THE EFFECTS OF INTERNAL MARKETING ON SERVICE QUALITY WITHIN COLLEGIATE RECREATIONAL SPORT: A QUANTITATIVE APPROACH

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The relevance of internal marketing to service operations rests in the increased emphasis on service quality in customer oriented corporations. Customers no longer simply purchase products; they co-produce in service organizations (Prahalad & Ramaswamy, 2000). The co-production occurs through the front-line employees and the customer at the time of transaction, therefore, the customer buying experience must be understood from both the organizational and customer perspective (Iacobucci & Nordhielm, 2000). The idea of internal marketing views organizational members as both employees and customers of the organization, and since Berry (1981) introduced the concept no research method has been replicated and two perspectives have developed. This study examines internal marketing from an internal customer orientation within collegiate recreational sport. The purposes of this study were to determine relationships of employment status and perceptions of internal marketing, the relationships between involvement on perceptions of service quality and feedback, and to how employee perceptions of internal marketing impact service quality.

Two distinct groups were examined: 270 (40 full-time and 230 part-time) employee subjects and 275 participants. The examination of full-time employees was a complete census while the part-time employees and participants were selected via a
random sample. A total of 123 (45%) employees and 73 (27%) participants completed the survey instrument. Two instruments were utilized for this study: the participant instrument contained three sections (service quality, feedback, and demographics) and the employee instrument also included a section on internal marketing. The instrument for all subjects was distributed via email four times over eight days.

MANOVA and multivariate regression were utilized in the study. The results failed to demonstrate significance on perceptions of internal marketing amongst employees. However, the results indicated differences exist on perceptions of service quality and feedback based upon involvement with the organization (full-time employee, part-time employee, and participant). The multivariate regression results demonstrated that the dimensions of internal marketing developed for this study greatly impacted service quality.
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The relevance of internal marketing to service operations rests in the increased emphasis on service quality in customer oriented corporations. Customers no longer simply purchase products; they co-produce in service organizations (Prahalad & Ramaswamy, 2000). The co-production occurs through the front-line employees and the customer at the time of transaction, therefore, the customer buying experience must be understood from both the organizational and customer perspective (Iacobucci & Nordhielm, 2000). This places greater emphasis on the process where each member must feel responsible for the outcome (Manville & Ober, 2003). Internal marketing is a process that creates an environment where every member acts as both a client and customer in order to create responsibility and to date in sport, one study has examined this phenomenon (Novatorov, Kim, Wall, & Crompton, 1998).

**Internal Marketing**

Berry (1981) pioneered the term internal marketing and originally defined it as “viewing employees as internal customers, viewing jobs as internal products that satisfy...”
the needs and wants of these internal customers while addressing the objectives of the organization” (p. 25). Since this time authors, practitioners, and researchers in this area have developed different definitions in order to explain their version of this idea (Ahmed, Rafiq, & Saad, 2002; Ballantyne, 2003; Berry, 1981; Cahill, 1995; Lings & Brooks, 1998; Mudie, 2003; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000; Varey & Lewis, 1999). The main ideas discussed evolved around the affects on employees (Ahmed et al., 2002; Ballantyne, 2003; Berry, 1981; Cahill, 1995; Lings & Brooks, 1998; Mudie, 2003; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000; Varey & Lewis, 1999), the affects on the organizations (Ahmed et al., 2002; Ballantyne, Christopher, & Payne, 1995; Lings, 1999; Mudie, 2003; Varey & Lewis, 1999), external customer satisfaction (Ahmed & Rafiq, 2003; Cahill, 1995; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000), and the development of cross functional units within the organization (Ahmed & Rafiq, 2003; Ballantyne, 2003; Rafiq & Ahmed, 2000). The affects on employees, organizations, external customer satisfaction, and the development of cross functional units assist in the creation of internal marketing, and a brief overview of each topic is presented next.

Creation of Internal Marketing

Employees. Employee definitions discuss the need to recruit, train, attract, motivate, communicate and retain all employees through awareness in order to meet their wants and needs. One author even stated the need to “woo” employees (Cahill, 1995). If these are not met then the satisfaction of external customers is difficult, if they are met then employees become committed, co-operative, and enthusiastic about the organization. This is accomplished by treating employees as internal customers. This process involves the use of marketing techniques to sell the product internally and employees become
customers of the organization when they purchase products or services. This allows them to experience the service firsthand, develop a perception of service quality, and provide immediate feedback (Ahmed et al., 2002; Ballantyne, 2003; Berry, 1981; Cahill, 1995; Lings & Brooks, 1998; Mudie, 2003; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000; Varey & Lewis, 1999).

Organization. The organizational approach described the utilization of TQM techniques and the need to improve satisfaction through organizational actions. Internal marketing allows the organization to create an identity that stresses customer focus through relationships developed by changes in attitudes and procedures in order to develop legitimacy for the company. The ultimate goal for the organization is to increase external marketplace performance in the long-run (Ahmed et al., 2002; Ballantyne et al., 1995; Lings, 1999; Mudie, 2003; Varey & Lewis, 1999).

External customer satisfaction. The ability to increase performance involves customer satisfaction, and it was described as an outcome of internal marketing (Ahmed & Rafiq, 2003; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000). The researchers hypothesize that if internal marketing is effectively implemented, the employee becomes satisfied, and this positive behavior is transferred to the consumer during interaction to improve the external customers service experience which results in external customer satisfaction. While ideologically plausible the relationship between internal and external satisfaction has not been tested.

Cross-functional units. The development of cross-functional units appears to be a major reason for internal marketing due to its ability to remove departmental barriers and allow for better communication. The increase of communication allows for the creation
of a collective unit through individuals that provide a foundation for knowledge renewal and transfer among organizational members. It shifts the focus of the employee from a self-centered perspective to a mind set that strives for the achievement of company goals (Ahmed & Rafiq, 2003; Ballantyne, 2003; Rafiq & Ahmed, 2000).

The four topic areas provide different approaches to internal marketing. The literature demonstrates and hypothesizes that an increase in satisfaction levels for employees will translate into higher perceived quality and value from external customers which will create loyalty and positively affect the profitability of the organization (Ahmed et al., 2002, Cahill, 1995, Mudie, 2003). The definition from Parasuraman, Berry, and Zeithaml (1991, p. 151) was utilized in this study. It states, “Internal marketing is attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees – indeed, “wooing employees … - and is the strategy of shaping job products to fit human needs” (Parasuraman et al., 1991, p. 151).

Origination of Internal Marketing

Berry (1981) first introduced the idea of internal marketing in research completed on the retail banking industry where he believed that employees, similar to external customers, sought to have their needs fulfilled. If an organization is able to satisfy these needs then their members will likely deliver external quality, which ultimately creates loyalty and satisfaction amongst all stakeholders.

Service industry organizations now recognize the importance of quality and attempt to exceed the expectations of customers (Ballantyne et al., 1995). While the level of perception varies from customer to customer, if service quality provided increases the
value for the customer experience, then one method to obtain this level is through the implementation of an internal marketing program (Ballantyne et al., 1995). It is believed organizational problems are internal, not external (Lings, 1999) therefore, implementation of an internal marketing program will eliminate departmental walls, integrate members organization wide (Ahmed & Rafiq, 2003; Hogg, Carter, & Dunne, 1998), and this creates the opportunity to improve quality throughout the organization (Lings & Brooks, 1998; Prasad & Steffes, 2002).

Issues develop over the legitimacy of internal marketing and the two lines of research that exist: (1) an internal customer orientation and (2) a human resource perspective (Lings, 2004). Human resource scholars believe internal marketing is a personnel issue (Ahmed et al., 2002; Wasmer & Bruner II, 1991). Cahill (1995) and Lings and Brooks (1998) extended this thought and stated marketers are attempting to create a market-driven organization and fail to recognize how this affects external customers and these individuals are the true customers. Marketing scholars simply believe human resource practices treat employees as pawns, not customers and therefore members create contradictions between actions and beliefs. The ultimate goal is to shift the employee perception of working for themselves into a belief of working for the company (Mudie, 2003).

Human Resource Perspective

The human resource perspective examines the relationship between companies and employees (Lings, 2004). This line of internal marketing fails to meet the definition developed by Parasuraman et al., (1991) and a review of past literature demonstrates strong interest in this line of inquiry. This method stresses the motivation and
satisfaction of employees in order for organizational success to occur (Lings, 2004). Ideas consist of training, strategic rewards, job designs, and operational changes are discussed which exist outside of marketing (Ahmed et al., 2002; Ballantyne et al., 1995; Hogg et al., 1998; Lings, 1999; Parasuraman et al., 199; Varey & Lewis, 1999). The only study in sport to examine internal marketing utilized the human resource perspective. In the study Novatorov et al. (1998) examined how wages, work conditions, benefits, raises, and rewards affected the external marketing programs that existed. Their study is discussed in greater detail within Chapter 2.

Internal Customer Orientation

Gronroos (1982) in the development of internal marketing stressed the importance of remaining within marketing type techniques to satisfy needs, or it was not internal marketing. The internal customer orientation previously mentioned is a process that attempts to fulfill this goal where every member is treated both as a customer and supplier to the firm (Lings, 2004). It is accomplished through the execution of external marketing techniques, where the focus is on satisfying the product needs of employees (Foreman & Money, 1995).

Internal marketing itself incorporates marketing, management, quality control, communications, and human resource departments in order to implement the program (Varey & Lewis, 1999). The incentive for proper implementation of internal marketing is how it will assist in the creation of a competitive advantage over the competition. Ballantyne (2003) described this concept as needed by the “new organization” and many believe that it will create this advantage (Varey & Lewis, 1999; Lings, 2004). Gronroos (1994, p. 14) stated, “Without active and continuous internal marketing efforts the
interactive marketing impact on customers will deteriorate, service quality will suffer and customers will defect.” The challenge for organizations is they implement these techniques but often abandon the ideas through the inability to recognize immediate results (Crosby & Johnson, 2003).

*Communication through Knowledge Exchange Patterns*

Internal marketing exists through employees, organizations, external customer satisfaction, and cross-functional units, which all require communication for success (Ahmed et al., 2002; Ballantyne, 2003; Berry, 1981; Cahill, 1995; Lings & Brooks, 1998; Mudie, 2003; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000; Varey & Lewis, 1999). Organizations must communicate with employees to ensure wants and needs are met. Employees must communicate with customers to ensure external customer satisfaction, and the development of cross-functional units eliminates departmental barriers which promotes communication throughout the organization.

The inclusion of communication from all organizational members creates involvement and a sense of responsibility (Varey & Lewis, 1999). Organizational wide communication develops a perception of a service minded, customer conscious perception internally and externally. Knowledge must be communicated throughout hierarchical levels, from customers to top management, throughout departments, and amongst all employees. Ballantyne (2003) described this as knowledge exchange patterns.

In order to properly implement internal marketing, organizations must understand their knowledge exchange patterns. Ballantyne (2003, p. 1246, Figure 1.1) developed three patterns: (1) hierarchical exchanges, (2) inter-functional exchanges, and (3) network
exchanges. In the hierarchical method the main exchange of knowledge occurs from the top of the organization to the bottom. The transfer of knowledge in the opposite direction, from the bottom of the organization to the top, is only acceptable under explicitly developed organizational rules. The inter-functional exchange transfers knowledge between internal suppliers and internal customers, which results in fulfillment of self-serving needs and little understanding of the customer. The network exchange involves the meeting of common interests through internal communities. These patterns are not successful on their own, but in marketing where relationships are vital, the use of each exchange process impacts internal marketing (Ballantyne, 2003). The use of hierarchical exchanges are recognized when upper management provides support for internal marketing, and when the marketing employees provide explanations for the opportunities and threats recognized by various members (Ballantyne, 2003).

When successful, the marketers may use inter-functional exchanges throughout various departments when trust is earned. This allows for the creation of alliances and a true understanding of job design, the environmental setting, and complete knowledge of employee skills which all significantly impact quality. When deficiencies are discovered necessary changes may be implemented to improve performance. These problems may be solved through the use of any of the three exchange processes, but the use of employees throughout the organization allows for a network exchange and the development of diverse ideas (Ballantyne, 2003). The implementation of these ideas then requires the use of all three exchanges again and a continuous cycle is developed with a goal of continually improving quality.
Figure 1.1: Knowledge Exchange Patterns within Organizations. (Adapted from Ballantyne, 2003, p. 1246).

Pattern 1: Hierarchical Exchanges

Pattern 2: Inter-functional Exchanges

Pattern 3: Network Exchanges
The implementation of internal marketing through these exchange processes demonstrates how service quality may not be isolated to external customers. This is especially true in service organizations where front-line employees represent most of the contact with customers (Wasmer & Bruner II, 1991). Internal marketing began as a method to motivate and satisfy employees, developed through a customer orientation phase, and now is an essential method for the recognition and implementation of change (Rafiq & Ahmed, 2000) but it gains legitimacy when an external market relevance exists (Ballantyne, 2003).

The product must be sold from one level to the next through the use of external marketing techniques. This requires the higher of the two levels to understand the functional qualities, technical qualities and corporate image of all customers, plus they must understand how to sell the product, then they must receive feedback and utilize this information to enhance the products and services offered by the organization in order to make continual improvements. The amount of feedback and ability to make necessary changes is dependent upon the information exchange pattern that exists (Ballantyne, 2003).

**Feedback**

The idea was discussed that internal marketing allows for feedback, and Legare (1996) examined methods to make feedback relevant and useful. First, organizational members must design and collect feedback for it to be useful. Research also discovered face to face is better than written information, feedback meetings affect the quality of interaction, and upper management involvement must include follow-ups (Legare, 1996). The collection and use of feedback never ends, improvement is continually needed.
However, Ofir and Simonson (2001) through five experimental studies determined customers should not be informed prior to the service that they will be expected to evaluate the product. The use of this method leads to underrepresentative and overly negative evaluations.

Traditionally, feedback has been considered information only collected from the end user, but internal customers also recognize problems which effects the quality for all consumers (Finn, Baker, Marshall, & Anderson, 1996). One advantage of acquiring feedback internally is these individuals are professional consumers and therefore have greater knowledge about the services provided. The internal customer has needs and expectations that are expected to met through specified designs.

*Implementation through External Marketing Techniques*

The implementation of internal marketing first requires an understanding of how knowledge is transferred (Ballantyne, 2003) but for it to be truly a marketing related phenomenon, it must utilize marketing activities (Gronroos, 1994). If it fails to resemble “traditional” marketing activities, then the critiques provided by human resource scholars are justified.

Marketing has been defined as: “an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders” (American Marketing Association, 2004). The definition demonstrates a need to create relationships that benefits all stakeholders. Marketing typically involves the marketing mix (4 P’s) product, price, place, and promotion, but this is believed to be overly
simplistic. Researchers rarely challenge the concept and the marketing mix focuses on short term objectives, where marketing must create a long term approach through the creation of relationships (Gronroos, 1994).

The relationships are effective internally and externally through adaptability, flexibility, and responsiveness (Gronroos, 1994). Current methods in service marketing research create these relationships and include understanding customer expectations, service encounters, servicescapes, service failures, service recovery, and use of relationship marketing.

Customer Expectations

The intangibles associated with the product create additional revenue and are important because customer loyalty now exists to stores. This allows organizations to create service based advantages (Wise & Baumgartner, 1999). The creation of these advantages allows organizations to meet their needs and exceed their expectations.

The best method to understand customer expectations is to visualize the experience from their point of view (Chase & Dasu, 2002) in order to understand their perceptions (Iacobucci & Nordhielm, 2000). This allows the organization to recognize and meet core needs of customers which creates a perception of reliability from the consumer’s perspective. When these are met the organization may provide responsiveness, assurance, and empathy in order to exceed customer expectations (Parasuraman et al., 1991).

Service Encounters

The experience perceived by a customer is reality, which is based upon the service encounter. Customers create this perception on a few moments of the entire
encounter. The ability of the organization to recognize the extreme points of the experience (Chase & Dasu, 2002) and hold an understanding of industry standards allows for benchmarking (Iacobucci & Nordhielm, 2000). This allows the organization to create strong finishes to the service that will last in the mind of the consumer (Chase & Dasu, 2002).

