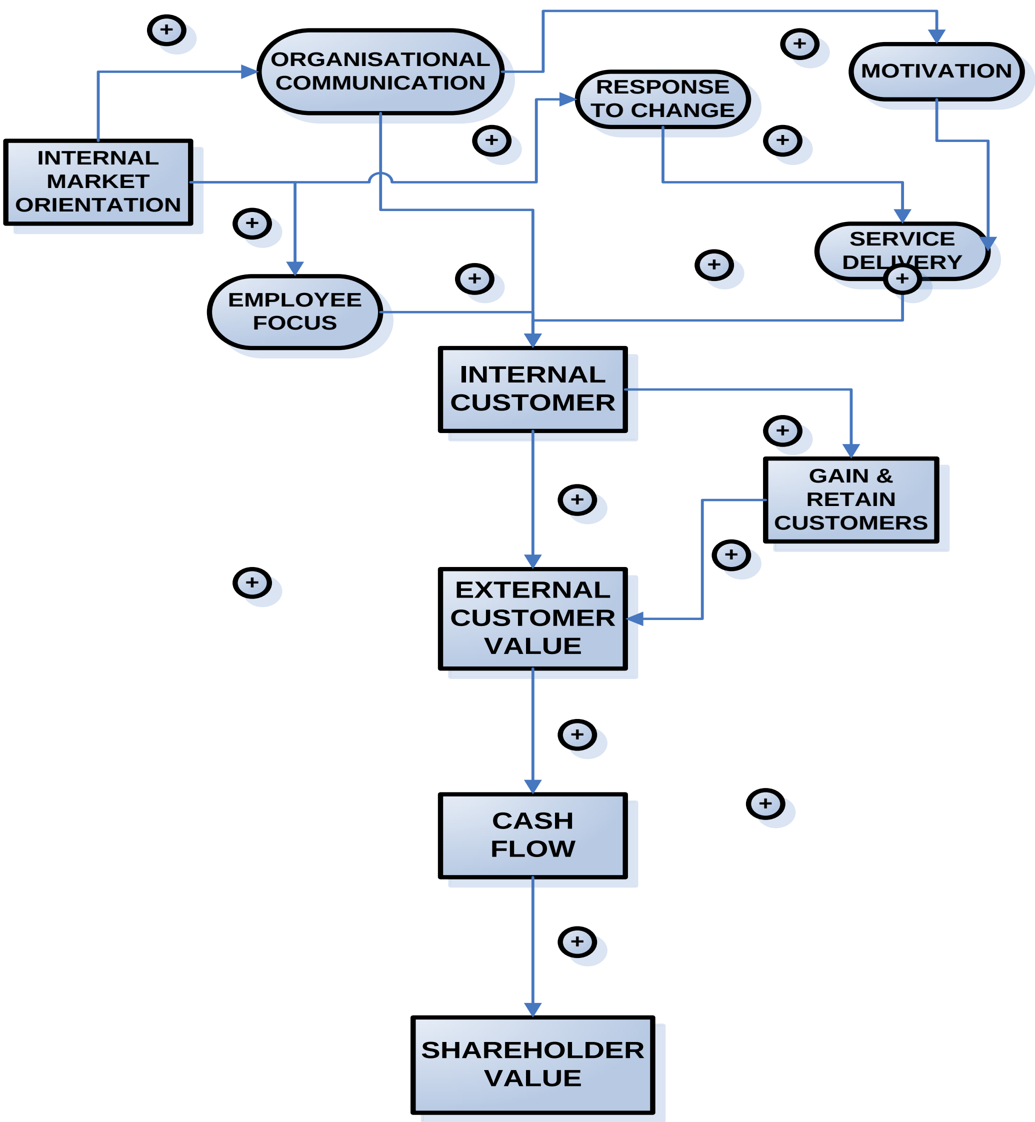

Figure 7: Cognitive Map Based on the Literature Review

3.6 VALIDITY AND RELIABILITY

The validity of the methodology relied on the data collection and analysis techniques. McMillan et al. (2001) has ten possible strategies that can be used during the qualitative research process to improve validity: prolonged field work; multi-method strategies; participant verbatim language; low-inference descriptors; multiple researchers; mechanically recorded data; participant researcher; member checking; participant review; and negative cases. These strategies are used to improve validity. However, the data collection in this research was carried out by one person over three months and data was captured manually by means of recordings and written notes. This means of data collection could affect the validity, although careful attention to accurately recording and caution when interpreting notes was taken to compensated for the value that member checking and participant researcher could add.

Discrepancy levels have been observed widely that can lead to validity concerns in relation to interviews (Gubrium and Holstein, 2002). Less rigidly structured methods seem to rate higher on validity; however, a trade off exists against the increasing reliability of structured methods of data capturing (Gubrium and Holstein, 2002). In this study data collection was carried out by the researcher which is seen as self-evident validity, not requiring “checks” (Gubrium and Holstein, 2002). Individual, open-ended interviews are viewed as more naturalistic than focus groups and, furthermore, a better form of enquiry than survey interviews (Gubrium and Holstein, 2002). Greater depth and detail are gained from individuals, however, in a group other dynamics can be observed which are not present in interviews with one person.

Validity is the accuracy, meaningfulness and credibility of the research method as a whole (Leedy et al., 2005). The degree of validity affords the researcher meaningful and defensible conclusions from the data. Leedy and Ormrod (2005) highlight two questions that are asked in considering validity:

1. Does the study have sufficient controls to ensure that the conclusions drawn are truly warranted by the data?
2. Can observations from the research situation be used to make generalisations about the world beyond the scenario presented?

3.6.1 External validity

Leedy and Ormrod (2005) define external validity as the extent to which results from a study apply to situations beyond the study itself.

In other words, external validity concerns if and how conclusions can be generalised or superimposed to other scenarios. Leedy and Ormrod (2005) speak of three strategies to achieve external validity: a real-life setting; a representative sample; and replication in a different context. A representative sample was the strategy used in this research. A representative sample was drawn from the South African service industry present in the top 20 companies of the Deloitte and Touche’s Best Company to Work For competition 2007. Inferences are drawn that will be applicable to the whole population.

3.6.2 Internal validity

Leedy and Ormrod (2005) define internal validity as ‘the extent to which a study is designed and the data that it yields allow the researcher to draw accurate conclusions about cause and effect and other relationship within the data.’

Internal validity may at times be affected by unanticipated events as well as changing circumstances at the time of interview for each respondent (Huberman and Miles, 1995). Huberman and Miles (1995) suggest that definitions should be made clear to the respondents to prevent confusing or ambiguous responses and that the variables should be kept to a minimum so that information is consolidated effectively.

