An Internal Marketing Perspective Within A Recruitment Service Environment In South Africa

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ABSTRACT

The primary objective of the study is to determine the influence of internal marketing on the brand image of a recruitment agency brand in South Africa. The perusal of the literature could not identify any direct studies on how the elements of the internal marketing mix of product, price, promotion, distribution, people, processes and physical evidence are ultimately linked to brand image within a recruitment agency environment in South Africa. This raises the question as to whether or not internal marketing has a positive influence on the brand image of recruitment agencies among their clients. Therefore the relationship between internal marketing and brand image needs to be explored, as this relationship could provide a means of reducing employee turnover and enhancing the performance and profitability of recruitment agencies. The population for the study was drawn from all registered recruitment agencies listed under the Association of Personnel Services Organisations (APSO). The selected sample of respondents was surveyed through an online self-administered survey distributed via a link in an email. A total of 1123 questionnaires were completed. The data was analysed using multivariate regression statistics. The application of an internal marketing approach enables recruitment agencies to minimise employee turnover, aiding these agencies to gain strong brand images that result in higher levels of competitiveness and profitability. Successful internal marketing should have a positive influence on employee attitudes and actions and therefore enhance customer satisfaction. The integration of internal marketing into the organisation’s overall marketing strategy is therefore critical.

Keywords: Internal Marketing; Brand Image; Recruitment Agency Group; Client

INTRODUCTION

With rapid changes in the working environment and tough business competition, the key success factor for businesses is no longer cash but human capital. The performance of service personnel significantly affects customer satisfaction. In service marketing, the target includes not only the end customers (external customers) but also the employees within the business (internal customers) (Shiu & Yu, 2010, p. 793). This implies that the need for an internal market orientation is widely recognised. Therefore, if the organisation wants to implement an internal marketing strategy, it has to ensure that management is committed to employees being empowered (Kale & De, 2012, p. 33; Gounaris, 2008, p. 72). The empowerment of employees through an internal marketing strategy can enhance the levels of service delivery within the realm of a customer-conscious service culture (King & Grace, 2005, p. 355). High levels of service delivery result in more satisfied clients and consequently in an improved brand image of the service organisation within the marketplace (Lehmuskallio, 2008, p. 96).

For the reasons stated, recruitment agencies need to have a clear understanding of the role of internal marketing in shaping brand identity and ultimately brand image. Recruitment agencies have various challenges. One of these is high employee turnover, particularly among recruitment consultants who are the main client-facing employees (Hasgall & Shoham, 2008, p. 52). High employee turnover may be due to employee empowerment problems, which may stem from communication or training problems within recruitment agencies. Such challenges could lead to low
staff motivation and job stress due to staff not knowing how to perform their jobs sufficiently. Low employee motivation may result in lower levels of service delivery offered to the client by the employee, which in turn would negatively affect a recruitment agency’s brand image (Bowers & Martin, 2007, p. 88).

In terms of focusing on service businesses, recruitment agencies are highly underresearched considering the various obstacles they face. Essentially, recruitment agencies provide the service of matching candidates to their client’s human resource needs and organisational culture (Thomas, 2009). The demand for recruitment agencies has evolved beyond connecting the correct people with positions that fit their skills, to partnering with clients to provide the correct talent mix for their business (Czakan, 2009). Bellou and Andronikidis (2008, p. 245) identify a service as “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product”. Therefore it would be fair to argue that an employee recruitment agency’s clients are continuously exposed to the agency’s services, which include its service promises, and the employees who deliver – or in some cases do not deliver – on these promises (Zeithaml, Bitner & Gremler, 2006, p. 4).

According to the Association of Personnel Service Organisations (2012), there is a lack of research available concerning recruitment agencies in general. This could be due to various reasons, including a lack of regulation that pushes for the collation of statistics and information, a general lack of resources, and the common disinclination of members within recruitment agencies to offer information to those attempting to carry out research. Due to increased globalisation, South African organisations have competition both locally and globally, and therefore need to empower themselves with a wealth of information in order to compete with First World nations (Mokopanele, 2010).