*Servicescapes*

Servicescapes are “the built environment (i.e., the manmade, physical surroundings as opposed to the natural or social environment)” (Bitner, 1992, p. 58). These perceptions are created through the environment (music, color, scent, and crowding), atmosphere, and physical attractiveness of the store (Baker, Parasuraman, Grewall, & Voss, 2002). Together these create an affective reaction within the customer where they make judgments based upon cues and this ultimately allows them to create a price level. As the perceived price level increases, greater emphasis will be placed on improving interpersonal service quality; therefore, perceptions of employees are important within servicescapes (Baker et al., 2002).

*Service Failure and Recovery*

In understanding customers, companies are able to recognize and handle complaints. Many consumers become upset on how problems are handled and often never state problems exist. Each company must create a simple process through proper management in order to learn from customers with the hopes of increasing service quality. The complaints may occur externally or internally, but when handled properly organizations may recover from service failure through involvement while utilizing the
complaints strategically to improve products and services. Ultimately, effective service recovery assists in the creation of long-term relationships (Johnston & Mehra, 2002).

**Relationship Marketing**

Relationship marketing assists in the development of long-term relations of buyers and sellers when both parties fulfill their promises (Gronroos, 2002). These techniques attempt to retain customers instead of attract them. The external relationship building techniques must be implemented internally to prepare and inform employees throughout the organization. In organizations where the marketing department is solely responsible for customer needs, the remaining members lack the ability to address problems. This creates situations where companies accept the status quo and fail to create an environment where everyone is a marketer of the product (Gronroos, 2002).

In service industries perceptions are also developed through co-production. Feedback from all members must be encouraged with a focus on what additional products and services may accomplish for them, not what new items they desire. Focus on the process and not outcome and most importantly discover what the customers value (Ulwick, 2002). As a result of this co-production conversations are amongst equals, employees must be flexible which requires a strong management (Prahalad & Ramaswamy, 2000). With the increase of technology and the speed information spreads, failure to address customer needs may be disastrous; therefore, organizations must listen to customers (Johnson, 2004).

The importance of proper implementation exists because every contact an external customer holds with an organizational member creates an impression and it involves marketing. The contact person acts as a marketer and must receive organizational
support (Gronroos, 1988). The implementation of technology has decreased this support through the belief that these new techniques reduce costs, increase satisfaction, increase loyalty, and reach new segments. Challenges occur when the system fails, are poorly designed, or the customer messes up. It is important to remember the power of human interaction (Bitner, Ostrom, & Meuter, 2002), and within service organizations the majority of this interaction occurs through the front-line employees.

In order to create strong service quality the employees must care about and believe in the brand through advertisements (Mitchell, 2002). This is accomplished through not only focusing on the outcome but also the process (Kim & Mauborgne, 1997). Management must choose the best time to introduce ideas to reduce backlash and problems that may extend to the external market (Mitchell, 2002). The ability to send similar internal and external messages creates strong internal beliefs, if mixed messages exist, success is impossible. Employees must be persuaded and not informed, this is accomplished through continual feedback and active participation (Mitchell, 2002). Organizations must remember that the employees are a core asset that must embrace the company’s interests to obtain success (Manville & Ober, 2003). Their performance affects the perceived service quality created by each consumer.

**Service Quality**

Three characteristics of service exist: (1) they are physically intangible, (2) it is an activity not a thing, and (3) production and consumption are simultaneous in some manner (Gronroos, 1982). The difference for the consumer is they are part of the process and therefore influenced by the production process. When an interaction occurs between an organization and a customer a service exchange exists. This is a psychological
contract in which a need is gratified in exchange for money, time, and effort (Schneider and Bowen, 1999). Consumers have difficulty in evaluating the exchange since it is mentally and physically intangible, but ultimately they will create a level of service quality.

Service quality is “a global judgment, or attitude, relating to the superiority of the service” (Parasuraman, Zeithaml, & Berry, 1988, p. 16) and it continues to increase in importance as service industries grow and outnumber manufacturing organizations (Storbacka, Strandvik, & Gronroos, 1994). Shank (1999) from a sports marketing perspective failed to define service quality and Sachdev and Verma (2004) described it as “an elusive, indistinct, and abstract concept” (p. 97). The problems occur in how to both operationalize and measure the concept. It is suggested that service quality be examined within industries in order for specific theories and orientations to be developed (Gronroos, 1982).

Ko and Pastore (2004) reinforced this viewpoint in their examination of recreational sport, and the reasoning is consumers no longer base opinions strictly on the product but also upon the service (Zeithaml, Berry, & Parasuraman, 1996). The buyer will create a perception of quality that must be understood by the organization. An individual will compare the perceptions of what occurred verse what was expected and this is mediated by the amount of involvement the consumer has is the process (Gronroos, 1982, 1984).

This idea gains importance in participant sport where customers create most of the experience and their perception of quality determine whether they return (Chelladurai, Scott, and Haywood-Farmer, 1987). “Participant sport refers to the non-elite and
recreational sport in which the customer not only presents but actively participates in the service production and consumption process for the enhancement of health, fitness, and skill and for fun and enjoyment” (Ko, 2000. p. 3).

Limited research has been conducted on collegiate recreational sport to date. Early research focused on services through benefits participants desired and they were divided into primary and secondary levels (Chelladurai et al., 1987). Wright, Duray and Goodale (1992) utilized the SERVQUAL instrument in a recreational sport setting, and upon analysis of the data, believed the questions were too general to be used in recreation and recommended the use of more specific questions.

SERVQUAL is the most highly cited and the original of the two instruments created by Parasuraman, Zeithaml, and Berry (1985, 1988). The instrument determines the disconfirmation of an experience based upon the differences between the perception and the expectations of service quality. When perception exceeds expectations, the results represent satisfaction, and when the perception is less, it represents dissatisfaction. The original instrument contains 22 items across 5 dimensions. The subjects answer each question twice once based upon perceptions and once on expectations which then creates a P-E gap score. The overall service quality is determined by the sum of all the gap scores.

Howat, Murray, and Crilley (1999) examined 5283 Australian recreation participants and utilized a service quality gap score where perceptions minus expectations were examined. This technique received critique because people naturally make this
distinction in their determination of service quality. Recent proposed models for service quality have focused on fitness (Chang, 1998; Chelladurai & Chang, 2000) and recreational sport (Ko, 2000; Ko & Pastore, 2004).

Chang (1998) examined fitness quality through the input, throughput, and output stages of the customer experience. The results demonstrated the development of a useful scale that may be used across various industries. Chelladurai and Chang (2000) extended this research and proposed a framework that began with the targets of quality evaluation where each service is broken into smaller parts.

In recreational sport Ko (2000) extended on perceptions of service quality and examined how this effects satisfaction and ultimately repurchase intentions. The dissertation utilized four dimensions of service quality (program, interaction, outcome, and environment) and the data deemed it valid. A more detailed review of literature on service quality in sports is provided in Chapter 2.

The Study

The current study is designed to examine how internal marketing determines the overall service quality of external customers within all of the hierarchal levels of an organization. In the study every member of the organization is involved in the creation of the final service which is important because the difficulties of most organizations occur internally not externally (Lings, 1999). The ability to improve the services provided relies on the acceptance and use of the feedback.

The study attempts to blur boundaries between the organization and its customers and allows the organization to become a sum of it parts. Traditionally, marketing had been relegated to marketing departments whose sole job was to satisfy the needs of
customers, but many believe this must be the focus of all organizational members. The inclusion of all members creates internal interaction and with the goal of enhance the knowledge of front-line employees and their involvement with customers (Lings, 1999).

The use of this design also allows for the creation of relationships through every facet. When relationships are developed, the amount and quality of feedback increases, this identifies opportunities, wants, threats, and needs. Feedback allows the organization to generate intelligence about customers, coordinate activities to various groups, and since interaction is increased, the dissemination of new information is frequent (Lings, 1999).

Finally, service quality must be examined within each hierarchical level of the organization. If all members of the organization are both customers and sellers of a product then they hold a perception of service quality and this must be determined. This allows for a greater understanding of where flaws within an organization may be addressed and fixed when many times external customers fail to voice their thoughts to the organization (Johnston & Mehra, 2002). The current study examined this phenomenon within collegiate recreational sport.

Collegiate Recreational Sport

Participant sport, more specifically collegiate recreational sport is a perfect setting for an internal marketing study, because the student employees are both employees and customers. A current research project undertaken by the National Intramural-Recreational Sport Association (NIRSA) (2004) discovered that recreational sports was ranked number five out of twenty-one in terms of keys to success and satisfaction.
amongst students. The importance of recreational sport is similar in both public and private universities; it enhances emotional well-being and reduces stress.

The importance of service quality from a departmental standpoint involves the building and renovation of 50% of all indoor recreational complexes since 1995 at a cost of $9.6 billion and $2.09 billion on new outdoor complexes across college campuses in the United States (NIRSA, 2004). These improvements demonstrate an increase in standards within and outside the department (NIRSA, 2004), and increases the importance of service quality. One method to obtain departmental success is through the use of internal marketing.

Collegiate recreational sport is an interesting industry due to how it is funded, some universities charge a semester (quarterly) fee to students whether they utilize the services or not (M. Dunn, personal communication, December 31, 2004). Ohio State is currently in this position, the department is in the final stages of preparation for the opening of a new indoor facility. As a result they are currently hiring new full-time employees but still have 12 employees with over 10 years experience (Department of Recreational Sports, 2004), therefore unique perceptions exist within the department. Also, the department during the traditional school year has an average of 400 to 500 student employees at any given time and up to 600 annually (W. Moore, personal communication, August 24, 2004), who represent the front-line employees and the majority of contact with patrons.

The uniqueness of the setting is currently all facilities are free to students, faculty, and staff, therefore no direct monetary value exists. When the new facility opens its doors for operations each student will be charged $42 per quarter the first year, $76 per
quarter (D. DeAngelo, personal communication, August 26, 2004) after that time and faculty/staff members must pay $380 annually or $100 per quarter (Department of Recreational Sports, 2004) which greatly increases the importance of good service quality and customer satisfaction. While the student revenue is guaranteed, the income generated from other members is not and is essential to remain in operation.

The current study allowed for the examination of a department that while focused on customer needs never felt a direct impact of positive or negative service quality, during their 72 year residence in the main portion of Larkins Hall (D. DeAngelo, personal communication, August 25, 2004). The revenue was always guaranteed. This creates an interesting dilemma because strong service quality is expected but are there any consequences if this fails to happen.

Statement of the Problem

Service quality is developed through internal marketing which occurs through external marketing techniques. Constant training occurs between management and front-line employees and ends with these individuals training the customers. A continual feedback loop between all the groups exists to create organizational learning where both employment and product issues may be confronted to determine threats, wants, and needs since every person is both a supplier and a customer (Lings, 1999). The interactions internally and externally create relationships and demonstrate a long-term focus for the organization.

Internal marketing must be started, practiced, and supported by top management. It continues through middle management to front-line employees, and ultimately results in strong service quality (Varey & Lewis, 1999). Top management must treat middle
management as a customer of the product and determine what middle management perceives as the technical qualities, functional qualities, and image of the organization. They must create programs to segment them into various consumer groups in order to determine their wants and needs, and a similar process must occur throughout the flow chart.

The ability to recognize areas for improvement in service quality and their effects on profit is difficult. It is believed that companies which focus on quality service increase their market shares and hold the ability to charge premium prices, when this is not addressed companies lose revenue, customers, and therefore must spend in an attempt to regain new clients. The challenge in this area of research has been the ability to operationalize service quality (Zeithaml et al., 1996).

Service quality develops over numerous transactions not transaction specific, and it involves beliefs from past experiences (Boulding, Kalra, & Staelin, 1999). Often a customer forms a dominate belief about one brand in a specific industry to use as a comparison. Previous research on service quality exists throughout sport, but the current study is the first to examine internal marketing from internal customer perspective.

Purpose of the Study

The purpose of the study is to determine: (1) the relationships of employment status and perceptions of internal marketing, (2) the relationships between full-time employees, part-time employees and participants on perceptions of service quality, (3) employee perceptions of internal marketing and its impact on service quality, and (4) how perceptions of feedback differ within management, front-line employees, and the customers of the organization.
Research Questions

1. What is the relationship between employee status (full-time and part-time employees) and perceptions of internal marketing?

2. How do perceptions of service quality differ between involvement (full-time employees, part-time employees and participants)?

3. How do employee perceptions of internal marketing impact service quality?

4. How do perceptions of feedback differ between involvement (full-time employees, part-time employees and participants)?

Significance of the Study

The significance of the study is to create a foundation for internal marketing through the examination of collegiate recreational sport. Over the last 17 years numerous research studies have examined quality within fitness sport and only one has examined internal marketing within any industry of sport (Novatorov et al., 1998). In an era where competition continues to increase and emphasis is placed on specific organizations to distinguish themselves within their industry, the implementation of internal marketing creates an advantage that may not be easily duplicated by competition. It is a method that requires the full support of top management and must continue throughout the organization.

Examination of internal marketing literature demonstrates few attempts to empirically study the idea. A common, possibly idealistic, logic exists that internal marketing creates these positive outcomes. This study attempts to provide a foundation based on marketing not human resource techniques that may be replicated within other industries.
Limitations of the Study

One limitation is the determination of outcomes for the organizations. Many of the organizations fail to create a revenue stream and no market share exists within the industry. Therefore, positive performance may rely on service quality perceptions and whether the customer returns to use the facilities and programs offered, or simply remaining fiscally sound.

A second limitation from a conceptual standpoint is that regardless of the study outcomes, organizational management theorists still may believe that internal marketing is a human resource phenomenon with a marketing twist (Mudie, 2003). The ability to overcome this point of view will hopefully be created throughout the study.

A third limitation is how to implement internal marketing with external marketing techniques. In marketing literature numerous methods exist to sell a product. While the present study attempts to identify these methods, it is possible the results may demonstrate that internal marketing exists, but it may not reveal which marketing techniques are most effective.

Definitions

The following terms are defined to clarify meaning.

Internal Marketing – “is attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating customers – indeed, “wooing employees … - and is the strategy of shaping job products to fit human needs” (Parasuraman et al., 1991, p. 151).

Marketing – “is an organizational function and a set of processes for creating,
communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders” (American Marketing Association, 2004).

Participant Sport – “Participant sport refers to the non-elite and recreational sport in which the customer not only presents but actively participates in the service production and consumption process for the enhancement of health, fitness, and skill and for fun and enjoyment” (Ko, 2000. p. 3).

Perceived Service Quality – “Customers’ cognitive evaluation of the service across episodes compared with some explicit or implicit comparison standard” (Storbacka et al., 1994, p. 25).

Quality – “a strategic tool for attaining operational efficiency and improved business performance” (Jain & Gupta, 2004).

Service Quality – “a global judgment, or attitude, relating to the superiority of the service” (Parasuraman et al., 1988).

Spectator Sport – These are sports where consumers receive benefits from watching events either through attendance or some form of media (Shank, 1999)

Relationship Marketing – “establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met, this is achieved by mutual exchange and fulfillment of promises” (Gronroos, 2002, p. 138).

Overview of Chapters

The next chapter presents the review of literature which was divided into four areas, 1) internal marketing 2) traditional external marketing, 3) service quality, and 4)
internal marketing and service quality in sport literature. The third chapter discusses (a) overview of research methodology, (b) subject selection, (c) instrumentation, (d) data collection procedures, and (e) data analysis procedures. The fourth chapter presents the results, and the fifth chapter discusses what has been learned and what may be accomplished in the future.
CHAPTER 2

REVIEW OF LITERATURE

The literature being reviewed has been divided into four sections. The four sections are: 1) internal marketing, 2) traditional external marketing, 3) service quality, and 4) internal marketing and service quality in sport literature. The first section attempts to describe how internal marketing research has developed. The second section attempts to examine the use of external marketing techniques in greater detail. The third section reviews service quality literature and the fourth section identifies previous studies of internal marketing and service quality in sport related literature.