Internal validity is ensured through taking precautions to eliminate other possible explanations for the results the researcher observes (Leedy and Ormrod, 2005). The interviews in this research took the form of open discussions that were not influenced by the interviewer’s emotion or opinion (Gubrium and Holstein, 2002). The interviewer remained objective at all times during the interview, allowing interviewees a platform to view their perceptions. This research used multiple sources of collected data with the intention that they will converge. This research used in-depth interviews and literature to look for common themes.

3.6.3 Reliability

The data collected represented the opinion of the respondents at the time of the interview process. The concepts that are highlighted during the analysis process were complex and it stands to reason that if the same respondents were approached at a different time and during a different phase of their business development, different data and complexities may result (Reason and Bradbury, 2006). To ensure reliability the researcher was consistent during all interviews with regards to interview techniques and questions. Moreover, the data analysis was carried out systematically and the research was assessed within the context of the organisational environment at the time of the research (Gummesson, 1991; Leedy and Ormrod, 2005).

4. CHAPTER 4: PRESENTATION OF RESULTS

4.1 INTRODUCTION

The results in this chapter are presented in a summarised format within three subsections for each research proposition. The sub sections are as follows:

1. Respondents' perceptions that were expressed during the interview and that relate to the specific research proposition;
2. The strategies that respondent companies have in place that relates to IM and their perceived impact on BP.
3. The results that organisations experienced from these strategies.

The results, the relationships between responses and commonalities between responses are highlighted in the conclusion and further interrogated in chapter 5 in relation to the literature review. The respondents are represented anonymously and their perspectives as a collective.

4.2 DEMOGRAPHIC PROFILE OF RESPONDENTS

The sample was dominated by females in various roles namely: marketing managers; operation managers; communication managers; human resource managers; and brand managers. There are no significant differences between what was planned to be obtained and what the researcher actually obtained since the primary pre-requisite was to interview marketing managers/executives or an alternative who had been put forward by the marketing manager. Some of the organisations believed that the human resource manager was the best person to approach to conduct the research interview and others put forward the operations manager. The respondents were from large organisations with a minimum of 100 employees.

4.3 RESULTS PERTAINING TO RESEARCH PROPOSITION ONE

Research Proposition One: IMO has a direct impact on the internal aspects of organisational performance.

4.3.1 Respondents' perceptions

- Staff engagement is essential to attract the right people and develop the right people;
- Ongoing reflection is needed to align internal marketing aspects to organisational performance;
- Communication is essential within any organisation to achieve desired objectives;
- Communication channels need to be clear and unambiguous;
- Employees are consumers of the product/organisation;
- Structure of the organisation plays a role in building processes and employee commitment;
- A focus on development and training of employees builds organisational performance;
- IM should be used to market organisation to employees;
- Employees are custodians of the future of the organisation;
- IM is intertwined with the culture of the organisation;
- IM differs depending on the size of the organisation, detail required to be delivered and the employee status;
- Internal market orientation cannot achieve much without functional human resource policies;
- Internal market orientation is only effective if there is no tension between different levels of management; and
- Incentives are often attributed to internal organisational performance.

4.3.2 Company strategies

- Individual strategies and tactics need to be aligned for the purpose achieving a common company strategy;
- Internal communication takes place through formal and informal 'meetings';
- Visual aids are used on a daily basis to announce ventures or concepts;
- Organisation has defined roles and speaks with 'one voice';
- Induction informs employees of vision, mission and organisational philosophies and processes;
- Training is used to develop both the internal environment as well as the employees' role in the organisation;
- Internal activities are aligned between departments;
- Employees are empowered through creating accountability for results.
- Integration is encouraged;
- Participation in decision making is encouraged;
- Communication strategies align with employee needs to be effective.
- Value is added to the employee through training; and
- A common understanding between managers and company objectives is built.

4.3.3 Results of strategies

- Staff are aligned with the vision, the mission and the goals and objectives of the organisation;
- Employees know what to do to assist in creating sustainability and growth;
- Loyalty to the company's strategic processes and colleagues;
- Employees are encouraged to be involved in the organisation and meet performance objectives;
- Commitment to organisational performance exists;
- The workforce is driven and communicates ideas and developments.

- Employees are comfortable;
- Improved interpersonal communication skills between department and internal relationships have resulted from IM strategies;
- Employees know plans through communication about their future and have job security;
- Employee's understanding of organisational objectives improves;
- There is a contribution from all levels of the organisation and a sense of value;
- Employees put effort into working towards company objectives; and
- Collective resources enhance internal organisational performance.

4.4 RESULTS PERTAINING TO RESEARCH PROPOSITION TWO

Research Proposition Two: Internal aspects of company performance impact directly on the external aspects of performance.

4.4.1 Respondents' perceptions

- The external customer wishes to experience a consistent message;
- The employees' performance recognition policies impact their motivation towards meeting organisational objectives;
- Employee behaviour impacts performance in relation to the external customer;
- The internal activity will reflect externally through word of mouth;
- Communication of strategy is essential, internal to external and vice versa;
- Strategy of the company needs to be clear to external customers through internal synergy;
- Human capital development reflects outwardly into customer service and performance;
- Core values and structure are aligned with external clients and the organisation's value proposition; and
- Internal customers need to 'buy in' to the product.

4.4.2 Company strategies

- Organisations aim to live the brand from within to communicate the effectiveness of their organisation;
- Rewarding and punishing employees for their successes/failures externally will result in their continuing to excel;
- Introduction of transparency keeps the internal environment informed;
- The internal customer needs to be held accountable for external results;
- Regular progress reports and meetings to keep employees informed;
- Align organisational marketing strategies internally and externally and employees' commitment to the organisations value proposition; and
- Internal customers need to experience the product.

4.4.3 Results of strategies

- Customer satisfaction result from balanced communication;
- Employees continuously challenged and meeting external customer expectations;
- An informed person can make calculated decisions;
- Responsible business activity conducted from internal to external customers;
- Internal customers become opinion leaders to the external customer;
- Employees carry the brand;
- Employees are able to react to external demands effectively;
- The organisation meet delivery demands to external customers; and
- External customers are being serviced by an empowered and knowledgeable employee.

4.5 RESULTS PERTAINING TO RESEARCH PROPOSITION THREE

Research Proposition Three: The internal customer of the organisation is the employee and this view impacts on the organisational structure of the organisation.

4.5.1 Respondents' perceptions

- Alignment and driving common behaviour throughout organisation are essential for producing successful and productive processes;
- Transparency should be created with regards to strategy and results;
- Internal activities are useful for promoting philosophy and good working practice processes;
- Strong leadership and the manner and style of leaders are an essential driver of meeting internal customer needs and developing and sustaining successful organisational businesses processes;
- The internal environment and customer influences the success/failure of processes;
- Internal communication is key to building effective organisational structures;
- Value creation internally is a two-way process between managers and employees;
- Internal training on processes helps create understanding of purpose to and the final objective of the organisation;
- The organisation needs to sell and market itself to its internal customers;
- Employee wellness and reward and recognition are important focus points for the internal customer; and
- The structure of the organisation can be a deciding factor in what processes are in place.