Against this background, formal research is currently of great importance for recruitment agencies as it still seems to be unclear whether internal marketing changes do in fact influence the brand image of recruitment agencies. In order to address the aspects highlighted, this article includes a literature review of internal marketing and brand image, as related to a prominent recruitment agency in South Africa. The problem investigated in the study that informed this article is specified, followed by a discussion on the research objectives, hypothesis and methodology employed. Thereafter, the empirical results are discussed, followed by a discussion of the implications they might hold for management.

LITERATURE REVIEW

Modern-day organisations are progressively finding that in order to remain competitive they require the most talented employees available on the market, and therefore they are required to satisfy two kinds of consumer markets: the internal customer and the external client (Ndubisi & Ndubisi, 2013, pp. 530-531). Therefore the need for an internal market orientation has been recognised. Having an internal market orientation involves an organisation’s management having a commitment towards its employees and the fulfilment of their needs (Gounaris, 2008, p. 72).

Following the perspective of ELSamen and Alshurideh (2012, pp. 84-85), internal marketing is a method of attracting, developing, motivating and retaining qualified employees by providing job products that satisfy their needs. Internal marketing therefore needs to be considered as a mechanism for fulfilling employee needs in order to achieve higher levels of service delivery and competitiveness. This is due to the fact that originally internal marketing emerged from services marketing, where its goal was to get frontline and contact employees to deliver superior service when interacting with clients (Hsieh & Li, 2008, p. 26). The underlying principle of internal marketing is that effective service delivery requires motivated and client-conscious employees (Deloitte Development LLP, 2010a). Therefore, if a recruitment agency utilises marketing tactics such as the marketing mix of product, price, promotion, distribution, people, processes and physical evidence within the organisation rather than only outside the organisation, it could contribute towards fulfilling the needs of employees better, thereby creating employees who are passionate and motivated to provide high levels of service to clients (Deloitte Development LLP, 2010b). This is due to the fact that satisfied employees have been linked to satisfied clients as they tend to be happier and have higher levels of loyalty towards the organisation, which contributes to their delivering higher levels of service delivery (Craig & Silverstone, 2009, p. 5).
It is important to have excellent service as brands in general have become the single most recognisable representation of an organisation leading to the creation of wealth, whilst representing powerfully compressed symbols of purpose, meaning and promise (Amos, 2005). Brands reflect signs of trust and distrust, as well as the political, economic, social and environmental standing of companies (Vella, Gountas & Walker, 2009, pp. 408-409). Conradie (2012, p. 227) agrees by suggesting that building strong brands has become one of the most vital objectives of product and brand management as strong brands result in the growth of both short-term and long-term income generation.

Brand management has moved beyond the notion of marketers creating an identity to communicate to customers on behalf of the organisation. In the past, brand identity was generated and managed by the marketing department in isolation. However, with modern brands all employees within an organisation contribute towards the brand identity and ultimately the brand image as it is composed of a collection of experiences that a consumer has had with a brand (Stopforth, 2010). Due to brand image comprising a collection of experiences, the responsibilities of an organisation’s employees have begun to shift. All employees need to be identified as brand ambassadors or “part-time” marketers of the organisation, as employees comprise the crossing point connecting a brand’s internal and external markets and can influence a customer’s perceptions of the brand image of the organisation (Singh Toor, 2009, p. 56). It is thus important to attract, retain, motivate and engage brand-orientated employees as they are a valuable asset and resource that can assist organisations in delivering a consistent, competitive brand identity to the public (Tsai & Wu, 2012, p. 30; Luna-Arocas & Camps, 2008, p. 27).