Internal Marketing

The foundations of internal marketing were previously discussed. A further review of literature demonstrates how this phenomenon is created and ultimately impacts the organization. The methods of change include a balance of internal and external marketing, treatment of employees, the affects of limitations, and ideas for implementation in a practical atmosphere.
Link with External Marketing.

Management must link internal marketing to external marketing (two-way branding), and send similar messages to both parties. Mixed messages will create internal problems that will extend to the external market. This creates stronger internal beliefs and values. If employees do not agree with the external campaign the success of the product is impossible. It is important to create an external campaign that internal members agree with and embrace, then allow management to share success stories in order to reinforce the benefits of the new campaign (Mitchell, 2002).

The research by Lings and Brooks (1998) and Lings (1999) stressed the importance of balancing the effort applied to both internal and external marketing in order to achieve maximum effectiveness. One method is to improve the interaction between internal suppliers and employees due to the ability of these groups to identify areas for improvement but warns of the differences between the needs of internal members and external customers. Prasad and Steffes (2002) continued one step further and stated internal marketing must precede external marketing, if not the organization may offer a service it is unable to provide.

The external customer focuses on the process of the service experience and therefore, it is important to understand the behind the scenes process for proper implementation at the moment of truth, when the transaction occurs. The reason is due to increases in service industries where front line employees constitute the majority of the contact with consumers, especially in industries where the customer is not a passive receiver (Lings, 2004).
Ahmed et al. (2002) stated the best method to relate internal customers with external customers is to conduct similar market research. In order to understand the internal customers it is important to segment the employees, develop a marketing mix, and control for market activity. This is information may be compared and contrasted with data received from external customers to determine differences and similarities and allow for proper product and service development.

The research creates contradictory ideas of whether it is important to start with internal or external marketing in order to obtain success (Lings, 1999). The best method must include the use of internal market research simultaneously (Ahmed et al., 2002) with external research in order to compare and contrast results and then implement the ideas internally first. This will allow employees to feel involvement, create an attachment to the product, and sell it to external customers, but no matter how it is developed the employees are the key ingredient to this concept (Mitchell, 2002).

**Employees**

The definitions of internal marketing discuss the need to recruit, train, attract, motivate, communicate, and retain employees through awareness in order to meet their wants and needs. One author even stated the need to “woo” employees (Cahill, 1995). If these are not met then the satisfaction of external customers is difficult, if they are met then employees become committed, co-operative, and enthusiastic about the organization (Ahmed et al., 2002; Ballantyne, 2003; Berry, 1981; Cahill, 1995; Lings & Brooks, 1998; Mudie, 2003; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000; Varey & Lewis, 1999).

The cultivation of internal marketing internally involves the blurring of departmental lines through increased communication which increases the knowledge,
information, and ability for feedback within the organization. This allows for the creation of marketing orientations through increased satisfaction which increases profits, sales growth, and new product success that must include internal factors (Lings, 1999).

Ahmed and Rafiq (2003) described the barriers between departments and hierarchical levels must be removed for effective internal marketing to exist. The organization must develop individual relationships amongst members. Involvement is needed from all resources including people, financial, and technical to obtain success. It is cultivated through the creation of relationships based upon understanding, intimacy, trust, and commitment, internal marketing is ineffective without these four items, especially trust. Trust is needed to remove the fear within employees and encourage the proper actions, behaviors, thoughts, and beliefs to create affective internal marketing.

Cahill (1995) in the elimination of departmental barriers titled the idea as learning organizations. The concept discussed how people learn as a collection, and this allows for organizations to change, accelerate learning, allows for full participation, and the creation of memory, but the downside is the ideas are not quantifiable. This process allows all members to become active within the organization.

The most comprehensive method developed to create and cultivate this concept to date was developed by Ballantyne (2003). The research discovered four phases to the internal marketing cycle that included energizing, code breaking, authorizing, and diffusing while each step is accomplished through learning activities, spontaneous community, and knowledge renewal. The steps allow members to learn the knowledge, apply it to problems, understand choices, and then extend this knowledge to other organizational members. The final step involves the true understanding of the customer.
and their needs. Internal marketing creates the communication links between
departments in order to create effective networks and reduce the occurrence of market-
silos. The inputs into the four-cycle phase include participant knowledge and market
intelligence and the outputs include relationship quality, customer consciousness, and
enhanced market performance. While the ideas appear plausible, limitations were
discussed by researchers throughout the literature.

*Limitations*

Varey and Lewis (1999) described four limitations discovered through an
examination of literature and determined that this approach appears to be a metaphor,
philosophy, set of techniques, and an approach that interferes with HRM practices.
Managers currently market to employees and it was stated that employees must change
their perceptions and values which current training programs currently handle. Internal
marketing is simply a method to create flexibility and reduces the amount of control by
management.

Mudie (2003) listed seven areas where research in this area was limited and may
create difficulties in the determination of whether positive outcomes truly exist through
the implementation of internal marketing. The list included: (1) the authenticity of
internal customers, (2) differences between the internal and external identities, (3) the
differences in experiences between the customer and employee, (4) the dissonance that
exists, (5) the power differential between customers and employees, (6) trust, and (7) the
fickleness of customers that always exists.
**Implementation**

While these limitations exist, the idea of creation and cultivation of internal marketing allows for a change in the organization where new set of goals and institutional objectives may be created (Wasmer & Bruner II, 1991). While backlash may result for employees and the importance of timing to implement these changes is a major issue, this concept allows for the improvement of communication, departmental interaction, and if accomplished provide profitability for the organization and fulfill the needs of employees.

The integration of the ideas discussed must be accomplished in order to obtain success. The internal marketing plan must be implemented by top management, human resources, and marketing and supported by all areas. Crosby and Johnson (2003) described the importance of leadership and the need for these individuals to “walk the talk”, understand the reality of the workplace through hands on assistance, and understand the affects on profitability for a successful internal marketing campaign.

The review of literature provided numerous lists that explain hypothesized, mostly non-empirically studied methods to implement internal marketing (Table 2.1, p. 34). An examination of these lists demonstrates the first need is to compete for talent and hire the proper staff, once hired the individuals must be properly trained and provided a purpose for the organization. This training will allow for the creation of relationships between employees and customers.

All employees must be treated as customers, this means the creation of specifications, the creation of awareness, and the identification of expectations through market research. The results of this research will allow the organization to segment the
population and tailor specific strategies to each segment; the procedures implemented
may be examined through staff climate monitors (Ahmed et al., 2002).

Once the segments are identified the communication of information is important
and this includes additional training for all employees to develop competence, the
creation of interdepartmental teams in order to build relationships, and the allowance for
appraisal and feedback from within various levels of the organization. The unification of
departments will allow suppliers to make necessary changes, establish a level of service
quality, support quality improvement, and establish a level of customer consciousness.
Follow-up research must be conducted in order to determine effectiveness and assist in
the recognition in changes of the environment (Hogg et al., 1998).

In order for proper implementation to occur the focus must evolve around front-
line employees and the process must start with senior leadership and a proper physical
environment. The best method to influence employees involves strategic awards, other
incentives, and individual empowerment to make decisions without the assistance of
upper management (Ahmed et al., 2002). Ballantyne (2003) stated a successful internal
marketing campaign satisfies the interests of the individual member and organization.
Therefore, mutual value must exist, it must be transparent, perceived as fair, co-created
through interaction, and continually increasing. The difference between this and external
marketing is the fact it is continually co-created over time. If these ideas are properly
implemented, positive consequences will result.
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<td>2. Staff training</td>
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<td>3. Equip employees with skills and knowledge for their roles</td>
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<td>4. Bring people together as a team</td>
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<td>5. Leverage the freedom factor</td>
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<td>6. Nurture achievement through measurements and rewards</td>
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<td>7. Base job design decisions on research</td>
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Table 3.1 Methods for Implementation of Internal Marketing Concepts
Consequences

Three types of consequences developed, the outcomes that directly affect the organization, directly affect the employee, and ideas where all entities benefit. The first involved the organization and the consequence was the ability to improve service quality for external customers. One method of monitoring and measuring service quality is to conduct staff climate monitors on a quarterly basis and this may occur between and within various levels of the organization in order to measure quality of work life (Ballantyne et al., 1995).

Prasad and Steffes (2002) stated if an incentive is used to benefit the employees, the organization may lie about the amount of profits gained and therefore share in order to receive the greatest effort from employees. In this situation the firm may burn money in order to decrease the amount shared in an effort to maintain the motivation level amongst employees. If money burning is conducted properly, it may signal success or employees may believe it is poor management, therefore, holding an adverse affect.

The consequences for the individual include mutual trust, the creation of relationships, internal networks, self-direction, commitment, loyalty, and motivation (Varey & Lewis, 1999). When properly implemented the employee gains empowerment which increases job security, satisfaction, and development as an employee (Rafiq & Ahmed, 2000; Amato & Amato, 2002).

One consequence that benefits everyone involved is the creation of brand loyalty by organizational members. Fram and McCarthy (2002) believed the increase in loyalty resulted in an increase in satisfaction with management, and this feeling is passed to family and friends which results in additional revenue for the organization. The evidence
for this thought process rests in the fact that about 30% of employees purchase their
brand less than half the time, and only 36% of the organizations involved in the study
have active internal marketing programs (Fram & McCarthy, 2002). Ahmed and Rafiq
(2003) described this as the continuous circle that feeds upon itself.

Empirical Examination

Little empirical evidence exists to support the ideas of internal marketing with no
replication of any created instrument. Lings and Brooks (1998) extended to the
SERVQUAL to internal markets, while Foreman and Money (1995), Prasad and Steffes
(2002), Ahmed et al. (2002), Fram and McCarthy (2003), and Naude, Desai, and Murphy
(2003) each created their own instruments through a review of literature. Finally, Amato
and Amato (2002) performed a content analysis of mission statements from major
corporations.

Lings and Brooks (1998) utilized the SERVQUAL scale to examine internal
service quality. They created new dimensions through interviews with internal customers
(the added dimensions were proactive decision making and attention to detail). External
service quality was examined utilizing the original dimensions of the SERVQUAL
instrument. Through data, this method provided information on dimensions that existed
internally (8 of the 10, tangibles and security were not found significant) and externally
(all 10 were found significant) which allowed the researchers to create a service blueprint
to identify service quality exchanges. The service quality exchanges represent
interactions either internally or externally, where a level of service quality is developed.
The ability to understand the perceived levels of service quality after each interaction
allows organizations to recognize organizational flaws. The instrument was administered
a second time, six months after the initial examination. These results demonstrate the implementation of internal marketing improves internal service quality and influences external service quality.

Foreman and Money (1995) examined what they referred to as “type IV” internal marketing, “where the organization is the marketer and the market” (p. 761). This type creates a service environment where successful internal marketing results in external customer satisfaction and ensures the retention of the best employees. In order to implement the internal marketing program is must parallel the external marketing program. The authors developed an instrument through a review of literature and generated three factors important to internal marketing: development, rewards, and vision.

Amato and Amato (2002) performed a content analysis of Fortune 200 and Fortune 500 organizations to determine the quality of life. The authors studied whether information contained in mission statements affected the quality of life which supports internal marketing literature. The paper fails to truly describe the concept of internal marketing but through the content analysis the authors believed the fulfillment of Maslow’s criteria and firm size correlated to equal workforce well being.

Prasad and Steffes (2002) created a model through their examination of Continental Airlines that involved the use of internal marketing. In the study they defined internal marketing as a method to motivate employees and stated communication, interaction, incentives and training properly implemented this idea. The researchers developed a model to examine three incentive approaches: (1) give $65 to employees, (2) offer profit sharing due to service improvement (without providing knowledge of the
amount), and (3) offer profit sharing due to service improvements and inform the employees on this expected amount. The researchers determined profit sharing was the best method, which was relayed through communication from top management and satisfaction was determined through flight timeliness.

Fram and McCarthy (2003) conducted a non-scientific study to identify the effects of internal marketing. The study examined employees of various firms to determine how often they purchased their company’s product, factors that create loyalty, and whether brand-loyal employees acted as brand champions to others. The results demonstrated 28% of employees either never, occasionally, or only half of the time purchased the products their company sold, of this number the bottom 50% in terms of loyalty purchased the product less than 50% of the time, and this lead these employees to declare another brand champion. These results demonstrated that employees were positively influencing the competition and this develops a reason to implement internal marketing programs.

Naude et al. (2003) created a questionnaire through previously developed and tested instruments from various disciplines and distributed it across four locations within one major United Kingdom organization. They developed three latent variables that included person, situation, and person x situation. Person consisted of age, gender, and level of education, situation consisted of location, tenure, and function. The person x situation variable consisted of organizational socialization (this develops through the climate of the organization), involvement, commitment, organizational satisfaction, communication, and the evaluation of the local management, direct manager, and colleagues. Significance was discovered for location, age, length of tenure, as well as
numerous interaction variables. The significance of location demonstrated the challenge of creating an organizational wide internal marketing strategy due to the different values, attitudes, and beliefs that exist at various locations within the organization. This finding provides a huge obstacle and important area for examination due to the questions raised of the true effectiveness of internal marketing.

Ahmed et al. (2002) created a conceptual model to examine how the internal marketing mix was mediated through a marketing-like philosophy and tools to affect organizational competencies and ultimately business performance. The 49-item questionnaire was developed through a review of literature and the principle component analysis revealed three factors that included top management support, business support, and cross-functional coordination which included a significant internal communication element.

The studies discussed represent seven separate attempts to examine internal marketing and to date the instruments developed have not been replicated. Each study examined internal marketing from a different perspective with different factors. The Lings and Brooks (1998) study is the only attempt by a researcher to examine the effects of internal marketing on both internal and external customer satisfaction. The Lings and Brooks (1998) study also attempts to examine service quality but utilized an industry specific instrument. Research throughout participant sport research has proven and advised researchers against the use of the original SERVQUAL instrument (Crompton, MacKay, & Fesenmaier, 1991; Howat et al., 1999; Novatorov et al., 1998; Wright et al., 1992). This idea will be discussed in further detail later in Chapter 2.
Marketing

The marketing mix was developed throughout the 1950’s and 1960’s (Borden, 1964; McCarthy, 1964; Gronroos, 2002) as a method to optimize profit and act as guidelines in marketing decisions. The intention of the marketing mix was to create ideas on how to solve marketing problems not as a method to fix them. This creates a situation where service organizations focus on “to whom something is done” (p. 132) instead of “for whom” (p. 132). The “to whom” mentality demonstrates a product-oriented not service oriented approach, where the seller has an active role and the consumer is passive (Gronroos, 2002).

Current marketing techniques attempt to focus downstream through service-based advantages and customer allegiances. It is no longer simply the product but the intangibles that are associated with the product that create additional revenue (Wise & Baumgartner, 1999) and customer expectations must be met. Expectations affect satisfaction levels which significantly impact the customer defect rate and this occurs through the fulfillment of basic customer needs: (1) security, (2) justice, and (3) self-esteem (Schneider & Bowen, 1999).

In order to meet these needs organizations must exceed customer expectations through responsiveness, assurance, and empathy. These expectations rise and customers grow in loyalty and knowledge, therefore companies must take a customer first approach. Difficulties develop from employees who fail to fix problems and this is resolved through the creation of relationships (Parasuraman et al., 1991). Current methods in service
marketing research create these relationships and include understanding customer expectations, service encounters, servicescapes, service failures, service recovery, and relationship marketing.

Customer Expectations

In discussions on service quality and in the development of the SERVQUAL instrument (Parasuraman et al., 1985, 1988), the idea was developed that consumers compare the fulfillment of actual and expected service quality. A second approach involves expectancy theory, this examines customer beliefs on the outcome of a service transaction (Clow, Kurtz, Ozment, & Ong, 1997). The third approach focuses on the fulfillment of wants and needs through the service (Clow et al., 1997), but the challenge occurs in how to address these expectations.