4.5.2 Company strategies

- There are 360-degree surveys and a celebration of culture and small triumphs.
- Scheduled meetings and reporting sessions inform the internal customer and allows those responsible to be accountable.
- Trainings programmes and internal communication strategies to encourage all employees' participation in organisational objectives.
- The CEO, Exco and top management need to ensure information is cascaded to employees in a clear way and as a consolidated message.
- An environment should be created where employees know their role in meeting organisational goals successfully.
- Managers and employees need to be trained on how to serve each other in the best way suited to meet organisational targets.
- Human resource capabilities need investment.
- In-house training is made suitable for the employee.
- Internal customers are encouraged to take responsibility for their decisions and their own processes.
- Targets need to be defined so that the structure does not limit company processes.

4.5.3 Results of strategies

- There are clear processes and awareness of areas that need work to serve the internal customer.
- Internal customers and leaders are accountable for actions.
- Processes remain clear and purpose driven.
- Common direction exists as well as an understanding of company's desired outcomes.
- Internal customers are able to attach meaning to their function in the greater picture.

- Confusion is eliminated and the internal customers' needs are acknowledged as important in the organisation.
- Business units are able to share information which adds value to the organisation.
- Employees are committed to working towards successes of the organisation.
- Managers and employees understand each other's needs and wants within the organisation for the purpose of being productive in the delivery of good service to the external customer.
- Employees are empowered and put ideas forward.
- Employees add value to processes.
- IM activities are dependent on the structure and size of the organisation and the employee status.

4.6 RESULTS PERTAINING TO RESEARCH PROPOSITION FOUR

Research Proposition Four: Organisations need to run their operations and their systems in the interest of shareholders

4.6.1 Respondents' perceptions

- Shareholders benefit because of re-investment opportunities and potential growth in a successful organisation.
- Employees are encouraged to be shareholders.
- Shareholders want to see employees being carriers of the brand.
- Shareholders feel the effects of IM in terms of associated reputation with a brand and the value of the asset.
- Care to the external customer will lead to shareholder value increase
- Successful products improve SV.
- A not-for-profit organisation will measure its business performance according to economic impact and multiplier effect.
- IM is not a stand-alone strategy to develop shareholder value, although it is very effective.

4.6.2 Company strategies

- The organisation generates surplus cash and profits through customer loyalty, retention and new customer development.
- Management builds a shareholder programme into the employment structure.
- Strategies that encourage developed employees to be consumers of the product.
- Productivity needs to improve to grow and create cash generation.
- The company aims for a high degree of staff retention and internal ownership of roles.
- Internal processes need to be effective.

4.6.3 Results of strategies

- Positive shareholder investment and growth of the business are apparent.
- Accountable employees build a sense of responsibility and accountability in employees.
- Return on investment is visible.
- Cash flow increases.
- Increased SV exists.
- Client retention and development mean continuous business growth.

4.7 SUMMARY OF THE RESULTS

Respondents made the following statements during the interview process:

‘Being employee owned, people have the opportunity to benefit from the company successes therefore each employee’s efforts effect their investment. Nobody has ever washed a hired/borrowed car in the same manner that they’ll wash and care for their own car.’ (Anonymous)

‘Employees don’t want to only hear that they are valued but management need to live it.’ (Anonymous)

‘Rather have people worth more than what they are being paid, than people being paid more than what they are worth.’ (Anonymous)

Organisational performance of a high level is what all organisations strive for to be sustainable. It is evident from the respondents’ responses that internal market orientation has an impact on organisational performance. A focus on IM in light of internal market orientation within the organisation draws attention to the role that employees play. The majority of organisation representatives interviewed emphasised that the right people within the organisation are critical to meeting organisational objectives. Key elements that respondents highlighted as core functions towards creating an internal market capable of making an impact on organisational performance are: staff engagement; communication strategies; staff alignment with the organisational vision, mission and objectives; skills development to add value to the employees’ current role and possible future growth; and employees being carriers of the organisation’s brand.

Empowering employees assists in improving productivity, loyalty, communication and service oriented processes from within the organisation. Ensuring that employees are informed from the start of their employment and throughout their employment will build effectiveness of existing processes and philosophies. Even though internal market orientation has been labelled an effective tool to positively impact on internal aspects of organisational performance, it cannot stand alone. Human resource policies and procedures are essential to develop the internal environment of an organisation. This allows managers and employees to be developed in line with organisational objectives and build an understanding of the value they add to each employee which their organisational function impacts.

For the internal aspects of company performance to impact directly on the external aspects of performance an organisation needs to be delivering a consistent message heard by internal and external customers. Respondents continuously emphasised the power of effective communication, both visual, experienced and heard. Successful communication has proved to assist employees to make informed decisions and take responsibility, as all risks are known. The external environment experiences confident approaches to business and this assertiveness allows for employees to be held accountable and rewarded according to the results delivered. Respondents were pleased to say that in their experience their success in business could be attributed to their business philosophies and the transparency of results that reflects from within outward to the external customer.

A few common features that respondents reported as affecting external performance were: alignment of company values with external customer values; human capital development strategies resulting in effective customer service; employees' effective response to clients needs; and the company brand being carried externally.

Research Proposition Three examined the concept of defining employees as internal customers and how this definition would impact service orientated processes. Respondents have a passion about their employees and the general sense that the researcher experienced was that organisations respect their employees and wish that employees do not merely have a pleasant place to work but that they experience synergy in their efforts to reach common goals. The respondents emphasised that identifying the importance of employees and viewing them as internal customers changes one's outlook and the way one implements processes.

To be able to have successful processes in place within the organisation the purpose of the processes needs to be clear. Employees need to sense that they add value to the process, employees must be empowered, and there needs to be transparency between all levels of employment. This is all possible when employees are treated as customers and provided with the suitable resources to perform at their best. It is clear that when employees know that their role is valuable within the processes of the organisation and that an investment is made to assist them to continuously improve processes are clear and process driven. Organisations have experienced synergy within their processes and fluidity because the internal customer is being serviced within the organisation to deliver on desired collective outcomes.

An interesting alternative was posed by some of the respondents: that the organisational structure could have an effect on processes within the organisation. Even this may be an influential factor in process design and functionality. IM was given credit by respondents in assisting the elimination of structural barriers when communication strategies are implemented and targets are defined for all employees to meet within their scope.