In service industries, such as the employee recruitment industry, brand management is far more complex due to the lack of tangibility synonymous with service brands. Therefore brand superiority can be built on the basis of excellence in service which is based on a set of brand values that put the client and high levels of service delivery at the centre of the organisation (Matanda & Ndubisi, 2013, p. 1033). Additionally, it should be noted that performing a desired service better than competitors is an influential brand image building tool. The strongest perceptions of a service brand stem from the actual service encounter in which the brand is delivered, and each of these interactions has an effect on the image of the brand. The employees of an organisation are a core contributor to the image of the corporate service brand (Conradie, 2012, p. 228). Thus service brands are dependent on employees as the brand is delivered by employees (Sigala, 2008, p. 1). Varey and Lewis (2000, pp. 30-31) were already emphasising at the start of the new millennium that in services marketing the external customer is part of the production and consumption of the product. They state that “nano-relationships” in fact merge with the external market relationships that an organisation or brand has with its customers, and that the elements of internal marketing focus on those “nano-relationships” existing on an organisational level. These relationships are based on the interactions between employees, between organisational hierarchy levels, and between functional divisions of specialists. It is believed that if the relationship between an organisation and its employees is positive and if employees are satisfied with their jobs, these employees will perform better, which in turn would result in more satisfied customers. Conradie (2012, pp. 101-102) postulates that internal marketing can aid employees in better understanding what their organisation’s product, service, mission and goals are all about, the quality of service that the employees are expected to perform, and how internal marketing can contribute to attracting and maintaining talented employees. Employees who are satisfied will have a more positive outlook, which is likely to improve their work performance and interaction with external customers. Therefore an employee’s interaction with the customer is what will determine the success or failure of an organisation or brand in the long term (Ali, 2012, p. 246).

Having a strong brand image in the recruitment industry is of pivotal importance as the industry has numerous competitors. In addition, a strong brand image could aid players within the recruitment industry to attract the largest clients and most profitable clients through providing the most satisfying service delivery and being able to attract the most talented candidates through having a positive brand image.

**PROBLEM STATEMENT**

An important focus of internal marketing should be to improve the brand identity among the employees of an organisation. Improved brand identity among employees should result in an improved brand image among clients (Otubanjo & Melewar, 2007, p. 421). However, the researchers could not find any studies on how the elements of the internal marketing mix of product, price, promotion, distribution, people, processes and physical evidence
influence service levels of recruitment agencies, as ultimately linked to brand image. This raises the question as to whether or not internal marketing has a positive influence on the brand image of recruitment agencies among their clients. From the literature, it is evident that there is a lack of information on the relationship between the internal marketing mix and the brand image dimensions of brand consistency, trust, satisfaction and commitment. Furthermore, the influence of the elements of internal marketing on the dimensions of brand image within the recruitment industry in South Africa has not been explored before. In this paper this relationship is explored as it could provide a means of reducing employee turnover and enhancing the performance and profitability of recruitment agencies.

OBJECTIVE

To determine the relationship between the seven elements of internal marketing and the four dimensions of brand image concerning a selected recruitment brand in South Africa.

HYPOTHESIS

H1: There is a significant difference between the perceived influence of the respective elements of internal marketing on the dimensions of brand image concerning a selected South African recruitment brand.

RESEARCH METHODOLOGY

Research Design

The study was quantitative in nature and descriptive in design. A quantitative approach was followed in order to produce clear data results that are easily generalised and statistically calculated (Hair, Bush & Ortinau, 2006, p. 171). This study applied a descriptive research design since such a design usually accommodates large sample sizes and makes use of survey and questionnaire techniques to gather the necessary data required by a specific study (Solomon, Marshall & Stuart, 2006, p. 113).

Population and Sample

The target population for this study was drawn from all registered recruitment agencies listed under the Association of Personnel Services Organisations (APSO). Public recruitment agencies registered with the Johannesburg Securities Exchange (JSE) were considered, since they are the largest in size and income and are the most regulated and most sustainable recruitment agencies within South Africa. Non-probability sampling in the form of judgement sampling was used to select public recruitment agencies registered with the JSE. The sampling units for the sample frame were all the current clients of the recruitment agency divisions and subsidiaries within the selected employee recruitment group. A total of 1,123 questionnaires were completed.