Zeithaml, Berry, and Parasuraman (1993) through focus groups determined expectations develop through expected, desired, adequate, and predicted services. Within each service experience consumers create this level of expectation they hope to receive. Individuals create a zone of tolerance of the service they are willing to accept and if the organization fails to obtain this level, they become dissatisfied. The expectations of the service are developed through promises, word of mouth, communications, and past experiences.

The perceived expectations results in both short-term and long-term consequences (Gagliano & Hathcote, 1994). While in the short-term a customer may simply leave the store, in the long-term the customer may defect, this results in lost value and increased replacement costs. The ability to effectively provide service may be recognized through
an examination of specialty stores where an increased amount of interaction exists and consumer needs are specifically met (Gagliano & Hathcote, 1994). Customer expectations are created prior to each service encounter.

**Service Encounters**

Service encounters consist of the interactions between members of the organization and the customer, it is reciprocal not linear (Ligas & Coulter, 2001). As previously discussed the consumer will create expectation levels prior to the encounter, but when the interaction begins the roles created, the emotions of the employees, how the information is communicated, and the atmospherics that exist will either confirm (disconfirm) the expectations developed.

Service encounters involve the utilization of roles through the social exchange process. Broderick (1999) explained how role theory exists in service encounters where specific focuses, analysis, characteristics, and perspectives exist in role theory and current marketing thinking (refer to Broderick, 1999, p. 121 for more detail).

In order for a role to exist a script, performance, congruence (clear roles), and an internal role set (established set of behaviors) must exist and all of these elements appear in a service setting. Organizations develop scripts that are enacted during client-service interactions; the actions are a performance to fulfill customer needs, each employee clearly understands their roles, and the behaviors expected of employees are clearly established by the organization. When these roles are effectively developed by organization and performed by employees, customers develop consistent levels of expectation which create positive levels of service quality (Broderick, 1999).
Since the interaction is reciprocal and customers now co-produce services, the customer also plays a role. While organizations attempt to standardize roles back-stage (preparation) through training to influence their performance front-stage (where the performance occurs) customers utilize a similar routine.

The ability to effectively define and create detailed roles impacts service encounters. Customers also prepare back-stage prior to the interaction where expectations and behaviors are developed. The preparation of both the customers and employees create the service encounter where both parties begin with scripted roles and then based upon their perception of service quality determine how to continue their behavior (Ligas & Coulter, 2001). During the performance the perception of service quality is also affected by the emotions of the employee.

Pugh (2001) examined bank customers through exit interviews and determined that the emotions of employees were contagious. If the employee displayed positive emotions, similar affect was developed within customers and the emotions of the employees were influenced through situational factors and employee characteristics.

The emotions of employees may be displayed through non-verbal communication which includes “facial expression, eye contact, posture, gesture, and inter-personal distance” (Gabbott & Hogg, 2001, p. 6) and represents 90% of the communication process. Non-verbal communication is continuously displayed by the sender and interpreted by the receiver during an encounter. In service industries where the product is co-produced and understanding of how these actions affect service quality is important. The non-verbal cues are also affected by the physical environment.
Hoffman and Turley (2002) integrated service encounter and atmospheric literature. Atmospherics was defined as, “the intentional control and manipulation of environmental cues” (Hoffman & Turley, 2002, p. 34) with a goal of influencing behaviors. Organizations accomplish this through stimuli that effect all members and customers to affect the perceived quality of the service. Atmospherics consist of both tangible and intangible elements and create emotional reactions but this study failed to statistically examine the phenomenon. A more specific approach to atmospherics is servicescapes.

**Servicescapes**

Servicescapes is developed through the facility exterior, interior, and other intangibles and contribute to the evaluations produced by customers (Hoffman & Turley, 2002). Servicescape is composed of three dimensions: ambient conditions, spatial layout and functionality, and sign, symbols, and artifacts (Bitner, 1992). The ambient conditions consist of “temperature, lighting, noise, music, and scent” (Bitner, 1992, p. 66), which affect all five senses. Spatial layout refers to how all the items within a store are arranged and the functionality determines if they accomplish the goals intended. Signs, symbols, and artifact create detail in the physical environment and provide aesthetic communication.

Wakefield and Blodgett (1994) discussed the importance of servicescapes in a leisure service setting. In this study leisure settings referred to all free time events including sport. The importance of leisure services increases due to the amount of time spent at the facility, as the time increases, the recognition of quality increases. The researchers discovered through an experiment that included videos of two baseball
stadiums (Cincinnati Riverfront Stadium and Cleveland Municipal Stadium) that the perceived servicescapes effected quality. The flaws discovered with Cleveland Municipal Stadium involved the poor architectural design (Wakefield & Blodgett, 1994).

In order to improve the servicescapes of new facilities Peterson (2003) described how to include consumer perspectives in the process. While architects have specific styles, research must be conducted with consumers prior to the design stage and following the finish of the new building. The pre-design information must focus on how consumers from various backgrounds perceive an experience and the collective ideas gathered must be implemented in the design. The post-construction information must focus on both the design and aesthetics to determine what worked and what did not to improve on future projects (Peterson, 2003).

Service Failure and Recovery

The goal of every service encounter is to provide the best service in the best physical environment possible, but service failure may occur. In all industries organizations claim customer satisfaction and quality but the ability to address service failures and properly rectify the situation separates organizations and create loyalty (Verma, 2001). The ability to retain 5% more customers increases profits by 100% (Verma, 2001).

The service encounter failure may occur due to the outcome (what they receive) or the process (how they receive it), and the magnitude of the loss (Smith, Bolton, & Wagner, 1999). The complaint may be provided through redress seeking, negative word of mouth, or exit, (Andreassen, 2000), but Smith et al. (1999) added that 70 to 95% of dissatisfied customers never voice their opinion. The dissatisfaction typically creates a
halo effect where a negative perspective persists for customers, or a domino effect where failures become typical (Palmer, Beggs, & Keown-McMullan, 2000). As a result many firms have created standardized procedures to reduce the chance of service failure (Palmer et al., 2000).

When service failure occurs how an organization handles the recovery greatly affects the perceived service quality. Smith et al. (1999) identified four methods to recovery: compensation (discounts, merchandise), response speed, apology, and initiation (the organization seeks the customer for recovery).

Therefore, organizations must identify unsatisfied customers, address the situation, focus of the outcome and not the process, and then provide a fair solution to ensure future revenue. Customers expect a speedy, apologetic, fair resolution to their problem; as a result, employees must be empowered to handle situations with unsatisfied customers (Andreassen, 2000; Palmer et al., 2000).

Proactive organizations have created blueprints on the process to recover from service failure (Palmer et al., 2000). The difficulty with this technique is the belief all customers have the same expectations and similar service failures. The result of a good recovery often creates loyal customers based upon the goodwill established (Palmer et al., 2000). Maxham III and Netemeyer (2002) examined this point, and determined through longitudinal research that when a situation moves from a loss (service failure) to a gain (service recovery), loyalty is created. The findings of this study revealed that regardless of the time lag between or the similarity of failures that the perception diminishes equally...

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(Maxham III & Netemeyer, 2002). The researchers stated (p. 67), “do not make the same mistake twice,” implement feedback and develop relationships in order to avoid these situations.

**Relationship Marketing**

The understanding of customer expectations, service encounters, servicescapes, service failures, service recovery, all focus on the creation of relationships between the organization and its customers. While a new concept, research and implementation have typically focused on external customers, but these ideas also exist internally and together they affect the service quality of the company.

Relationship marketing is replacing transaction marketing in an attempt to striving for long-term outcomes (Levett et al., 1999). Relationships involve interactions between a customer and client who know each other personally (Gutek, Groth, & Cherry, 2002). When interactions occur between two strangers this is simply a service encounter. A relationship is developed when people feel comfortable and begin to know one another. Organizations have a strategic choice in whether to focus on relationships, the advantages include increased satisfaction, trust, emotional attachment, positive referrals, direct feedback, and the ability to recognize service failures and correct the situations. The disadvantages include greater cost and dependence for all parties involved (Gutek et al, 2002).

The future of relationship marketing involves the fulfillment of promises and trust that are offered through marketing promotions (Gronroos, 2002). Relationship marketing is a long-term commitment accomplished through every employee because “marketing and its staff cannot be at the right place at the right time with the right customer contacts”
(Gronroos, 1994, p. 13). Research marketing focuses on customer retention and not acquiring new customers (Storbacka et al., 1994), and this method is greatly effected through the use of internal marketing (Gronroos, 1994).

The effective implantation of relationship marketing involves the organization recognizing the needs of customers and adjusting the service appropriately (Gronroos, 1996). The organization must establish databases with customer information, seek contact, and create partnerships. Organizations must focus on what they can do for customers, not to customers (Gronroos, 1996, p. 6). When relationship marketing is implemented, the customer understands the product and this allows the organization to promote the competencies of the firm. The creation of relationships allows customers to expect a high level of service quality during each service interaction.

**Service Quality**

*Importance*

The importance of service quality continually increases as more emphasis is placed on meeting the expectations of customers. As the client increases the amount of involvement, the more likely the individual will recognize flaws in the service provided. The effects of the miscues will vary dependent upon the previous preconceived images of the firm by the customer. In order to handle this, the organization must understand what the customer expects, how they expect to receive it, and the image held by this individual prior to the service experience. Traditional marketing techniques must provide realistic goals that may be obtained by the organization (Gronroos, 2002).

Traditionally, organizations focused on the technical quality of the product or simply what needs were being fulfilled and failed to address how they were fulfilling
those needs. Today, organizations attempt to create distinct competitive advantages that
competition may not or have difficulty in duplicating. This will allow the company to
obtain sustained success and create a new benchmark within the industry (Barney, 1991).

The importance of service has increased due to co-production with customers.
They hold greater knowledge and skill to help create the products and services (Prahalad
& Ramaswamy, 2000), therefore placing greater emphasis on the process. The process
consists of the interaction with front-line employees, service quality, and the perceived
transaction time (McClain, Thomas, & Mazzola, 1992; Metters, King-Metters, &
Pullman, 2003; Schmenner, 1995; Schroeder, 1985). Therefore, all the steps in the
customer buying experience must be understood from both the organizational and
customer perspective (Iacobucci & Nordhielm, 2000).

Currently, modern technology allows the customer to gain significant background
information on industries, companies, and products. Therefore, customer conversations
are amongst equals, and the burden is placed on organizations to keep dialogue alive.
Also, through this technology customers may share their experiences with larger groups
of people (Prahalad & Ramaswamy, 2000). Technology has also placed pressure on
organizations to quickly change to customer needs and the ability to accomplish this rests
in the culture of the organization (Stuart, 1998).

The service provided by the organization affects the experience of the customer.
Perception is reality and what really matters is how the customer perceives the
experience. Customers base their own opinions on a few moments of the entire
experience, often high or low points and the end (Chase & Dasu, 2001). Therefore, the
experience must end on a positive note and the organization must attempt to alter a
neutral experience into a positive experience (Morgan & Rao, 2003). Companies must
discover what the customer’s value and how they obtain outcomes (Ulwick, 2002), but
service quality measurement is difficult because two customers rarely perceive similar
outcomes (McClain et al., 1992; Metters et al., 2003; Schmenner, 1995; Schroeder,
1985).

Creation of Service Quality

In order to achieve superior service, management must create an overall strategy
with a strategic vision that identifies the target market, understands the customer’s point
of view, understands the abilities of the organization, and provides a strong service
delivery system (Metters et al., 2003). Superior service is accomplished through
providing value to the customer and utilizing operations to achieve the goals (McClain et
al., 1992). The importance of a positive culture in a service setting rests in the ability to
increase efficiency, and maximize value in the perception of consumers and this is
accomplished through quality and innovation (Michela & Burke, 2000).

Organizations must ensure reliability, responsiveness, assurance, and empathy in
order to exceed expectations and when the customer expectations are met, customer
knowledge grows and loyalty is created. These expectations create the need for a
customer first mentality which is often difficult when employees lack a willingness to fix
problems. Organizations must determine the gap between perceived to adequate services
and perceived to desired states (Parasuraman et al., 1991). Today, customers buy more
than just a product, therefore, personalization and customization are necessary (Prahalad
& Ramaswamy, 2000).
“In service industries, customer satisfaction is always influenced by the quality of interactions between customers and the personnel involved in the contact services” (Natalisa & Subroto, 2004, p. 86), and this is developed through the difference in perceived and actual quality during the service experience. Satisfaction is created by an excellent staff, efficient operations, convenience, competitive costs, and excellent image (Jones, 2004) which often leads to a repeat purchase (Laroche, Ueltschy, Abe, Cleveland, & Yannopoulos, 2004).

Outcomes

Customer satisfaction is a revenue and retention building process. The goal of each business transaction is to gain customers and retain them through trust and commitment (Anderson & Narus, 1998). The creation of value and trust affects current marketing strategies which influences the lifetime value of each customer and directly impacts current and future sales (Rust, Moorman, & Dickson, 2002; Zeithaml, Rust, & Lemon, 2001).

An organization will maximize profit by focusing on the needs of the most valuable customers through line extensions, service, and amenities; this will create a competitive advantage within an industry (Anderson & Narus, 1998; Zeithaml et al., 2001). These needs are fulfilled through a service exchange that consists of a psychological contract in which a need is gratified in exchange for money, time, and effort (Schneider & Bowen, 1999). The level of satisfaction obtained translates into the level of loyalty and the level of satisfaction created significantly impacts the customer defect rate. The cost of attracting customers is approximately five to six times greater
than retaining a customer, and therefore, the greater the retention, the greater the effect on profitability (Hoogervorst, Koopman, & van der Flier, 2002).

As stated previously, three basic characteristics distinguish service: (1) it is physically intangible, (2) activity not a thing, and (3) production and consumption are simultaneous in some manner. Whether the interaction is physical or technical, this interaction assists in fulfilling the needs of the customers and often in with the assistance of the individual (Gronroos, 1982).

Empirically Tested

Over the past twenty years two instruments have been created to measure service quality: SERVQUAL and SERVPERF. Since its conception researchers from various disciplines have attempted to modify it to their needs including participant sport. The original instrument contained 22 items across five dimensions and each subject responded twice to each item, once on perceptions and once on expectations.

Over time the instrument has received scrutiny, Jain and Gupta (2004) listed four: (1) the use of the P-E gap, (2) questionnaire length, (3) predictive power, and (4) the dimensions. It is believed that service quality may be obtained from a one-item scale. Van Dyke, Kappelman, and Prybutok (1997) stated the ability to derive perceived serviced quality from subtraction is overly simplistic due to the cognitive effort, they suggest directly asking the subject. Also, the measurement of the expectation component holds multiple interpretations and is operationalized differently by various researchers (Jain & Gupta, 2004).

The SERVPERF scale was developed by Cronin and Taylor (1992) as an attempt to replace the SERVQUAL scale. The new scale contains 22 items that focus on
performance and the service quality is determined by the sum of all the performance items, the higher the score the greater the service quality. Cronin and Taylor (1992) believe this is more applicable due to empirical evidence in various industries. Jain and Gupta (2004) tested both scales to determine greater validity and measurement power though subjects at a fast food restaurant in Delhi, India and determined SERVPERF outperformed SERVQUAL in both areas. The SERVQUAL instrument has been utilized continually in the sport industry with mixed results, and these studies will be described in greater detail later in Chapter 2.

Internal Marketing and Service Quality in Sport

Internal Marketing

Literature on internal marketing and service quality in sport has distinctly different backgrounds. To date only one article on internal marketing exists in sport (Novatorov, et al., 1998). The project focused on customer service audits in a recreational center setting. The idea of the audits was to determine the effectiveness of the marketing efforts employed by recreational center departments. In the study internal marketing was operationalized as a human resource method and examined the phenomenon through Herzberg’s job satisfaction theory. In this theory two factors create motivation within employees: the job context and the job content (Novatorov, et al., 1998), a different perspective from this study.

Service Quality

The literature on service quality in a sport setting has mostly focused on participant sport not spectator sport. Shank (1999) described spectator sport as sports where consumers receive benefits from watching events either through attendance or
some form of media. One study focused on Australian Rules Football (Westerbeek, 2000) and the other on service quality at collegiate basketball (Kelley & Turley, 2001).