Shareholder interest is essential in many organisations as they are the investors and re-investors in organisations. Shareholders have an invested interest in the organisation that they have a share in. Shareholders being employees has value because the result of their efforts is translated into personal gain. When an organisation runs its operations in the interest of shareholders the organisation puts strategies in place to improve processes to increase cash generation, which results in dividends for shareholders or an opportunity for shareholders to re-invest and promote company growth which is in turn growth of their investment. This is positive for shareholders and encourages shareholder support. Shareholders have a desire to be proud of their assets and a successful asset reflects positively in the shareholder’s portfolio. Productivity and growth are essential for all shareholders to see and this is possible through employee commitment, client retention and development, employees being carriers of the brand, and employees taking responsibility and being accountable for their actions.

5. CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 INTRODUCTION

Hart (1998) highlighted that only at the end of the twentieth century companies were being challenged about their marketing purpose and the potential and relevance of IM became evident. Respondents to this research acknowledged that IM is a new concept and is important within any organisation because the most important assets in a business are its employees. During the interviews respondents emphasised that the success of their organisations rested in the productivity of their employees and efforts should be generated from within the organisation to build company's performance efforts. This view is complementary to Webster's (1992) view that organisations should start thinking of them as internal customers.

This discussion will combine the results and the literature review to illustrate where there are commonalities and where differences have been identified. The four propositions will be discussed individually to identify their specific role in relation to the outcomes of the interviews. The marketer's credibility through the efforts of IM is evident in the research and challenges Rust (2004) that marketing has distinct capability within an organisation. The conclusion includes a table (Table 5), which represents the nodes and their receptors and effectors that were derived from the interview results.

5.2 DEMOGRAPHIC PROFILE OF RESPONDENTS

The respondents are from the service industry and service orientation is what the economy is increasingly moving towards to attract and retain customers for companies to establish a sustainable competitive advantage (Bansal, 2001). The sample was small and limited to the Gauteng area of available respondents in the top 20 of the ‘Deloitte and Touche Best Company to Work For’ Competition 2007. Even though the sample was small and representative of a greater sample (McMillan et al., 2001; Leedy 2005) the possibility exists that choosing a sample from a group of organisations that had already been judged successful might result in biased results in this study.

5.3 DISCUSSION PERTAINING TO RESEARCH PROPOSITION 1

IMO has a direct impact on the internal aspects of organisational performance.

The internal market orientation’s impact on internal aspects of organisational performance was measured using respondents’ feedback on whether IM strategies influence employees’ service delivery and involvement in the organisation. Pitt and Foreman (1999) place emphasis on the need for IM to precede external marketing and respondent results showed that:

1. Organisations need to focus on hiring, training and motivating capable employees to service the customers well; and
2. Internal activities promote engagement in employees so that the right people are developed and aligned to organisational performance requirements.

The study agrees with Lings (2004) that the purpose of IM is to engage with employees and have inputs from within the organisation to develop business processes. This is done in practice through:

1. Clear channels without ambiguity between the organisation's departments;
2. Constant communication (using visual and audible tools); and
3. Ongoing reflection to constantly align employees to the vision, mission goals and objectives of the organisation.

These elements are important so that marketing does not remain solely a function within business but becomes a way of doing business. The data shows that these elements encourage: a driven workforce; commitment to the organisation to meet performance targets; loyalty to the company's strategic objectives; and employees who know their role in creating sustainability and growth. This is in agreement with George's (1990) view that internal market orientation assists in building a holistic approach to business through: firstly, employee comprehension of organisational objectives and involvement in success; and, secondly employees being equipped and motivated to act in a service-orientated manner.

Internal market orientation assists in developing a corporate culture by applying marketing tools to communicate plans about future job positions and corporate strategies. The application improves interpersonal communication skills and internal organisational relationships that strengthen an organisation where service is dependent on collective work effort. The critical success factors (CSF) for IM to be effective require effort and can be achieved with very little money. They are:

1. Communication
2. Clear channels
3. Development
4. Training
5. Induction to an organisation
6. Defining roles in the organisation
7. Aligned departmental activities
8. Encouragement of participation
9. Creating accountability structures for work performance

These critical success factors, drawn from respondents' responses, can be related to George's (1990) view on the development of IM that rests within management's focus on six issues: membership, socialisation, identity, organisational structure, interpersonal development, and the environment.

George (1990) further states that the personality of the organisation is developed from components within the organisation. Respondents claimed that IM strategies and communication would differ depending on education levels of employees. The size of the organisation and its managerial layers could affect information being diluted or alternatively information could lose formality where applicable.

The leadership component within the organisation was described by respondents as visionary and tension driven leader and can be a strong determinant for the success of IM strategies. The visionary would encourage involvement and integrate employees in the process, whereas the leader who builds tension may hinder effective internal market orientation and damage communication channels through nervous employee behaviour. A common thread between all respondents was in line with Gounaris' (2006) definition of internal market orientation: 'the extent to which the company commits to produce value for its employees through effectively managing the relations between employees, supervisors and management' (Gounaris, 2006:432). The internal market orientation strategies of these organisations positively affected employee commitment and organisational performance within.

It is true that internal market orientation is effective in creating a supportive environment to productive work and positive relations within organisations and leads to organisational performance. Results showed that internal market orientation cannot stand alone without human resource policies and interdepartmental synergy. Organisational structures need to work together to increase the strength of meeting objectives by collecting resources that enhance organisational performance. When employees see an investment being made in their careers through internal market orientation they will take part in decision making and this impacts positively on relationships in the organisation. The best and the most committed employees will be attracted to organisations that encourage growth which builds the sustainable competitive advantage. These organisations in the service industry are working with an intangible product. Therefore, the strength of internal market orientation will build the correct communication strategies to convey a uniform message to employees, which in turn impacts the external customer (McDonald, 2001).

Internal market orientation develops the internal environment of the organisation through IM (Gounaris, 2006). However, IM is not only for the managers who develop it; the organisation and employees in their own capacity need to take ownership of their role in IM to make it successful. As Srivastava (1999:178) states so appropriately: 'Processes by which work gets done needs to be influenced', Internal market orientation is not only in the managers minds but needs to be energising actions throughout the organisation to have an influence on organisational performance.

5.4 DISCUSSION PERTAINING TO RESEARCH PROPOSITION 2

Internal aspects of company performance impact directly on the external aspects of performance.

How do these IM efforts influence strategy? Do these IM efforts truly have a positive impact on the organisation's external aspects of performance? These concepts are what make this proposition the glue between the impact of IM and BP as measured by SV creation. The research sample supported the view of academics (Harrel and Fors, 1991; Pitt and Foreman, 1999; Lings, 2004; Rust, 2004) that there is a need in the corporate world to focus on operating IM and external marketing activities in tandem. IM will precede external marketing to service the external customer with 'one voice'.