Data Collection Method

An online self-administered survey was used to collect data from respondents. Online survey methods allow for no interviewer bias and for data to be gained quickly from a large sample and at a relatively low cost (Churchill & Brown, 2007, p. 114; Solomon et al., 2006, p. 116). Structured questions were used to elicit responses.

Measuring Instrument

The questionnaire was prepared in an electronic format and consisted of three sections. Section A was in the form of fixed-alternative questions to obtain demographic descriptions of the respondents of the study. Sections B and C were in the format of a five-point Likert scale. The statement’s response continuum ranged from 1 to 5, where 1 = strongly agree to 5 = strongly disagree. Section B covered aspects pertaining to the seven elements of internal marketing, whilst section C contained aspects pertaining to the four dimensions of brand image. Scale items were developed from the literature, since suitable scale items for internal marketing and brand image could not be found.
from previous studies or the Marketing Scales Handbook. The questionnaire was pretested before it was fielded among the target population of the study.

Data Analysis

The data on the questionnaires was coded, entered and edited for analysis using the Statistical Package for Social Sciences (SPSS version 18). The normality of the distribution of results of each scale item was determined in order to determine whether parametric or non-parametric tests should be used to test the hypothesis formulated for the study. The distribution of results can be considered normal if it exhibits a skewness of less than an absolute value of 2.00 and a kurtosis of the distribution of less than 7.00 (Field, 2009, p. 127). All scale items used had a skewness of less than an absolute value of 2.00 and a kurtosis of the distribution of less than 7.00, confirming normality following the guidelines of Field (2009, p. 127). Following this and based on the large sample size (n = 1123), parametric tests were considered suitable for hypothesis testing. Multivariate regression analysis was further used to determine the perceived relationship between the elements of internal marketing and the dimensions of brand image.

RESULTS

Construct Validity

The Kaiser-Meyer-Olkin (KMO) statistics ranged between being average (KMO = 0.603) and great (KMO = 0.888). The Bartlett test of sphericity had p-values all equal to 0, indicating that the values were significant (p < 0.05) for the factors created from the questionnaire. Most of the cumulative percentages ranged between 52% and 88% and were therefore considered to explain a sizeable amount of the variance.

Reliability

Cronbach alpha values for the sample in the study ranged between highly reliable (the values were between 0.8 and 0.95) concerning some constructs to fairly reliable (the values were between 0.6 and 0.7), following the guidelines of Zikmund and Babin (2007, p. 322). Except for the construct internal processes, all constructs were found to be reliable (no values were below 0.6), as indicated in Table 1.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Sub-construct</th>
<th>Cronbach alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal marketing</td>
<td>Internal product</td>
<td>0.927</td>
</tr>
<tr>
<td></td>
<td>Internal price</td>
<td>0.668</td>
</tr>
<tr>
<td></td>
<td>Internal distribution</td>
<td>0.728</td>
</tr>
<tr>
<td></td>
<td>Internal promotion</td>
<td>0.825</td>
</tr>
<tr>
<td></td>
<td>People</td>
<td>0.609</td>
</tr>
<tr>
<td></td>
<td>Physical evidence</td>
<td>0.816</td>
</tr>
<tr>
<td>Brand image</td>
<td>Consistency</td>
<td>0.944</td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td>0.888</td>
</tr>
<tr>
<td></td>
<td>Satisfaction</td>
<td>0.858</td>
</tr>
<tr>
<td></td>
<td>Commitment</td>
<td>0.786</td>
</tr>
</tbody>
</table>

Source: Authors’ own construct

Multivariate Regression Results

The multivariate F-test, which is based on a statistic called Wilks’s lambda, was employed in this study as it indicates whether or not the independent variable explains significant variation among the dependent elements within the study. Complementing the analysis, the partial eta-squared statistic was also employed as it plays a similar role to R², since it acts to define the strength of association or depicts the proportion of total variation attributable to an element.