**Spectator sport.** Westerbeek (2000) examined how attendance and age affected place-specific dimensions of service quality. Through confirmatory factor analysis, service quality consisted of religious, home, social facilitation, auditory, and uncertainty of outcome factors. These explained 57.7% of the variance. The results demonstrated more reasons for attendance then perceptions of service quality.

Kelley and Turley (2001) utilized the Gap Model created by Parasuraman et al. (1985), through which the game experience was the most significant service attribute. In terms of service quality the employees held the greatest impact, but the results demonstrated that since the quality of the game was the most important aspect, the perception of service quality was not controlled by sport marketers (Kelley & Turley, 2001).

**Participant sport.** The examination of service quality in sport began in the late 1980’s when Chelladurai et al. (1987) developed dimensions of fitness service. In the study five dimensions of fitness attributes were developed: 1) professional services, 2) consumer services, 3) peripheral services, 4) facilities and equipment, and 5) secondary services of which facilities and equipment was the most influential in people joining a specific club.

This study was followed with the first examination of service quality in a recreational setting (MacKay & Crompton, 1988). Limitations existed in ability for the authors to determine what customers perceived as service quality. Three evaluations of service quality were developed: search properties occurred prior to the experience and
included tangible items, experience properties that occur during consumption, and credence properties (ex. lifeguarding) which many participants fail to understand or recognize that exist (MacKay & Crompton, 1988). As a result an examination of service quality is difficult to generate, plus differences exist between public and commercial sector services.

Crompton et al. (1991) added to this research through the operationalization of service quality in a public recreation environment. The authors utilized the SERVQUAL instrument which was believed to be applicable in any setting. They found four of the five dimensions relevant in participant sport: assurance, reliability, responsiveness, and tangibles, but believed only half of the items were effective in this setting. The authors believed differences existed due to the public service setting (less stress on financial outcomes) and suggested the creation of a new instrument (Crompton et al., 1991).

Wright et al. (1992) also utilized the SERVQUAL instrument but altered some of the statements to represent the recreation setting. The study examined eight county recreation centers, and through the findings they created three recommendations for the SERVQUAL technique: 1) adapt the SERVQUAL to specific settings, 2) include open ended questions on expectations and performance items, and 3) ensure all participant groups are properly represented when examining service quality to ensure proper results (Wright et al., 1992).

The findings of these previous studies, and an increased belief in service quality literature that the SERVQUAL instrument is not adaptable in multiple settings, allowed for the development of the QUESC (QUality Excellence of Sports Centers) instrument (Kim & Kim, 1995). The study examined Korean Sport Centers and through factor
analysis developed 12 dimensions (ambiance, employee attitude, employee reliability, social opportunity, information available, programs offered, personal considerations, price, privilege, ease of mind, stimulation, and convenience) which demonstrated the importance of industry specific instruments.

In order to further improve service quality within sport centers Kim and Kim (1998) examined the use of segmentation to target specific needs, improve delivery of services, and allow organizations the ability to handle demand issues as necessary. They utilized 11 of the 12 dimensions developed in the QUESC and effectively discovered five clusters through analysis of data (facility-conscious, goal-oriented, convenience-seeking, personal gratification-oriented, and employee behavior-conscious). Further examination of the data also revealed that individual clusters ranked attributes differently. The ability to understand the clusters that exist and at what time these individuals participate allows organizations to cater to specific needs (Kim & Kim, 1998).

Novatorov et al. (1998) in the study that examined internal marketing utilized a modified version of the SERVQUAL instrument. The items were reworded and the five dimensions developed by Parasuraman et al. (1985) were used. The authors in their examination of management, employees, and users designed three different questionnaires; they stated the internal marketing questions were not applicable to the end users. The data further demonstrated a need by researchers to reconsider whether the SERVQUAL instrument is applicable in recreational sport (Novatorov, et al., 1998).

Howat et al. (1999) examined 5,283 respondents at Australian public sport and leisure centers to perceptions of service quality, satisfaction, and behavioral intentions. In order to study service quality, the foundations of the SERVQUAL instrument were
again modified and utilized. The authors addressed the earlier issues discussed concerning its effectiveness, but believed at the time to continue with this method. Additional principal component analysis of the data determined three factors as recognized in service literature (personnel, core, and peripheral), both personnel and factor scores were determined significant. The authors suggested use of the SERVQUAL if it was tailored to specific sports, services, or facilities.

Papadimitriou and Kartertoliotis (2000) reexamined the previously developed QUESC instrument developed by Kim and Kim (1995) in private Greek fitness centers. The authors believed too many factors existed, solutions were not interpretable, and concerns arose over the internal consistency of the factors discovered. In their analysis they reduced the instrument to four factors (instructor quality, facility, programs, and significant others) and mentioned the importance of developing a service-quality construct that characterized both service and cultural elements (Papadimitriou & Kartertoliotis, 2000).

Chelladurai and Chang (2000) proposed a framework on standards of quality in all sport services from three perspectives: 1) targets of quality (features of the product), 2) standards of quality (criteria for quality judgment), and 3) evaluators of quality (people who decide quality). In this specific study the framework was not examined but it was believed that if managers understand how these elements work, and dissect quality into smaller parts that the process is more manageable.

The research to date on service quality demonstrates a desire to utilize the SERVQUAL instrument in some manner, but with each attempt the authors have suggested greater modification or a new instrument. While the QUESC instrument (Kim
& Kim, 1995) was an attempt to develop a new instrument, the initial findings had 11 dimensions and a further replication by Papadimitriou and Karteroliotis (2000) determined only four dimensions exist. No further replications have occurred, but one common theme amongst all of the research studies is the need for industry specific models. Recently, Ko (2000) and Ko and Pastore (2004) examined the literature in service quality within sport and developed four dimensions of quality: 1) program quality, 2) interaction quality, 3) outcome quality, and 4) physical environment quality. The proposed model was created specifically for recreational sport.

In the studies (Ko, 2000; Ko & Pastore, 2004) 48-questions across were generated across the four dimensions and the instrument was titled The Scale of Service Quality for Participant Sport (SSQPS). The items were generated through a review of literature, purified through a panel of experts and a field test, the revised instrument was later pretested through a pilot study, and examined through structural equation analysis. The results of the study demonstrated the model was a good fit to the data, and customers determine service quality based on the four dimensions described.

The review of literature provides the foundation of this study and assisted in the development of portions of the survey instrument. The last study described represents the service quality portion of the questionnaire and the next chapter provides greater detail on the methodology utilized in this research project.
CHAPTER 3

METHODOLOGY

The purpose of this chapter is to describe the procedures used to answer the research questions proposed in Chapter 1. The sections presented in this chapter include: (a) overview of research methodology (b) subject selection, (c) instrumentation, (d) data collection procedures, and (e) data analysis procedures.

Overview of Research Methodology

Types of Research

Qualitative. The two types of research design include qualitative and quantitative. Qualitative research is defined as a “variety of research approaches that study phenomena in their natural settings, without a predetermined hypothesis” (Ary, Jacobs, & Razavieh, 2002, p. 565). This method avoids numeric data and gathers information through detail obtained via interviews and observation. The techniques include ethnography (field research), case studies (examination of one unit), content analysis, naturalistic observation, focused interviews, phenomenological studies (meanings vary by subject), grounded theory, and historical research (Ary et al., 2002)
Quantitative. Quantitative research is defined as an, “objective measurement and statistical analysis of numeric data to understand and explain phenomena” (Ary, et al., 2002, p. 22). The purpose of this method is to examine either relationships or cause and effect. It requires large samples examined through instruments that tests a theory created prior to the study. Quantitative studies consist of experimental and non-experimental research (Ary et al., 2002).

Within qualitative or quantitative research, there are numerous types of studies. They are (a) descriptive, (b) associational, and (c) intervention-type. A descriptive study helps describe events or things as carefully as possible. Associational research investigates relationships, and intervention studies observe how a method or treatment influences outcomes (Fraenkel & Wallen, 2000).

Survey research. Within descriptive studies, the most common method to answer the research question is a survey. Surveys attempt to answer the question “What exists?” The advantages of survey research include: (a) the possibility to collect a wide scope of information from a large population, (b) the opportunity to deal with real situations, and (c) the development of research beyond description only (Fraenkel & Wallen, 2000). Surveys are sent to individuals who are known as respondents.

The answers of the respondents allow researchers to summarize the characteristics of individuals, groups, or physical environments to the targeted population (Fraenkel & Wallen, 2000). The population refers to the individuals that the findings of the survey represent. Surveys may be accomplished in census form, where the entire population is surveyed or a sample survey where only part of the population is studied (Ary et al., 2002). Surveys are limited to studying tangibles and intangibles. Tangibles are items
that can easily be measured such as frequency of physical activity at a recreational center. Intangibles are limited to psychological and sociological constructs such as attitude and opinions (Ary et al., 2002).

In addition, surveys are classified into two categories according to the time the data was collected. The first is longitudinal which looks at information gathered at points in time; this helps to observe changes over the time frame. A longitudinal study may be accomplished by three methods: (1) a panel, where the same group is studied over time, (2) a trend, where a different people from the same population are studied, or (3) by a cohort study, where the same groups of people are followed over time. The second category, cross-sectional studies, examines a sample of the population at a specific time (Ary et al., 2002).

**Internal marketing.** Research on internal marketing has focused primarily on quantitative methods (Ahmed et al., 2002; Amato & Amato, 2002; Foreman & Money, 1995; Fram & McCarthy, 2003; Lings & Brooks, 1998; Naude et al., 2003; Prasad & Steffes, 2002) therefore, a quantitative, descriptive, cross-sectional survey study design was used to answer the research questions asked in Chapter 1. The aforementioned research studies were explained in Chapter 2 but each utilized a different instrument and approach to examine internal marketing.

Of these studies, five researchers utilized survey instruments for their study (Ahmed et al., 2002; Foreman & Money, 1995; Fram & McCarthy, 2003; Lings & Brooks, 1998; Naude et al., 2003), four were created through a review of literature (Ahmed et al., 2002; Foreman & Money, 1995; Fram & McCarthy, 2003; Naude et al., 2003), and the Lings and Brooks (1998) instrument was a replication of the SERVQUAL
instrument, but administered to examine internal service quality. The researchers modified the items to examine internal perceptions. While replication of this instrument was possible, previous research throughout participant sport research has proven and advised researchers against the use of the original SERVQUAL instrument (Crompton et al., 1991; Howat et al., 1999; Novatorov et al., 1998; Wright et al., 1992). The specific instrument utilized in the current study is described in greater detail on pages 66 - 79.

Subject Selection

Setting

The setting of this study, in order to examine internal marketing, is a case study of The Ohio State Department of Recreational Sports. The examination of internal marketing is best accomplished in a single setting due to the differences that exist within each organization (i.e., Peccei & Rosenthal, 2000; Stuart, 1998). Ary, Jacobs, and Razavieh (2002) described case studies as “an attempt to describe the subject’s entire range of behaviors and the relationship of these behaviors” (p. 440). It allows for depth and understanding into the present status of an entire institution and allows for the development of future hypotheses, which is ideal for an internal marketing study.

Sampling method

“A sample consists of all units of the population that are drawn for questionnaires” (Dillman, 2000, p. 126) and the population refer to the people in the organization for whom you may generalize the results. Two major types of sampling exist: probability and nonprobability. Probability sampling generates a sample through chance, while nonprobability sampling is not created through chance (Ary et al., 2002).
This study used probability sampling and the four most common types include: (1) simple random sampling, (2) stratified sampling, (3) cluster sampling, and (4) systematic sampling (Ary et al., 2002). Simple random sampling allows everyone in a population the equal chance to be selected. This is often accomplished through the assignment of identification numbers to each member of a population and the use of a table of random numbers to select the subjects. Stratified sampling is used when various subgroups exist and it is believed that various groups will provide different responses. The division of groups may be accomplished through any characteristics and randomly selected independent samples develop from each stratum. Cluster sampling allows a researcher to examine a group not simply individuals. People are placed into groups based upon similar characteristics and the clusters are randomly selected, then all members of the cluster are examined. Systematic sampling allows a researcher to examine every K\textsuperscript{th} case from a population where the first number is selected randomly (Ary et al., 2002).

*Stratified random sampling.* The present study utilized a stratified sampling approach based upon involvement within the organization (management, front-line employee, external customer). This sampling approach allows the researcher to examine various subgroups, the use of this method recommends equal sample sizes but, “when the population to be sampled is not homogenous but consists of several subgroups, stratified simple random sampling may give a more representative sample than simple random sampling” (Ary et al., 2002, p. 167).

The reasoning for the three strata (management, front-line employees, and external customers) developed from the review of literature. The implementation of
internal marketing requires the support of management (Crosby & Johnson, 2003) and for knowledge exchange patterns to exist this process must begin at the top of the organization (Ballantyne, 2003). Management attempts to treat employees as both a client and customer of the product (Novatorov et al., 1998), with the most important interaction occurring between front-line employees and external customers (Iacobucci & Nordhielm, 2000). Therefore, to ensure proper representation of each group a stratified sampling technique was utilized.

**Management.** Management consists of full-time members of the organization who train, open lines of communication, and sell the products offered by the department to front-line employees. Management within the Department of Recreational Sports exists within many different hierarchical levels. Currently, there are 42 full-time employees that represent management lead by the Director who reports to the Office of Student Affairs. The second level consists of associate directors followed by assistant directors who overlook specific program areas. The fourth level is coordinators who hold specific jobs within each area and typically hold the position for three years. The final level of management is labeled “support staff” and consists of administrative assistants, business office personnel, indoor and outdoor maintenance personnel, a scheduling manager, and the head of employee training. Each has specific responsibilities and the years of experience range from less than one year to twenty-four years (Department of Recreational Sports, 2004). Due to the small sample size a census was conducted, but due to knowledge of the study two people were removed from the sample.

**Front-line employees.** The front-line employees consist of Graduate Administrative Assistants and student employees. There are currently 12 GAA’s and 562
student employees. GAA’s hold their positions for one or two years, each is hired on a one year basis and may elect to remain for a second year based upon performance and educational needs. Each GAA is expected to work an average of twenty hours per week and in return receives a tuition waiver and a monthly stipend over the nine month school year (Department of Recreational Sports, 2004).

The majority of positions, unless the student holds a work-study status through the financial aid department, is paid minimum wage and receives few incentives for their work. Student employees hold various titles including supervisors, officials, managers, lifeguards, and office workers. While each role in each program area is different a hierarchy exists. In intramurals, officials may be promoted to supervisor, in facility operations, weight room supervisors are promoted to facility managers, and lifeguards also may be promoted to aquatics supervisor status. In each situation the student receives a pay raise and greater responsibility including the training of new employees and responsibility for all individuals participating in their area. The population for this study was 574. The sample size, determined through the use of the sample size formula described by Dillman (2000) with a 95% confidence interval and a 5% sampling error, was 230.

Within each program area of recreational sports email databases exist with current lists of external customers. The purpose of internal marketing is to increase external marketplace performance in the long-run (Ahmed et al., 2002; Ballantyne et al., 1995; Lings, 1999; Mudie, 2003; Varey & Lewis, 1999). The researchers hypothesize that if
internal marketing is effectively implemented, the employee becomes satisfied and the positive behavior is transferred to the external customer (Ahmed & Rafiq, 2003; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000).

**External customers.** The external customers who may utilize the programs and facilities offered by the Department of Recreational Sports include primarily students, faculty, and staff. Significant others and children of these individuals may also join for a fee as well as active Alumni Association members. The opportunities available to these individuals includes: intramurals, sport clubs, aquatics, informal recreation, youth programs, adapted recreational sports, aerobics, and numerous outdoor sport opportunities, there are additional fees for some of the programs mentioned. The population was 961. The sample with a 95% confidence interval and a 5% sampling error was 275 (Dillman, 2000).

A random sample of the front-line employees and external customers was conducted by placing each separate group in alphabetical order where each member of the population was assigned a number. Then with the assistance of Research Randomizer (www.randomizer.org), a set of numbers were randomly generated by the computer to identify test subjects. The people randomly selected created the sample.