Organisational strategy has resulted in organisations seeing that the brand needs to be cultivated from within the organisation if the brand is to affect the external environment. Srivastava (1999) speaks of the intangible factors of the organisation that is built from within and this is becoming the basis of organisational competition. Respondents highlighted that customer satisfaction results from balanced communication strategies that encourage the employee to deliver an exceptional service to the end consumer. Service delivery in the organisation is intangible and different levels of service are what can differentiate one company from another.

Lings (2004) refers to the service industry and states that those companies who have committed and motivated employees will have a positive influence on the external market. The researcher found that investment in employees, who are the point of contact for end users and who are ambassadors of the brand, develops human capital and that this reflects outwardly as customer service and performance. The researcher is lead to disagree with the Corporate Executive Board of the Marketing Leadership Council (2001) who states that 70% of marketing budgets are being decreased as companies are cutting costs in areas that are believed to not add value to the organisation. From the interviews, the opposite impression is given that service companies are clearly increasing their internal efforts and seeing external results with regard to employee performance and customer satisfaction.

The human capital development budget has increased in sample organisations, with positive results in employee retention and consumer demand. An indication of business growth is an increase in cash flow (Srivastava, 1999). Cash flow is a result of gaining and retaining customers. This is achieved through:

1. Improving two-way-communication strategies;
2. Good service delivery;
3. Organisations aligning their core values and organisational structure with external customer needs and wants; and
4. Meeting the needs and wants of the external market by meeting the needs and wants of employees.

Piercy and Morgan (1991) describe IM programmes in terms of the product, the price, communications, and distribution. The product is the intangible service the respondents' organisations deliver and this product's dimensions are value, attitudes and behaviours. These dimensions are needed to sell the service and this can only be achieved through employees. The common strategy taken by organisations is the introduction of transparent behaviour within organisations to keep everyone informed. Rewarding successes and punishing failure builds a sense of accountability in employees to meet organisational objectives. Employees achieve goals under these conditions and aim to deliver quality service.

IM enhances the effectiveness of customer satisfaction and this influences service sales and results further in profits and growth (Gounaris, 2006). A strategy that was common in the sample was communication strategies about product progress, product changes, and exposure to the product so that employees gain knowledge about how external customers experience the product. Increased customer satisfaction is achieved if employees are knowledgeable about the product and how it is experienced.

Respondents felt that responding to information relevant to the internal market has a definite impact on internal aspects of performance and in turn results in good external performance. Their view resembles Lings' (2004) view of balanced internal and external market strategies. The informed and involved internal and external customers are, therefore, able to make informed decisions on service delivery and engagement. It has recently become important for the organisations within the sample to have employees at all levels responding to their specific requirements for organisational performance. All employees have their role in servicing the external customer regardless of their contact levels with the customer (George, 1990; Harrell and Fors, 1992). The perspective of the respondents is that the internal climate creation of an organisation sets the tone for motivated employees. Lings (2004) views the internal climate as the corporate identity that builds and encapsulates the company's ethos, aims and values. The results show that employees are an important corporate asset and that through IM consumer perceptions of the organisation are influenced. This result leads one to believe that IM helps to create a workforce that is difficult to imitate (McDonald, 2001).

5.5 DISCUSSION PERTAINING TO RESEARCH PROPOSITION 3

The internal customer of the organisation is the employee and this impacts the organisational structure of the organisation.

The goal of organisations is to improve business performance. Results from the interviews highlighted attributes within the organisation that support the third proposition. However, the terms “internal customer” and “viewing your employees” were not commonly used by respondents. Organisations that participated in the study to put activities in place that serve the employee and these activities impact the organisational structure. Some similarities can be drawn between the literature (George, 1990) and the results. Both speak about the personality of the organisation being derived from different components within the organisation. These components impact the ‘internal customer’ and influence the organisational structure of the organisation:

1. Type of organisation
2. The mission of the organisation
3. The prevalent leadership styles
4. The effects of the external environment
5. Different personalities

The organisations view investment in employees as essential. This investment is done by means of:

1. Training programmes
2. Engagement
3. Value recognition
4. Communication strategies

These activities are important because the internal environment and internal customer influence the success or failure of processes. Keller et al. (2006) description of service marketing in Figure, describes that in service marketing the role of IM between the company and the employee is very important for the delivery of excellent service.

The 'focus on employees' builds the service marketing triad and influences the organisational structure. Service marketing is achieved by the activities and the kind of leadership that the organisation has in the structure. The respondents' perspective is that strong leadership and its manner and style of operation and interaction with the employees are essential drivers to meet the internal customer needs. The type of leadership style in an organisation is perceived to develop and sustain successful organisational business processes. Lings (2004) complements the perception of respondents with his view that the employees' role is vital to the organisation and that structural adaptations and development of systems that are conducive to the employees' service delivery performance would be essential.

The development of external customer value is done through the employees' common behaviour (Rust, 2004). The researcher found that the respondents work towards alignment of activities and that strong communication channels that encourage common behaviour are implemented between departments. Managers believe that all employees (executives and managers included) need to be trained on how to serve each other in the best way suited to meet organisational targets. This view is aligned with the literature's internal customer theory that all employees are internal customers and internal suppliers to other employees (Lings, 2004). Without focus on the internal customer and viewing employees as your internal customer, processes will not create a value-adding experience for employees. Therefore, the structure of the organisation will be impacted by what the needs and wants of the 'internal customer' are.

The internal customer pays a 'price' in working towards the collective vision of the organisation (Piercy and Morgan, 1991; Lings, 2004). This fact cannot be ignored because employees who feel as if the 'price' paid does not meet the value added to their work process failure in the organisation may occur. Organisations view internal communication as key to combating discouraged employees because business units are able to share information and add value to the organisation (i.e. internal suppliers). Organisational structures that add value to an employee's work environment empower employees to put ideas forward and add value to their processes. Process development is done as a two-way communicative process: employees and managers have input, and final decisions are made by executives taking all employees into consideration.

Knowledge sharing about organisational processes is done through internal training. This training creates a sense of purpose towards final objectives and the organisation ‘sells’ itself to employees through information sharing and experiential activities. A new trend in organisations is the focus on employee wellness, recognition and reward. Employee wellness will serve the customer in complementing the work lifestyle with a healthy lifestyle. The corporate investment changes executives’ view of the employee as an asset and often new programmes need to be implemented into an organisation to promote wellness. Reward and recognition encourage employees to take responsibility for their actions and possibly this means that processes are respected.