The relationship between the elements of internal marketing and brand image using multivariate regression are illustrated in Table 2.
For the data displayed in Table 2, only the internal marketing elements of internal price, distribution, people and physical evidence were found to be statistically significant (p-value < 0.05) for influencing brand image. Respondents perceived physical evidence ($\eta^2 = .096$) to have the largest influence on brand image. This was followed by the internal price ($\eta^2 = .076$), then internal distribution ($\eta^2 = .054$), and finally people ($\eta^2 = .045$). However, since partial eta-squared is reported on in a similar way to $R^2$, it can be noted that physical evidence influences brand image by only 9.6%, the internal price influences brand image by only 7.6%, and internal distribution influences brand image by only 5.4%. Based on the partial eta-squared values observed for the data in Table 2, the following finding was considered.

**Finding:** Clients’ perceived brand image tends to be most influenced by internal marketing through physical evidence, followed by price, distribution and lastly people.

Due to the intangible nature of services, clients seek unspoken indications to determine their expectations and assessment of service delivery. Most service organisations have no tangible products to display and to sell, but do have employees who are frequently considered by the clients as being representatives of the brand. Papasolomou and Vrontis (2006, p. 37), Lovelock and Wirtz (2008, p. 16) and Biedenbach and Marell (2010, p. 447) argue that due to the intangible nature of services, clients will seek implicit cues to formulate their expectations and evaluation of service delivery. Service uniforms and employee dress codes are a component of the implicit cues that clients draw on as a means of determining an impression of the recruitment agency. An employee’s appearance can create an indication of the organisation’s identity. When employees identify with their organisations, they tend to display similar attributes to describe their own behaviour to those of the recruitment agency’s identity. Clients experience a corporate brand’s identity through all points of contact throughout the organisation. Based on the multivariate results shown in Table 2, the formulated hypothesis was accepted and the null hypothesis rejected. Considering the given results, the relationship investigated in Figure 1 between internal marketing and brand image was confirmed. Table 2 accordingly suggested that internal marketing elements have an influence on the elements of price, distribution, people and physical evidence.

**MANAGERIAL IMPLICATIONS**

**Brand Consistency**

This is critical in obtaining brand trust, satisfaction and ultimately commitment. The clients agreed that brand consistency is highly influenced by the service levels offered by a recruitment agency. Recruitment agencies need to ensure that they offer consistent services, as this assures clients that they are working with a high-quality employee provider. The first level of internal marketing is that of maintaining consistency. Consistency can be achieved through attracting, hiring and training the correct type of employees so as to be consistent with the organisation’s values. Creating a matrix-structured organisation and a social environment that allows for effective internal relationships between employees to be fostered enables employees to provide high levels of internal service delivery to each other. Management can also achieve service consistency by providing effective scripted and technological processes that aid employees in understanding their work and doing it more effectively. Effective processes lead to better, more effective strategies and subsequently to better, more consistent performance of a recruitment agency. Through empowering and rewarding employees for performing their jobs correctly, recruitment agencies are able to have higher levels of consistent service delivery, as employees will be more productive and motivated to behave in accordance with the organisation’s goals and values.
Service Quality

The empathy of the service provided by recruitment agencies was considered highly important to all brand image dimensions of brand consistency, brand trust, brand satisfaction and brand commitment. Recruitment agencies therefore need to have employees who show a sincere concern for their clients. Clients further perceived empathy as highly influential towards brand satisfaction, which is important in order to gain brand commitment, as this ultimately leads to improved economic performance of the recruitment agency. Recruitment agencies should therefore provide job products that supply security in life and health, a stable income, positive relationships with other people, and the feeling that an employee’s work is adding value and has a purpose. Recruitment agencies should also consider their employees’ professional development. If employees feel depersonalised, they develop cynical attitudes about their clients. Furthermore, if employees feel a diminished sense of personal accomplishment, they will view themselves negatively, based on their dissatisfaction with their professional development. Recruitment agencies need to care about their employees in order for their employees to care about their clients.