**Instrumentation**

**Definition of Terms**

**Variables.** The purpose of a research project is to examine relationships between independent and dependent variables. An independent variable is an antecedent and presumed to influence the dependent variable (Ary et al., 2002; Fraenkel & Wallen, 2000). A dependent variable is the outcome and believed to be influenced by the
independent variable(s) (Ary et al., 2002; Fraenkel & Wallen, 2000). In order to understand how each variable was used in the study they must be properly defined. In this study three independent (employee status, involvement, internal marketing) and three dependent variables (internal marketing, service quality, and feedback) exist.

Definitions. In a study each variable must be properly defined and two types of definitions exist: constitutive and operational. A constitutive definition is, “the explanation of the meaning of a term by using other words to describe what is meant” (Fraenkel & Wallen, 2000, p. 662), and this type of definition is similar to what may be found in a dictionary (Ary et al., 2002). An operational definition defines a term by stating the actions, processes, or operations used to measure examples of it (Fraenkel & Wallen, 2000). This helps to clarify meaning and terms that may be vague to others and allows the researcher to properly measure the construct (Ary et al., 2002). The following section provides the constitutive definitions for each variable. The operational definition for each variable is presented on pages 70-72.

Independent Variables

Employment Status. In research question number one, the independent variable is employment status (full-time and part-time). In order to examine perceptions of internal marketing it is necessary to examine the phenomenon from both points of view to determine differences and similarities. Ballantyne (2003) discussed that for internal marketing to exist, the product must be marketed between the hierarchical levels, typically management and front-line. The full-time employees represent management and the part-time employees often perform most of their work duties on the front-line, therefore, they hold direct interaction with external customers (Lings, 1999). Internal
marketing develops through communication to remove barriers (Lings, 1999) and develops internal relationships (Ahmed & Rafiq, 2003). When internal marketing exists, all employees utilize the product, believe in the product, and ultimately improve external service quality (Lings, 1999).

Involvement. The independent variable in research questions two and four is involvement (full-time, part-time, and participants). In question two, Gronroos (1982) described how during a service, production and consumption are simultaneous, therefore the participant assists in the creation of the product, and in participant sport perceptions of service quality determines whether the individual returns (Chelladurai et al., 1987). Therefore, differences in perceptions of service quality may exist internally versus externally.

In question four involvement acted as an independent variable to examine the importance of feedback. Legare (1996) discussed the importance of feedback collection and how face to face methods often provide better information. Finn et al. (1996) added the feedback exists from both the external end user (participant), but also from internal customers who hold greater knowledge on the services provided.

Internal Marketing. The independent variable for question three is the five dimensions of internal marketing (employees, organization, external customer satisfaction, external marketing techniques, and knowledge transfer). The focus of internal marketing is to ultimately improve service quality. Since, in this phenomenon employees are also viewed as customers (Berry, 1981), perceptions of internal marketing should impact service quality.
Dependent Variables

*Internal Marketing.* In research question one, internal marketing acts as the dependent variable. It is a process where employees are viewed as customers (Berry, 1981) and must be targeted through marketing type techniques to satisfy needs (Gronroos, 1982). Internal marketing attempt affects the employees, organizations, external customer and is influenced through communication. Communication may be implemented through knowledge exchange patterns which begin with the top of the organization and continue through external customers (Ballantyne, 2003). Therefore, perceptions of internal marketing between full-time and part-time employees are examined.

*Service Quality.* The dependent variable in research questions two and three is service quality. In question two, service quality is examined based upon level of involvement. Gronroos (1994, p. 14) stated, “Without active and continuous internal marketing efforts, the interactive marketing impact on customers will deteriorate, service quality will suffer, and customers will defect” and encourages the examination of differences in perceptions.

In question three service quality is examined versus the five dimensions of internal marketing. One outcome identified through the literature review is a belief that as service quality perceptions improve within employees, they become satisfied and improve their treatment of external customers (Ahmed & Rafiq, 2003). If the employee provides better service, then the perceived service quality of external customers is expected to improve. Therefore, the perceptions of service quality internally impact the perceptions externally and are a result of internal marketing. The current study attempts
to examine if internal marketing impacts internal perceptions of service quality, and is
examined through a partial replication of the Ko (2000) instrument. The dimensions
utilized are described on page 72.

*Feedback.* Feedback is discussed within internal marketing literature as a method
for employees to interact and an external marketing technique to build relations amongst
all internal and external members of an organization. This is seen as an important
method to improve service quality and a method to retain customers. Feedback is
developed through how it is collected, if it sought by the organization, whether the
individual provides it, how important customers feel their feedback is, and this influences
whether the process results in change (Legare, 1996).

*Demographic Variables*

The instruments also obtained additional demographic information. Five
variables were tested on both instruments and included: (1) gender (GEN), (2) ethnicity
(ETH), (3) age (AGE), (4) frequency of participation (OFTEN), and (5) program areas of
participation (PA). Also, within each instrument, additional demographic items were
included. The customer instrument included rank (RANK; i.e. student, faculty, and
staff), and the employee instrument inquired about: (1) position (POS), (2) the number of
years and months of full-time employees (YEARS), (3) quarter employed (QTRS) for
part-time employees, and (4) whether the student employee majored in a sport related
field (SPORT).

*Scale Instruments*

The instrumentation for this study involves both previously tested questions and
items developed through a review of literature. The use of a previously developed
instrument was recommended by Fraenkel and Wallen (2000, p. 130) who stated, “selection of an already developed instrument when appropriate ... is preferred.”

**Internal Marketing.** The internal marketing instrument was created through a review of literature and consists of five dimensions: employees (EMP), organization (ORG), external customer satisfaction (ECS), external marketing techniques (EMT) and knowledge transfer (KT). The five dimensions were created through their repeated appearance in definitions provided in the review of literature. The items for internal marketing appear in Section A of the survey instrument (Appendix A) and represent these five dimensions. The effects of employees must exist because the focus of internal marketing is to alter their perceptions of service quality (items 1, 3, 21, 22, 23, 24). The organization anticipates improved success through internal marketing (items 4, 5, 18, 19, 20, 25). External customer satisfaction is an outcome variable developed because if the internal marketing efforts fail to effect the primary customer the internal marketing program is deemed ineffective (items 2, 6, 7, 8). External marketing techniques attempt to sell the product internally (items 10, 11, 12, 13, 14). Knowledge transfer is a method to improve communication and removes departmental barriers (items 15, 16, 17).

**Service Quality.** The service quality items are a partial replication of the instrument created by Ko (2000). The instrument examined service quality in collegiate recreational sports across four dimensions, and each dimension was further divided into subdimensions. The instrument titled the Scale of Service Quality in Participant Sport (SSQPS) consisted of 57-items of which 16 were utilized in this study.

The items represent three different dimensions product information (PI), interaction quality (IQ), and valence (VAL). These dimensions represent specific
subdimensions from the SSQPS scale. Product information (PI) examines the ease of various methods in obtaining information from the recreational sports department (items 1, 2, 3, 4, 5). Interaction quality (IQ) involves how employees interact, handle problems, and assist departmental customers (items 6, 7, 8, 9, 10, 11, 12). Valence (VAL) includes the customer perceptions of feelings after an activity managed by the recreational sports department (items 13, 14, 15, 16). The word “REC-SPORT” within each item on the original instrument was changed to “department” for clarification based upon information received from the panel of experts. The items for service quality appear in Section B (Appendix A) of the survey instrument.

Feedback. Feedback was created through a review of literature. The first four items address the importance of feedback (IFB) and the final three examine how collection of feedback (CFB) occurs within the organization. Legare (1996) discussed not only the collection of feedback but also the importance of acting upon the information gathered to ensure customers the information is not falling upon “deaf ears”. The actions that result from feedback must be continuous due to the continual change in needs of customers. The items appear in Section C of the survey instrument (Appendix A) and it consists of seven items.

Two survey instruments. Two survey instruments were created for this study: one for employees (Appendix A) and one for external customers (Appendix B), the difference is the inclusion of items that investigate internal marketing. The employee instrument consists of four sections: internal marketing, service quality, feedback, and demographics. The external customer instrument consisted of three sections service quality, feedback, and demographics. All of the items in the internal marketing, service
quality, and feedback sections utilize seven-point Likert type scales that range from strongly disagree to strongly agree. The demographic section contains different responses for each item.

Scale Development

The instrument for the study involves both items previously examined and new items developed from a review of literature, therefore validity and reliability must be examined. The ability to address these issues reduces alternative explanations, generalizability, and consistency in measurement.

Internal validity. Internal validity is defined as “the extent to which the changes observed in a dependent variable are, in fact, caused by the independent variable(s)” (Ary et al., 2002), and therefore extraneous variables must be controlled. The ability to control these variables reduces the number of alternative explanations. The use of a one shot case study to examine the framework in this study has no scientific value according to Campbell and Stanley (1963), but they recognized at the time how use of this technique was growing to create comparisons. Four threats to internal validity that exist in this study are history, maturation, selection, and mortality. Campbell and Stanley (1963) list history due to the events taking place at the time of the study and maturation due to the passage of time. Selection is an issue due to bias which occurs through the use of a convenient samples and the need for volunteers, while mortality exists due to nonrespondents.

In order to handle these threats specific ideas are suggested by Fraenkel and Wallen (2000). They suggest standardizing the conditions in which the study occurs, obtaining more information on subjects, and obtaining more study details to decrease the
effects of mortality and history, therefore a greater amount of background information must be collected and details of how they were tested must be controlled and reported.

*External Validity.* External validity is defined as “the extent to which the results of a study can be generalized” (Fraenkel & Wallen, 2000, p. 119). In this research project a case study, random sample, and a convenient sample were utilized. The case study limits the results to the Ohio State Department of Recreational Sports, the random sample of part-time employees allows generalizations to all part-time employees, and the convenience sample limits results to the customers examined.

In order to make the results more generalizable, similar case studies must be conducted on other collegiate recreational sport departments in order to compare and contrast results. In order to increase generalizability of the convenience sample, the individuals examined must be representative of the population through relevant variables, but with this methodology success is never guaranteed. Replication is suggested when the convenient sampling is the only reasonable option under different conditions and groups of subjects (Fraenkel & Wallen, 2000).

One other threat to external validity is experimenter effects (Ary et al., 2002). As a former student employee and graduate administrative assistant of the Department of Recreational Sports numerous colleagues and friends are still members of the organization. This may result in conscious and unconscious cues that may influence answers and create abnormal behavior amongst members who recognize my name and association with the department. In order to address this issue, the researcher avoided conversation about the topic of his dissertation, and the email cover letter to the sample population failed to include the researcher’s name in an attempt to avoid these issues.
Panel of experts. The panel consisted of six members, three professors who were knowledgeable in the field of internal marketing and three directors of collegiate recreational sports departments. They were informed on the study and provided directions in order to critique the proposed instrument for improvement. The experts were asked to categorize and rate the entire instrument and each item within the questionnaire for content, clarity, wording, format, thoroughness, ease of use, focus, and appropriateness.

The panel of experts allowed for the examination of face and content validity to ensure the items developed obtain the proper results. This procedure identified if any questions needed updating due to new developments in the field of service quality and recreational sport. The changes recommended were examined and the following suggestions were implemented prior to the field test.

Thirty-seven items were changed due to the use of terminology from either “REC-SPORTS” or organization to “department”, this was to ensure consistency throughout the instrument. The overall directions of the instrument were enhanced to provide greater detail, explanation, and rationale for the study to reduce confusion. Item A-7 of the original instrument was rewritten for clarification, an example was added to item A-13, and an additional item was added to the demographics section to inquire about students who major in sport related fields. The rationale was to examine differences in responses between sport and non-sport majoring students.

The categorization of items raised questions about items A-21, B-10, and C-3; these items were reevaluated after the pilot test. As a result of the feedback that concerned additional headings, definitions, and detailed descriptions of various sections
two instruments with different formats were provided to the field test respondents. This method attempted to ensure the best instrument was utilized for the final data collection period. In addition, 20 editorial changes were made throughout the instrument (Appendix E).

*Field Test.* A field-test was administered to further strengthen face and content validity and to identify any further misunderstandings that were missed by the panel of experts. This was accomplished by administering the questions to a sport history class of 40 undergraduate students at the University of Dayton, 37 students responded. These students consisted of individuals specializing in various majors from throughout the university. The students were not asked to fill-out the questionnaire, but to provide comments and suggestions regarding content, wording, format, clarity, focus, ease of use, and appropriateness of individual items as well as for the instrument as a whole. They were also directed to review the questionnaire for clarity in directions and to state which of the two survey formats they preferred.

Results demonstrated a need to rephrase items A-22 and A-26 for clarity purposes. Thirteen editorial changes resulted from the feedback, and the respondents stated form one provided the greatest clarity, ease of use, and appeared shorter in length (Appendix F). These adjustments were made prior to the administration of the pilot test.

*Reliability procedures.* Reliability is “the degree of consistency with which it measures whatever it is measuring” (Ary et al., 2002, p. 249) and is essential to instruments utilized in a study. Consistency is determined through reliability coefficients of which three exist: (1) test-retest, (2) alternate-form, and (3) internal-consistency (Ary et al., 2002). In the current study the internal consistency coefficients were utilized to
determine relationships “among scores derived from individual items or subsets of items within a test” (Ary et al., 2002, p. 254). A Cronbach’s alpha was used to determine the homogeneity of the measures utilized and is typically used with Likert-type scales. The test measures the variance of all the scores for each item and sums these variances across all items (Ary et al., 2002). The coefficient should be .70 or higher (Nunnally, 1978). Item-to-total correlations were used to identify if the items correlated highest within their own dimension. The items should be greater than .25. Items with very low or negative correlation should be examined and possibly eliminated due to ambiguity or double-barreled questions (Ary et al., 2002).

**Pilot Test.** A pilot test was conducted to test the reliability of the survey instrument. The recreational sports department at Kent State University was utilized for the pilot test due to the similar setting and characteristics as Ohio State. Kent State has a student enrollment of 35,458 which ranks it as the third largest public university in the state and 20 full-time employees (Kent State University, 2005). The students are required to pay a fee each semester to access the facilities and membership opportunities are also available for spouses, faculty, and alumni. The programs the department offers are similar to Ohio State’s. In order to collect the pilot data permission was sought and granted by the department director, Paul Milton. The instrument was sent to 294 participants, 36 responded (12%), and 171 employees (150 student employees, 21 full-time employees, 26 responded (15%).

Reliability analyses were conducted on: (a) the responses from employees, (b) the responses from participants, and (c) a combined analysis from both populations on the service quality and feedback sections of the instrument (Appendix I). The results of the
first analysis revealed 10 items in the internal marketing section were rated higher in a different dimension. The items were examined with information received from the panel of experts. This resulted in the movement of item A-2 from the employee to external customer satisfaction dimension, conceptually, since the word “satisfaction” exists within the item, it appeared plausible. The removal of item A-10 (original instrument) resulted from a low score. Finally, due to a miscalculation of the pilot test data item A-6 (original instrument) was omitted from the final data collection.

The alpha levels with four of five dimensions were greater than .70. After these changes were implemented further reliability tests were conducted and the alpha levels of all five dimension rose above this threshold (Appendix H). This resulted in improvements within the alpha levels and reduced the number of items rated higher in a different dimension to 9. Additional reliability tests were conducted after the final data collection.

Analysis of employee responses for sections B and C of the survey instrument revealed three items rated higher in a different dimension through item-to-total correlations and one alpha level was below .70. Item-to-total correlations of the same items from participant responses revealed five items rated higher in different dimensions and all the Cronbach’s alpha levels met the recommended minimum. As a result of the different scores the data was complied and this item-to-total correlation analysis revealed nine items rated higher in a different dimension with all five alpha levels at .82 or higher. Each of these items was conceptually examined for possible relocation.