Gounaris (2006) encourages the gathering of information in the internal market for the purpose of indentifying essential decisions that need to be made with regards to the exchange of value in the internal market. Organisations use social techniques such as communication channels as well as formal or informal meetings to gather information. This is once again a focus on communication, which enables rapid development and acceptance of organisational goals and changes. Through IM and viewing employees as internal customers, organisations have found that communication assists in enabling different levels of the organisation to understand the difficulties associated with their function and their relation to other employees’ roles.

Relationship building within the organisation assists with the identifying and correction of flaws in a process or organisational structure. This is done by means of:

1. Effective communication
2. Leadership’s active role in the organisation
3. Value creation for the internal customer
4. Alignment to company vision and mission

Quality improvements and increased organisational adaptivity are achieved by collective problem identification and solving.

Finally, strategic structural adaptations, investment and a focus to serve your employees as internal customers results in empowered and satisfied employees.

5.6 DISCUSSION PERTAINING TO RESEARCH PROPOSITION 4

Organisations need to run their operations and their systems in the interest of shareholders

SV, according to the literature, has been identified as a measure of BP (Rappaport, 1986). However, the question remains as to how the measure is accomplished and if marketing activities adds to SV (Doyle, 1989). According to Booth (1998), the creation of SV is the correct goal for organisations. The results from respondents in this study showed a positive effect of marketing on SV. The SV approach viewed by organisations and illustrated in Rappaport's (1986) study identifies that it is an approach that evaluates selected strategies of the organisation to identify whether these strategies are likely to create an sustainable competitive advantage. The organisations view their strategies in terms of allocation of resources in relation to the sustainable competitive advantage that it creates. According to the literature IM's allocation is subject to the value it adds to the creation of SV (Srivastava, 1999).

Respondents felt that shareholders do feel the effects of IM in terms of associated reputation with a brand and the value of their asset being improved. These factors are achieved by internal processes and employee behaviour being focused on developing external customer value. This focus results in retaining and gaining customers. Cash is a pre-requisite for increasing SV and the gaining and retaining of customers is a means to increase cash flow (Srivastava, 1999).

Srivastava's (1999) framework (illustrating marketing's role in business processes to develop customer value towards the creation of SV) was found present in the organisations that participated in the study. However, some organisations saw IM as encouraging employees to view themselves as shareholders to promote a sense of ownership. The view expressed was that employees who have a sense of ownership in what they do will work harder towards improving BP because their sense of responsibility and accountability increases with 'ownership'. This employee sense of ownership is achieved through implementation of shareholders' structures or options in employment packages. Marketing contributes, as well, to employees being ambassadors of the brand and respondents perceived this to be what shareholders want to experience.

From the views of Rust (2004) and Srivastava (1999) and the sample interviewed we can deduce that it is a shared view that the relationship between IM and SV is built within business processes to develop customer value creation. These processes result in:

1. Long term assets for the organisation, in terms of customer loyalty and employee commitment;
2. Organisations' perceptions that the IM processes provide a visible return on investment as well as cash flow increases; and
3. The return on investment assists, which assists the organisation to grow and ensures that shareholders benefit from growth opportunities and re-invest in the organisation.

An organisation that is attractive to shareholders is one with a culture and growth potential that are not easily replicated. It is difficult to build and sustain culture and growth that is difficult to replicate, but, such growth and culture are difficult to replicate by other organisations (Albrecht and Zemke, 1985; Gounaris, 2006). The associated reputation that follows a successful brand is a result of IM's complete value creation efforts, according to respondents. Organisations' IM strategy needs to be powerful to meet employees needs, customer expectations and, ultimately, support the growth requirements of shareholders.

Srivastava (1999) refers to the resource-based view of the organisation. This view links marketing and business processes to recognise customer networks, distribution networks and market information as valuable assets and marketing expertise as valuable capabilities. This view is reflected respondents' perception that a successful service is a result of internal communication to make internal processes effective. These assets draw the focus away from the organisation towards the external customer and lead to improved SV increases through positive cash flow.

Without the available financial statements from organisations it is not possible to draw a correlation between organisations' investment in IM and organisational performance. However, this correlation could be spurious as respondents were of the opinion that IM cannot stand alone, even though it is an essential element in working towards good business performance. Though IM does not stand alone the effects of it can be measured in terms of SV creation. The long term value of the business is augmented through the investment in processes that result in both tangible assets (infrastructure and revenue) and intangible assets (customer and employee loyalty and strong brand equity).

Strategic assets are difficult to develop internally as development takes time and needs capital investment. Investors often prefer to associate themselves with companies that already have a brand image, distribution channels, proprietary technology, patents, trademarks and experienced staff. However, even though an investor may buy a company with all these assets, a continuous investment needs to be made to assist continuous growth and sustainability. Organisations move towards investing in operations that run their operations in the interest of their shareholders. SV creation is associated with investment and growth opportunities for the organisation. Through positive investment through IM the external market is impacted, cash flow is impacted and, finally, SV is impacted as well.

5.7 CONCLUSION

In conclusion, the literature and the interviews revealed common trends with regards to the perception of IM's impact on BP. The term "internal customer" was not commonly used amongst respondents but various other synonymous terms or phrases were used. Since investment in employee engagement is evident it can be perceived that organisations are realising the importance of their employees as assets. The creation of SV is not reserved by IM but IM definitely plays a very strong role in customer value creation. The customer value creation is translated into cash flows and translates into SV development.

As a result of the findings within the literature and the data collected the following nodes set out in Table 5 have been identified, as well as their receptors and effectors. Each node has been identified from the discussion of the results as well as the literature where parallels have been evident. The receptors have been identified from previous text as the nodes that are affected by the effector node. These nodes, receptors and effectors represent the relationship of actions and areas of the organisation that support the theory of IM's impact on Business Performance.

Table 5: Research Results Cognitive Map Nodes

NODE	RECEPTOR	EFFECTOR
Investment	• IMO	
Internal Market Orientation (IMO)	• CSF • Business processes	• Organisational structure (+/-) • Leadership (+/-) • Investment
Internal Customer	• External customer	• CSF • Service delivery • CVC

Sustainable Competitive Advantage* (SCA)	• CVC	• Business processes • CSF • Loyal and motivated employees
Critical Success Factor** (CSF)	• Loyal and motivated employees • SCA • CVC • Internal customer	• Education level of employees
Service Delivery	• CVC • SCA • Business processes	• Loyal and motivated employees
Business Processes	• SCA	• Service delivery • IMO
Loyal and Motivated Employees	• Service delivery	• CSF
Customer Value Creation (CVC)	• Customers gained and retained • Internal customer	• CSF • Service delivery • SCA
External Customer	• Cash flow	• Internal customer • Customers gained and retained
Leadership	• IMO (+/-)	
Organisational Structure	• IMO (+/-)	
Employee Education	• CSF (+/-)	
Customers Gained and Retained	• External customer	• CVC
Cash Flow (CF)	• SV	• External customer
Shareholder Value (SV)		• CF

*SCA – Difficult to imitate by other organisations

**CSF – hiring, training, motivating, right development, communication

6. CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

Interest in IM and its components by academics and business practitioners is growing every day; similarly the questions about how it is measured, assessed how IM impacts on BP. Interest from academics has been evident in finding IM's relationship to sustainable competitive advantage and SV (Hart, 1998; Ind, 2003; de Chernatony, 2003; Backhaus, 2004). This research has focused on finding the perceptions that marketing agents in South African organisations have concerning IM's impact on BP. As Keller et al. (2006) suggested the management of IM health from the consumer perspective creates a better probability of achieving improved SV. Respondents elaborated upon this point and stated that creating consumer value, has positive effects on cash flow and is achieved from within the organisation.