Employees’ Responsiveness to Clients’ Needs

It is important for recruitment agencies to ensure that their employees are responsive to client needs, because if clients do not trust a brand, they are unlikely to be loyal. Clients want to purchase services from an organisation they can trust, which is based on how an organisation continuously delivers on clients’ expectations of the organisation’s service promises. Employees can considerably influence a brand’s relationship with its clients through the way they interact with clients. Shared values are the foundation of what the organisation is, and are required for an organisation to achieve its strategic goals. A shared service culture provides employees with a form of identity, creates a sense of group obligation, and develops an established community orientation whereby service standards are adhered to. Recruitment agencies can ensure that their employees deliver services consistently by having a client-conscious service culture based on the values of the brand, and by communicating the importance of consistency to employees in order to ensure that they understand the brand identity of the organisation, and how their role fits within that identity. Recruitment agencies should also communicate with their employees regularly to ensure that employees understand that their personal success is linked to the success of the organisation and its brand reputation, and should encourage employees to be motivated and committed towards an organisation’s goals and brand values.

Client Satisfaction

Internal marketing aids in decreasing employee churn, increasing employee engagement and increasing external service delivery quality, thereby satisfying the external client. Satisfying the external client better than competitors will enable a recruitment agency to differentiate itself by having a superior offer in comparison with competitors. Recruitment agencies need to ensure that there is continuous knowledge renewal among employees by providing an environment that promotes teamwork and allows for information to be shared across the business. An internal distribution of skills and services within the organisation is important; otherwise when there is a lack of internal service delivery, frontline employees will be unprepared to deliver effective services. In order to create enthusiastic employee behaviour, recruitment agency managers need to recognise the supremacy of training as a marketing instrument. Middle managers should be used as trainers and motivators who build their employees’ capabilities and confidence, ultimately leading the employees to being more assured of their role.

Employees’ Internalisation of Brand Identity

Employees are responsible for brand identity, which ultimately influences brand image. The more employees internalise the brand identity and its values, the more consistently employees are likely to deliver the brand effectively. Recruitment agencies need to reward employees on merit for their efforts. Employees desire to be rewarded for service excellence and will therefore strive to be more efficient, reliable, professional and empathetic to client needs. In addition, employees who feel adequately rewarded are more susceptible to remaining with the organisation in the long term, contributing to higher levels of service delivery as they have a better understanding of the clients and their role in delivering service to the client.
CONCLUSION

This article has reported on research conducted on the influence of the elements of internal marketing on the dimensions of brand image within the recruitment service environment in South Africa. These relationships were explored as it is believed that they could provide a means of reducing employee turnover and enhancing the performance and profitability of recruitment agencies. It is critical for internal marketing to be integrated into a recruitment agency’s overall marketing strategy to ensure that such an agency hires and trains employees to deliver on the values of the brand in order for the recruitment agencies to strengthen their brand image. A recruitment agency’s strategic advantage frequently exists in its ability to streamline and connect the organisation’s capabilities to design a set of seamless service procedures that are perceived as being better than those of its competitors. Through aligning all processes and employees with the overall marketing objectives set out by a recruitment agency’s management and the needs of its clients, such an agency can create a strategic advantage that is difficult to duplicate, which is critical in the success of any sustainable business. Recruitment agencies can now begin to gain a strong brand image among their clients through building a strong brand identity from within the organisation with the aid of an internal marketing approach, specifically focusing on physical evidence, price, distribution and people.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

Only selected recruitment brands within a leading recruitment agency in South Africa were included within the study. Therefore, the information provided does not represent the entire industry. Further research regarding this topic could be extended to include additional recruitment agencies or service businesses or a comparative study of the different recruitment brands in South Africa.

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