Four of the nine items existed within the program information dimension but conceptually, no reason existed to relocate the items because they discuss the ideas of
either ease of contact or information availability. Two of the nine items existed within interaction quality and the items discuss the knowledge and abilities of employees, therefore, neither was moved. The final three of the nine items that loaded higher in a different dimension involved the collection of feedback. The items examined the effectiveness and specific collection methods of feedback within the department. Therefore, no items were moved and additional reliability tests were conducted on the entire instrument prior to final data analysis.

Data Collection Procedures

Approval

Prior to the collection of any data, permission was granted from the Human Subjects Review Committee at The Ohio State University (2005E0174). Permission was granted from the Director of Recreational Sports, Mike Dunn, to perform the case study on the department. Upon approval, the collection of data from both within the department and potential recreational sport customers was obtained, through the following method.

Internet Surveys

The collection of data from all subjects was accomplished through email and the internet. While Dillman (2000) recommended researchers not to utilize this method due to the lack of computer access amongst subjects, this issue fails to exist for the population of this study. In the current higher education environment all university members are provided an email address and have access to computers at home, through their office, or at university computer centers. The use of this technology eliminates the use of a
convenience sample which Ary et al. (2002) described as the weakest form of sampling since it involves non-random procedures and creates difficulty in the examination of results.

Groves et al. (2004) further discussed the errors developed through the use of technology in survey instruments. Overall, the use of technology creates programming errors but may reduce measurement error through automated routing. Program error develops through the possibility of constraints placed on the respondent (restricting the range of answers, requirement to answer a question prior to preceding, limited instrument navigation, inability to change answers or backtrack, and differences in technology between the computer that created the instrument and the responders equipment) but provides a method to avoid intercept-based approaches.

The ability to utilize technology was based upon the costs involved, the population of the study and their web-accessibility, and the purpose of the study. In 2001, only 50% of all Americans had access to the internet though 84% of individuals with some graduate education had access and 75% of persons between 18-25. While the paper based methods typically obtain higher response rates, web research allowed the researcher to know who accesses the instrument, who started to fill out the survey but failed to complete it, and unless the subject matter is sensitive, the results through any mode of collection are similar (Groves et al., 2004).

*Website*

The technology for this study was purchased through www.zoomerang.com a website specially designed for internet surveys. The company allowed the researcher freedom to develop the entire format of the survey, the ability to email all selected
subjects, customize the email, and provide the researcher with complete control of the process. The service was a typical website accessible from any computer, and the program addressed the needs discussed by Dillman (2000).

Dillman (2000) stated concern over technology issues between the creator and respondents software applications and screen-by-screen questions where a respondent may be unable to alter a previous response. This website eliminated these concerns and offered easy navigation with proper visual displays (Dillman, 2000). Dillman (2000) recommended the use of a welcome screen that introduces the survey, emphasizes ease, and provides instruction when respondents enter the website which exists through this service.

Dillman (2000) suggested survey formats that include: an easy first question, a similar, conventional format as paper surveys, restraint in the use of color, simple, non-changing visual appearances, provide directions to navigate the sight, sparing use of drop-down boxes, the ability for respondents to scroll through all of the questions and answer in any order. In the development of the survey instrument on the internet website, these recommendations were addressed and implemented.

Implementation

In order to receive the highest response rate Dillman (2000) recommended the researcher make contact with the respondents four times through email. Each email must include a cover letter and a direct link to the website. The use of four contacts through a previous study conducted by Dillman demonstrated a higher response rate then traditional mail survey methods. Also, Dillman (2000) advised against the use of both paper and
technology methods because respondents fail to make a connection between the paper

copy and the internet version, therefore response rates fail to increase.

*Data Analysis Procedures*

The data for the entire study was inputted into the Statistical Package for Social

Sciences (SPSS) 12.0 program for Windows to interpret results. Descriptive statistics

were generated for the variables of interest, and a second reliability analysis on the

instruments was conducted to ensure the items properly represent each dimension. The

four research questions were examined through various data analysis procedures and are

individually discussed in further detail.

*Research Question #1: What is the relationship between employee status (full-time and

part-time employees) and perceptions of internal marketing?*

Research question number one examines employment status (full-time and part-
time) and the five dimensions of internal marketing (employees, organization, external
marketing techniques, external customer satisfaction, and knowledge transfer). The full-
time employees represent management and the part-time employees represent front-line
employees. In order to examine perceptions of internal marketing it is necessary to
examine the phenomenon from both points of view to determine differences and
similarities. When internal marketing exists, employees utilize the product, believe in the
product, and ultimately improve external service quality (Lings, 1999).

In order to assess the relationship the General Linear Model (GLM) procedure
through MANOVA statistics were conducted. MANOVA statistics allow for the
examination of multiple independent variables on two or more dependent variables. The results demonstrate the interrelationships and differences within the dependent variables based upon group differences (Hair et al., 1998).

In order to determine significance of the main effect, Pillai’s criterion was examined at the .05 probability level of significance and this statistical test was chosen due to the unequal cell sizes. Hair et al. (1998) note the smaller the Pillai’s criterion value, the greater the significance. If significance was discovered additional univariate statistical analysis was utilized to examine how the independent variable specifically affects each level of the dependent variable. The same techniques were used for research question two.

Research Question #2: How do perceptions of service quality differ between involvement (full-time employees, part-time employees and participants)?

Research question two examines the perceptions of service quality (program instruction, interaction quality, and valence) with the level of involvement (full-time employee, part-time employee, and participants). Service quality determines whether an individual returns (Chelladurai et al., 1987) and Gronroos (1994, p. 14) stated, “Without active and continuous internal marketing efforts the interactive marketing impact on customers will deteriorate, service quality will suffer and customers will defect” and encourages the examination of differences in perceptions. Differences in perceptions of service quality may exist internally versus externally where the employees believe strong service quality is provided, yet external perceptions differ. The statistical analysis of this question was conducted in the same manner as question number one.
Research Question #3: How do employee perceptions of internal marketing impact service quality?

Research question three examines the perceptions of internal marketing (employee, organization, external customer satisfaction, external service quality, and knowledge transfer) on service quality (program information, interaction quality, and valence). The goal of internal marketing is to improve service quality. Berry (1981) described employee as customers; therefore, perceptions of internal marketing should impact service quality. Their satisfaction may improve the treatment of external customers and increase levels of external perceptions of service quality.

Multiple regression analysis was conducted to assess the effects of the five subscales of internal marketing on the three dimensions of service quality. This methodology allows for the determination of how variables are related and the direction of the relationship (Ary et al., 2002). The coefficient of determination, \( r^2 \), was examined to determine the strength of the relationship between the independent and dependent variables. If this number is positive then as one increases, the other increases, and assists in the creation of a theory on a behavioral phenomenon (Ary et al., 2002).

One issue that arises in multiple regression analysis is the presence of multicollinearity. The existence of multicollinearity means the effects of each independent variable are difficult to distinguish as they become more correlated (Hair et al., 1998). Measures of this phenomenon include tolerance, variable inflation factor (VIF), and the condition index, which each describe the “degree to which each independent variable in explained by other independent variables” (Hair et al., 1998, p. 193). Hair et al. (1998) stated thresholds for each of the three measures: (1) tolerance
above .10, (2) VIF below 10, and (3) the condition index below 30. If the condition
analysis surpasses this level, additional analysis must be conducted via examination of
variance proportions. Each of these measurements were conducted prior to the multiple
regression analysis.

Research Question #4: How do perceptions of feedback differ between involvement (full-
time employees, part-time employees and participants)?

Finally, research question four examines the three levels of involvement (full-
time, part-time, and participants) with the two dimensions of feedback (importance and
collection). Finn et al. (1996) stated feedback exists internally and externally. Often
organizations overlook internal feedback from individuals who hold greater knowledge
on the services provided and simply focus externally. The implementation of feedback
methods encourages interaction between employees and external customers and fosters
the development of relationships. This is seen as an important method to improve service
quality and a method to retain customers. The methodology to examine research question
four is the same as questions one and two.
CHAPTER 4

DATA ANALYSIS

This chapter examines the data collected for the study. It is divided into seven sections: (1) further reliability tests to examine the scales used in the study, (2) examination of respondents, (3) demographic information, (4) data analysis for research question one, (5) data analysis for research question two, (6) data analysis for research question three, and (7) data analysis for research question four.

Reliability

In order to ensure reliability further statistical analysis was implemented to examine the internal consistency of the instrument utilized. In order to ensure consistency reliability tests were conducted on: (a) the responses from employees, (b) the responses from participants, and (c) a combined analysis were conducted on the service quality and feedback sections of the instrument (Appendix J), similar to the pilot test.

Responses from Employees

Reliability tests for responses from employees involved the examination of the first three sections of the survey instrument (internal marketing, service quality, and
Analysis of item-to-total correlations within the internal marketing section revealed all items rated above .25 and the alpha levels in all five dimensions were greater than .70, but seven items in the internal marketing section rated higher in a different dimension. Each item was examined with information received from the panel of experts and the pilot test, but no items were relocated or removed for conceptual reasons (Appendix K5).

Analysis of item-to-total correlations of employee responses for the service quality section (B) revealed all items rated above .25, all alpha levels were greater than .70, and no items rated higher in a different dimension. The correlations from the feedback (section C) portion revealed one item (C-4) fell below the recommended .25 level, four items rated higher in a different dimension, and all alpha levels were above .70. Prior to the examination of item C-4, further reliability tests were conducted on both the service quality and feedback sections of the instrument through responses from participants and an aggregation of data from both populations. The rationale for the aggregation was to further examine the overall reliability of the instrument.

Responses from Participants

Item-to-total correlations on participant responses to service quality items revealed all items rated above .25, all alpha levels were above .70, and only one item rated higher in a different subcategory. Analysis of the feedback portion demonstrated similar results and item C-4 increased above the .25 threshold (.282). The aggregation of data, described in the next paragraph, improved the reliability of both sections.
Combined Analysis

The aggregation of data within the service quality section of each survey rated all item-to-total correlations above .25, all alpha levels above .70 (the valence dimension reached .95), and no items rated higher in a different dimension. This process demonstrated further improvement for item C-4 (.392), but the alpha level for the collection of feedback dimension fell below the recommended .70 alpha level. The various results of the reliability and correlation tests forced the reexamination of all items within feedback through the information provided by the panel of experts and pilot test results. This analysis, with the conceptual examination of each item, provided support to retain each item without relocation into a different dimension (Appendix K6).

Examination of Respondents

Response Rates

A total of 270 employee surveys (40 management and 230 front-line employees) were distributed via email, of which 3 were invalid addresses. Therefore, only 267 people received the instrument. A total of 123 responses were received (45% of the initial sample size). The sample size of external customer surveys was 275. Of these 275 individuals 38 emails addresses (14%) were unreachable; therefore, only 237 respondents received the final instrument via email. A total of 73 usable instruments were received (27% of the initial sample size). Emails were sent to subjects from both groups with a link to the instrument four times over eight days (sent on Monday, Wednesday, Friday, and the following Monday). Individuals who responded within the first two emails were considered early respondents, and after the final two emails considered late respondents in order to examine response error.
Comparison of Late to Early Respondents

Miller and Smith (1983) suggested comparing early and late respondents to examine response error. The two groups tend to be similar and this technique allows for determination of significant differences and generalization to the population (Miller & Smith, 1983). Chi-square and independent sample t-tests were utilized for this purpose on several variables of the study within both population groups (employees and participants).

The t-tests conducted for both populations revealed no significant differences between early and late respondents (Table 4.1) on variables within the internal marketing, service quality, and feedback scales. Chi-square tests (Table 4.2) revealed three significant differences: two demographic variables of the employee population, ethnicity ($\chi^2=9.04$, $p<.05$) and employment status ($\chi^2=4.83$, $p<.05$) and one variable of the participant population, gender ($\chi^2=3.92$, $p<.05$). The results provided the potential for possible response bias but further examination into these results reduces this threat.

Examination of the ethnic demographics of Ohio State in comparison with the results of this study show similar percentages. The ethnic breakdown at Ohio State is 85% Caucasian and 15% minority (The Ohio State University, 2005), while the study results were 86% and 14%, respectively. Significant differences in employment status result from the fact 62.5% of the full-time employees sampled responded within the first two emails. Finally, the gender difference found in the participant population, while significant, represents the gender breakdown of undergraduate students at Ohio State, almost 50% each (The Ohio State University, 2005).
<table>
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<th>Late</th>
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</tr>
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*Note.* *p* < .05

Table 4.1 T-tests for Early and Late Respondents
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<td>2</td>
<td></td>
</tr>
</tbody>
</table>

*Note. *p* < .05

Table 4.2 Chi-square for Early and Late Respondents
Descriptive Statistics

Employees

Descriptive statistics were divided into two levels: employees and participants. The statistics for employees (n=123) are located in Table 4.3. The sample was comprised of 47% female and 84% Caucasian. The age ranged from 18 to 71 and the mean for frequency of participation was “2-3 times a week”. The most frequented form of participation involved informal recreation (68%), followed by intramurals (40%), and fitness (33%). Full-time employees who responded the total months employed by the department averaged 72 and ranged from 4 to 312. Finally, quarters employed amongst students averaged 5 and ranged from 1 to 26.

Participants

The statistics for participants (n=73) are located in Table 4.4. The sample consisted of 50% males, 86% Caucasian, and mostly students (81.7%); no faculty members answered the survey instrument. The mean age was 23 and ranged from 19 to 57. The average frequency of participation was “2-3 times a week” and the most frequented area of participation was intramurals (64%), followed by fitness (45.2%), and informal recreation (45.2%).

Correlation matrixes are provided in Appendix J to examine simple multicollinearity (Hair et al., 1998) within dependent variables and between the dependent and independent variables for all four research questions. Analysis of the matrixes reveals values above .70 and Tabachnick and Fidell (2001, p.85) caution the use of these variables when this threshold is surpassed. Therefore, the findings should be interpreted with caution.
<table>
<thead>
<tr>
<th>Variable</th>
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<th>Cumulative %</th>
</tr>
</thead>
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<td>46.7</td>
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<td>28</td>
<td>28</td>
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<td>1-2 Years</td>
<td>5</td>
<td>20</td>
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<td>12.9</td>
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Individual numbers for categories may not add up to 123 because of missing values

Table 4.3 Employee Demographics
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Individual numbers for categories may not add up to 73 because of missing values

Table 4.4 Participant Demographics
Research Question #1

Research question number one examined the relationship between employee status and perceptions of internal marketing through MANOVA statistics. Assumptions were first investigated prior to analysis of data. First, the observations were independent due to random sampling. Second, covariance was examined through the Box M test and the covariances were equal ($Box’s\ M = 23.83, \ p=.11$). Third, normality was assumed due to the large sample size (Green et al., 2000).

Since the assumptions were examined and met, analysis continued. Two levels of the independent variable existed, full-time ($n=28$) and part-time ($n=78$) employees. The examination of the main effect employee status with the use of Pillai’s criterion revealed no significant differences in the dependent variables of perceptions, $F(5, 100)=2.04$, $p>.05$. As a result no further analysis was conducted, though table 4.5 and 4.6 are provided to demonstrate the cell means and between subject analysis. Results should be interpreted with caution due to unequal cell sizes. Further explanation of these results is discussed in Chapter 5.
### Table 4.5 Means and (Standard Deviations) of Internal Marketing by Position

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<tr>
<th>DV</th>
<th>Sample (N=106)</th>
<th>Full-Time (N=28)</th>
<th>Part-Time (N=78)</th>
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<td>5.13 (0.97)</td>
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<td>4.35 (1.47)</td>
<td>4.86 (1.11)</td>
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<td>5.24 (1.07)</td>
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<td>4.36 (1.37)</td>
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<td>4.55 (1.27)</td>
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### Table 4.6 Multivariate Analysis of Variance for Position on Internal Marketing

- Between Subjects Effects

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<th>df</th>
<th>F</th>
<th>η</th>
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</tr>
</thead>
<tbody>
<tr>
<td>POS Employee</td>
<td>2</td>
<td>0.49</td>
<td>0.01</td>
<td>0.49</td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td>2</td>
<td>3.62</td>
<td>0.03</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>External Customer Sat.</td>
<td>2</td>
<td>0.01</td>
<td>0.00</td>
<td>0.94</td>
<td></td>
</tr>
<tr>
<td>External Marketing Tech.</td>
<td>2</td>
<td>1.22</td>
<td>0.01</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>Knowledge Transfer</td>
<td>2</td>
<td>6.16</td>
<td>0.06</td>
<td>0.02*</td>
<td></td>
</tr>
<tr>
<td>Error</td>
<td>104</td>
<td>(1.12)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: Values enclosed in parentheses represent mean square error

*p < .05*
Research Question #2

Research question two examined the differences in perceptions of service quality amongst full-time employees, part-time employees and participants. Assumptions were first investigated prior to analysis of data. First, the observations were independent due to random sampling. Second, covariance was examined through the Box M test and the covariances were unequal ($Box’s \ M = 33.63, p=.001$), Green et al. (2000) warned to interpret significant Box test results with caution due to a possible violation of the normality assumption. Third, normality was assumed due to the large sample size (Green et al., 2000).