Lopez-Claros' (2007) view that the world economy is not a zero sum game and that the improvement of the world's economies can be improved through productivity poses challenges for many organisations that do not have suitable infrastructure to improve systems. Organisations usually associate improvement with expenditure. How can this be changed? The researcher found that dominant critical success factors for improvement were:

1. Communication strategies
2. Strong leadership
3. Organisational development

These strategies do not cost money but do require time and insight.

The researcher has been able to construct a concluding cognitive map based on the results from the data collected. This cognitive map is visible in the next section and will be compared to the map derived from the literature review for the purpose of drawing conclusions. The results from respondents are perspectives only.

6.2 CONCLUSIONS FROM THE STUDY

Figure 8 illustrates the cognitive map that has been developed from the identified nodes, receptors and effectors. The map is further discussed below.

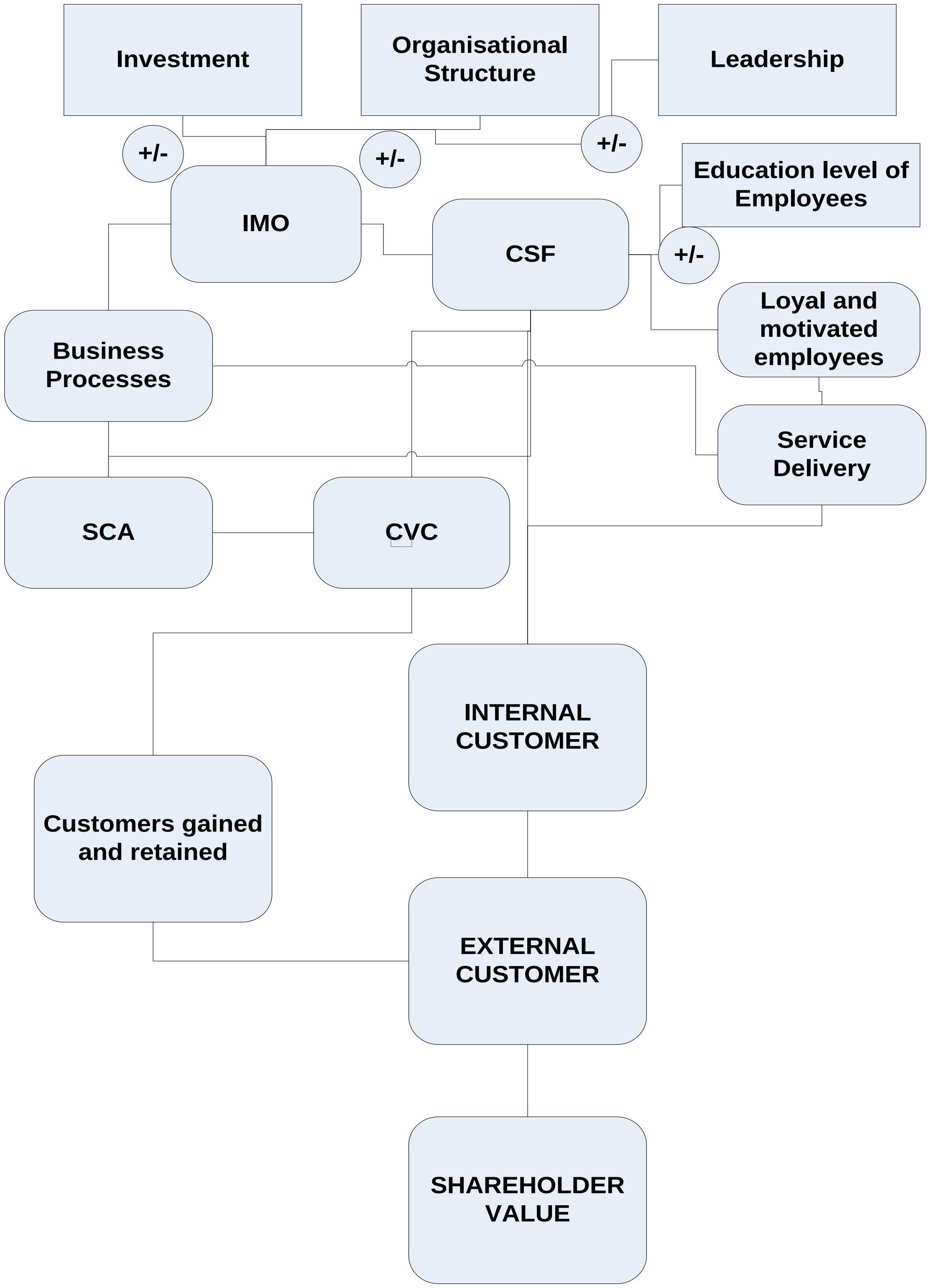

Figure 8: Cognitive Map Based on Research Results

Results have shown that it is important for companies to be competitive in a globalised market to favour investments and growth. This can be achieved by identifying productivity and competitive improvements essential for growth. The perception of respondents supports Webster's (1992) statement that IM is essential and can improve productivity through employee loyalty and commitment improvements. The organisations that are able to differentiate themselves from the competition will be sustainable. In the service organisations interviewed it was clear that employees and the value that they are able to give to the customers' experience of the organisation is a differentiating factor.

The cognitive map developed from the literature (Figure 7) and the cognitive map developed from the data collected (Figure 8) illustrate a common trend – activities that empower internal customers will influence the retention and gaining of external customers. This cycle will have an effect on the organisation's cash flow cycle and finally impact SV. The IM activities within the organisation are critical to build a sustainable competitive advantage and develop customer value creation. All the connectors between receptor nodes and affecter nodes could have positive or negative influences. The positive or negative influence would have resultant effects positively or negatively cascading down to the SV. All elements are interdependent to empower the internal customer through IM activities.

The transmitter nodes investment, organisational structure and leadership that effect internal market orientation are pillars for the initiation of successful IM. Strong leadership is needed to support the efforts of IM so that the concept of alignment with organisational goals is met. A leader who does not buy in to the value that IM and its efforts can create will create challenges for successful IM results. Investment decisions are indirectly affected by leadership as well. Investment does not simply mean the financial contribution but also the time needed to develop effective IM processes. Financial investment is dependent on leadership's view of value that IM activities can add to the organisation. A further transmitter node is the education level of employee which has an effect on the critical success factors. Critical success factors need to be adjusted to suit the education levels of employees. The understanding of employee education levels allows employee needs to be met at the level that would best develop them and complement the organisational processes. Organisations emphasised education levels because organisational activities that are pitched at the wrong level for employees will be ineffective. Literature was vague in illustrating these transmitter nodes as direct effectors of IM activities.

The researcher found that organisations are positive about IM's effects in improving organisational productivity and creating SV through customer value creation. However, IM's effects are dependent on organisational commitment from all departments. Each individual in the organisation needs to take ownership of the organisational vision and their role in achieving the organisational objectives. Employees at every level are a part of a greater whole and this whole can be compared to the human body, all organisms working together. In the current competitive market it is as one respondent said: "The bus is moving forward at a fast pace to stay ahead and all employees need to be on board."

IM is not a stand-alone function within businesses. Though, within the boundaries of this study, IM needs to be an essential part of an organisation's development plan. IM is able to develop customer value and build a sustainable competitive advantage. Competition between organisations is based on success in gaining and retaining customers. This is done through offering customers better value than competitors. Organisations are moving towards using IM strategies and on the basis of perceptions of the top 20 companies to work for in the Deloitte and Touche's 'Best Companies to Work for Competition' IM has an impact on BP.

The marketing assets created by IM aimed at the creation of customer value are essential and need to be nurtured and developed as they represent cash flows from marketing activities and future revenues that effect SV.

6.3 RECOMMENDATIONS

The most important outcome from this research is that organisations need synergy between their internal and external marketing activities – they need to speak with one voice. Employees are empowered through IM activities to serve one another within the organisation and these activities impact service delivery. Therefore it is important for organisational leadership to invest in its most valuable asset, its employees, through IM because there a positive relationship and IM impacts SV. Recommendations for organisations are discussed below in relation to the research propositions found in this study.

Research Proposition 1: IMO has a direct impact on internal aspects of organisational performance

The sample supported the theory in terms of there being a few common strategies that need to be followed to implement successful IM. For IM to impact the organisation positively an investment needs to be made. This investment could be monetary but, most importantly, an investment of time and commitment needs to be made from all levels of the organisation. IM activities need to be planned and deep thought is needed to align activities so that there are complementary actions to meet desired objectives.

Research Proposition 2: Internal aspects of company performance impact directly on the external aspects of performance
Research Proposition 4: Organisations need to run their operations and their systems in the interest of shareholders

IM behaviour complements the organisation's external strategy execution and, in turn, increases cash flows through increasing customer value creation by:

1. Aligning business processes to organisational objectives
2. Empowering employees

These activities result in the gaining and retaining of external customers, which is positive for increasing cash flow. Increasing cash flows is in the best interest of your shareholders. This is a new concept to most employers and empowering employees in this way is achieved through:

1. Clear communication
2. Value-adding activities (hiring the right people, training, employee engagement, motivation, continuous personal development)
3. Leadership
4. Activities that are not in line with the organisational goals are not adding value to the greater desired outcomes.

Research Proposition 3: The internal customer of the organisation is the employee and this impacts the organisational structure of the organisation

Aligned organisational structure and leadership drive the organisational strategies and are essential for effective IM implementation. However, each organisation viewed its own unique characteristics and developed strategies to meet its ultimate strategic organisational goals. The main driver of successful IM implementation was leadership's commitment to the process.

It is essential for organisations that wish to be successful at IM implementation to view IM activities collectively alone with other organisational operations. Expenditure or effort is lost when not developed to work towards common goals. IM does not stand alone and departments need to communicate their objectives and find ways that efforts can complement one another. These team efforts build stronger commitment to organisational objectives. All employees in the organisation need to view themselves as marketers and work towards serving each other within the organisation.

6.4 SUGGESTIONS FOR FURTHER RESEARCH

In the research process it was found that certain aspects of the topic could be further researched. The need for further research on these topics was evident when the researcher considered their relevance to the development of BP or IM respectively. These topics are areas that will enhance the knowledge around IM and its impact on BP as well as answer questions that were not answered within the scope of this research report.

- The impact of leadership on IM strategies;
- How different organisational structures affect business performance;
- What the drivers are of shareholder value for the service industry; and
- What IM strategies could be implemented into companies that do not have the financial resources that large organisations have.

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8. APPENDIX A - INFORMATION LETTER

Date

Name of Company

Dear *(Contact Person)*,

Re: Research to Determine the Perceived Impact of Internal Marketing on Business Performance in South Africa

My name is Karen Becker and I am a full time MBA student at Wits Business School. The sample that has been selected for the above mentioned study is the Deloitte and Touche top twenty overall best companies to work for. As you are a part of this prestigious group I would like to conduct an interview with you or a member of your department who has knowledge of the marketing activities within *(Company Name)*.

For the purpose of this study internal marketing has been defined as a philosophy for managing the organisations human resources based on marketing perspectives. Business performance will be measured in terms of shareholder value and its creation in the organisation.

The process by which I will be collecting the data would be a 15-20 minute open ended interview. Therefore I would like to set up a meeting with you before the end of February 2008. If in the event that a one on one meeting is not possible and you have the time to complete the questions electronically this would be a suitable alternative. Outcomes of the research will be distributed for your interest at completion of the study.

Please send me your reply with regards to being a part of my sample as well as contact details so that an appointment can be confirmed.

Yours sincerely

Karen Becker

083 234 1148

doyerdoyer@yahoo.co.uk

9. APPENDIX B – INTERVIEW QUESTIONS

The following definitions will be presented to the interviewee to streamline the answers with the researcher's definitions:

Internal marketing: Philosophy for managing the organisations human resources based on marketing perspectives.

Internal customer: The employees of an organisation.

Shareholder value: Cash Flow to shareholders through dividends.

1. How do Internal Marketing strategies influence your employees' service delivery and involvement in the organisation? (i.t.o commitment, collective departmental strategies, meeting organisational goals- employment security, extensive training, pay related to performance and empowerment relate positively with job satisfaction, loyalty to the firm, and trust in management)

2. What relationship exists between internal marketing and business strategy targets?

3. How is internal marketing developed and sustained to create shareholder value? (i.t.o processes to create focus on internal customer, service value creation for external customer)