Results of the MANOVA showed that perceptions of service quality were influenced by the independent variable, Pillai’s criterion =.71, $F (6,340) = 9.93, p<.05$ with an effect size of .15. The follow-up univariate analysis showed a significant effect on all three variables measuring service quality: program information $F (2,171) = 22.18, p<.05$, interaction quality $F (2,171) = 14.24, p<.05$ and valence $F (2,171) = 6.81, p<.05$ (Table 4.8). An examination of cell means in Table 4.7 reveals that the employees within the department believe a higher level of service quality exists than perceived by the participants.

Scheffe post-hoc tests were conducted to further examine where significant differences existed within the levels of the independent variable (Table 4.9). This post-hoc test is considered very conservative, controls for family wise error, and therefore allows for complex comparisons. Analysis of the dependent variable program information revealed differences in perceptions between participants and both levels of employees with the highest score obtained from full-time employees and the lowest from
participants. Similar significance existed between all three levels of the independent variable in examination of interaction quality, though the highest mean score was obtained from part-time employees and the lowest was again from participants.

Examination of the dependent variable valence revealed higher mean scores amongst part-time employees in comparison to participants.

<table>
<thead>
<tr>
<th>DV</th>
<th>Sample (N=174)</th>
<th>FT (N=28)</th>
<th>PT (N=75)</th>
<th>Part. (N=71)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Info.</td>
<td>5.07 (1.20)</td>
<td>5.72 (0.95)</td>
<td>5.43 (1.19)</td>
<td>4.42 (1.36)</td>
</tr>
<tr>
<td>Interaction Quality</td>
<td>4.95 (1.23)</td>
<td>5.15 (0.99)</td>
<td>5.39 (0.91)</td>
<td>4.40 (1.05)</td>
</tr>
<tr>
<td>Valence</td>
<td>4.81 (1.37)</td>
<td>4.88 (1.19)</td>
<td>5.19 (1.33)</td>
<td>4.39 (1.55)</td>
</tr>
</tbody>
</table>

Table 4.7 Means and (Standard Deviations) of Service Quality by Involvement

<table>
<thead>
<tr>
<th>Source</th>
<th>DV</th>
<th>df</th>
<th>F</th>
<th>(\hat{\eta})</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement</td>
<td>Program Information</td>
<td>2</td>
<td>22.18</td>
<td>0.21</td>
<td>0.00*</td>
</tr>
<tr>
<td></td>
<td>Interaction Quality</td>
<td>2</td>
<td>14.24</td>
<td>0.14</td>
<td>0.00*</td>
</tr>
<tr>
<td></td>
<td>Valence</td>
<td>2</td>
<td>6.81</td>
<td>0.07</td>
<td>0.00*</td>
</tr>
<tr>
<td></td>
<td>Error</td>
<td>171</td>
<td>(1.15)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: Values enclosed in parentheses represent mean square error

*p < .05

Table 4.8 Multivariate Analysis of Variance for Involvement on Service Quality - Between Subjects Effects
<table>
<thead>
<tr>
<th>DV</th>
<th>(I) Involvement</th>
<th>(J) Involvement</th>
<th>Mean Dif (I-J)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PI</td>
<td>Full-Time</td>
<td>Part-Time</td>
<td>0.29</td>
<td>0.47</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>1.29</td>
<td>0.00 *</td>
</tr>
<tr>
<td></td>
<td>Part-Time</td>
<td>Full-Time</td>
<td>-0.29</td>
<td>0.47</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>1.00</td>
<td>0.00 *</td>
</tr>
<tr>
<td>IQ</td>
<td>Full-Time</td>
<td>Part-Time</td>
<td>-0.23</td>
<td>0.66</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>0.76</td>
<td>0.01 *</td>
</tr>
<tr>
<td></td>
<td>Part-Time</td>
<td>Full-Time</td>
<td>0.23</td>
<td>0.66</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>0.99</td>
<td>0.00 *</td>
</tr>
<tr>
<td>VAL</td>
<td>Full-Time</td>
<td>Part-Time</td>
<td>-0.31</td>
<td>0.57</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>0.50</td>
<td>0.25</td>
</tr>
<tr>
<td></td>
<td>Part-Time</td>
<td>Full-Time</td>
<td>0.31</td>
<td>0.57</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>0.81</td>
<td>0.00 *</td>
</tr>
</tbody>
</table>

Table 4.9 Scheffe Post-Hoc Analysis for Involvement on Service Quality
Research Question #3

A multivariate regression analysis was conducted to determine how employee perceptions of service quality were influenced by aspects of internal marketing. Internal marketing consisted of five factors: employee, organization, external customer satisfaction, external marketing techniques, and knowledge transfer, and were utilized to assess the effects on the three factors of service quality: program information, interaction quality, and valence. All of these were derived from the employee’s scores on the survey. Prior to examination of these results, multiple tests were conducted to examine the presence of multicollinearity.

Multicollinearity occurs when independent variables are highly correlated (Hair et al., 1998). Hair et al., (1998) suggested first the assessment of the VIF and tolerance values to examine inconsequential collinearity. Then to support these results they suggest the examination of condition indices and possibly the regression coefficient variance-decomposition matrix. The results of both tests determine the presence of multicollinearity.

Separate tests were conducted to examine this within each independent variable (Tables 4.10, 4.11, and 4.12). No multicollinearity was discovered from any statistical procedure on any variable as described by Hair et al. (1998). No VIF value exceeded 10, no tolerance value fell below .10, and no condition index surpassed the value 30 threshold, though all three approached this number. Therefore, the possibility of multicollinearity exists within this study though failed to exist through the methods described by Hair et al. (1998).
### Variable Tolerance VIF

**Program Information**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>0.22</td>
<td>4.48</td>
</tr>
<tr>
<td>Organization</td>
<td>0.16</td>
<td>6.35</td>
</tr>
<tr>
<td>External Customer Sat.</td>
<td>0.48</td>
<td>2.07</td>
</tr>
<tr>
<td>External Marketing Tech.</td>
<td>0.28</td>
<td>3.61</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
<td>0.35</td>
<td>2.87</td>
</tr>
</tbody>
</table>

### Variance Proportion

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Condition Index</th>
<th>Variance Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Constant</td>
<td>EMP</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>10.47</td>
<td>0.32</td>
</tr>
<tr>
<td>3</td>
<td>14.90</td>
<td>0.40</td>
</tr>
<tr>
<td>4</td>
<td>17.78</td>
<td>0.11</td>
</tr>
<tr>
<td>5</td>
<td>22.53</td>
<td>0.04</td>
</tr>
<tr>
<td>6</td>
<td>29.92</td>
<td>0.12</td>
</tr>
</tbody>
</table>

Table 4.10 Multicollinearity for Program Information
### Variable Tolerance VIF

<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>0.26</td>
<td>3.89</td>
</tr>
<tr>
<td>Organization</td>
<td>0.18</td>
<td>5.57</td>
</tr>
<tr>
<td>External Customer Sat.</td>
<td>0.54</td>
<td>1.84</td>
</tr>
<tr>
<td>External Marketing Tech.</td>
<td>0.32</td>
<td>3.16</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
<td>0.39</td>
<td>2.56</td>
</tr>
</tbody>
</table>

### Variance Proportion

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Condition Index</th>
<th>Variance Proportion</th>
<th>Constant</th>
<th>EMP</th>
<th>ORG</th>
<th>ECS</th>
<th>EMT</th>
<th>KT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>10.36</td>
<td></td>
<td>0.21</td>
<td>0.00</td>
<td>0.01</td>
<td>0.06</td>
<td>0.02</td>
<td>0.24</td>
</tr>
<tr>
<td>3</td>
<td>14.84</td>
<td></td>
<td>0.38</td>
<td>0.06</td>
<td>0.04</td>
<td>0.02</td>
<td>0.07</td>
<td>0.44</td>
</tr>
<tr>
<td>4</td>
<td>17.42</td>
<td></td>
<td>0.22</td>
<td>0.00</td>
<td>0.01</td>
<td>0.50</td>
<td>0.37</td>
<td>0.09</td>
</tr>
<tr>
<td>5</td>
<td>22.33</td>
<td></td>
<td>0.07</td>
<td>0.19</td>
<td>0.22</td>
<td>0.42</td>
<td>0.53</td>
<td>0.00</td>
</tr>
<tr>
<td>6</td>
<td>29.02</td>
<td></td>
<td>0.13</td>
<td>0.75</td>
<td>0.72</td>
<td>0.00</td>
<td>0.00</td>
<td>0.22</td>
</tr>
</tbody>
</table>

**Table 4.11 Multicollinearity for Information Quality**
<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>0.27</td>
<td>3.78</td>
</tr>
<tr>
<td>Organization</td>
<td>0.19</td>
<td>5.40</td>
</tr>
<tr>
<td>External Customer Sat.</td>
<td>0.56</td>
<td>1.80</td>
</tr>
<tr>
<td>External Marketing Tech.</td>
<td>0.33</td>
<td>3.07</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
<td>0.40</td>
<td>2.49</td>
</tr>
</tbody>
</table>

Table 4.12 Multicollinearity for Valence
Subsequent multivariate regression analysis revealed that all three dependent variables were significant and explained large amounts of variance. The regression equation for all five components of program information were significant $F(15, 268) = 23.77, p < .001$ and explained 52% of the variance. Further, only the covariate employee uniquely explained the variance $t = (268) = 4.48, p < .001$. The detailed results are located in Table 4.13.

The regression equation for all five components of interaction quality were significant $F(15, 268) = 43.74, p < .001$ and explained 67% of the variance. Further, two covariates employee $t = (268) = 2.32, p < .05$ and external marketing techniques $t = (268) = 4.22, p < .001$, contributed uniquely to the explained variance. The detailed results are located in Table 4.13.

The regression equation for all five components of valence were significant $F(15, 268) = 56.30, p < .001$ and explained 73% of the variance. Further, three covariates employee $t = (268) = 6.75, p < .001$, organization $t = (268) = 2.63, p < .05$, and external customer satisfaction $t = (268) = -2.54, p < .05$, contributed uniquely to the explained variance. The detailed results are located in Table 4.13.
### Table 4.13 Summary of Hierarchical Regression Analysis for Variables Predicting Internal Marketing on Service Quality

<table>
<thead>
<tr>
<th>Variable</th>
<th>( B )</th>
<th>( SE \ B )</th>
<th>( \beta )</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Information</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>0.59</td>
<td>0.14</td>
<td>0.60  *</td>
</tr>
<tr>
<td>Organization</td>
<td>0.20</td>
<td>0.14</td>
<td>0.17</td>
</tr>
<tr>
<td>External Customer Sat.</td>
<td>-0.01</td>
<td>0.09</td>
<td>-0.13</td>
</tr>
<tr>
<td>External Marketing Tech.</td>
<td>0.04</td>
<td>0.11</td>
<td>0.03</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
<td>-0.07</td>
<td>0.09</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>Information Quality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>0.25</td>
<td>0.11</td>
<td>0.25  *</td>
</tr>
<tr>
<td>Organization</td>
<td>0.23</td>
<td>0.11</td>
<td>0.20</td>
</tr>
<tr>
<td>External Customer Sat.</td>
<td>-0.01</td>
<td>0.07</td>
<td>-0.01</td>
</tr>
<tr>
<td>External Marketing Tech.</td>
<td>0.41</td>
<td>0.09</td>
<td>0.36  *</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
<td>0.00</td>
<td>0.07</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Valence</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>0.67</td>
<td>0.11</td>
<td>0.77  *</td>
</tr>
<tr>
<td>Organization</td>
<td>0.31</td>
<td>0.12</td>
<td>0.31  *</td>
</tr>
<tr>
<td>External Customer Sat.</td>
<td>-0.17</td>
<td>0.08</td>
<td>-0.20  *</td>
</tr>
<tr>
<td>External Marketing Tech.</td>
<td>0.01</td>
<td>0.09</td>
<td>0.01</td>
</tr>
<tr>
<td>Knowledge Transfer</td>
<td>0.02</td>
<td>0.07</td>
<td>0.02</td>
</tr>
</tbody>
</table>

*Note.* \( \Delta R^2 = .52 \) for PI; \( \Delta R^2 = .67 \) for IQ; \( \Delta R^2 = .73 \) for VAL; *\( p < .05. \)
Research Question #4

Research question four examined the differences in perceptions on feedback amongst full-time employees, part-time employees, and participants through MANOVA statistics. Assumptions were first investigated prior to analysis of data. First, the observations were independent due to random sampling. Second, covariance was examined through the Box M test and the covariances were unequal (Box’s $M = 3.79$, $p = .716$, Green et al. (2000) warned to interpret nonsignificant Box test results with caution due to a possible lack of power. Third, normality was assumed due to the large sample size (Green et al., 2000).

The independent variable significantly impacted the dependent variables: Pillai’s criterion =.92, $F (4, 342) = 3.48$, $p < .05$ with a small effect size of .04. The follow-up univariate analysis showed a significant interaction effect in both dependent variables: importance of feedback $F (2,171) = 6.29$, $p < .05$ and collection of feedback $F (2,171) = 5.80$, $p < .05$ (Table 4.15). Examination of cell means (Table 4.14) reveals that employees hold higher perceptions of feedback than participants.

Scheffe post-hoc tests were again utilized to further examine where significant differences existed within the levels of the independent variable (Table 4.16). The comparison of means was significant within each dependent variable. Analysis of both dependent variables revealed differences in perceptions between participants and part-time employees with part time employees having significantly higher mean scores than participants in these variables.
Table 4.14 Means and (Standard Deviations) of Feedback by Involvement

<table>
<thead>
<tr>
<th>Source</th>
<th>DV</th>
<th>Sample (N=174)</th>
<th>FT (N=28)</th>
<th>PT (N=76)</th>
<th>Part. (N=70)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of FB</td>
<td>4.77 (1.12)</td>
<td>4.96 (1.20)</td>
<td>5.02 (1.03)</td>
<td>4.41 (1.09)</td>
<td></td>
</tr>
<tr>
<td>Collection of FB</td>
<td>4.31 (1.34)</td>
<td>4.40 (1.43)</td>
<td>4.64 (1.30)</td>
<td>3.91 (1.25)</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.15 Multivariate Analysis of Variance for Involvement on Service Quality
- Between Subjects Effects

<table>
<thead>
<tr>
<th>Source</th>
<th>DV</th>
<th>df</th>
<th>F</th>
<th>η2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement</td>
<td>Importance of FB</td>
<td>2</td>
<td>6.29</td>
<td>0.07</td>
<td>0.00*</td>
</tr>
<tr>
<td></td>
<td>Collection of FB</td>
<td>2</td>
<td>5.80</td>
<td>0.06</td>
<td>0.00*</td>
</tr>
<tr>
<td></td>
<td>Error</td>
<td>171</td>
<td>(1.17)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: Values enclosed in parentheses represent mean square error

*p < .05
<table>
<thead>
<tr>
<th>DV</th>
<th>(I) Involvement</th>
<th>(J) Involvement</th>
<th>Mean Dif (I-J)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFB</td>
<td>Full-Time</td>
<td>Part-Time</td>
<td>-0.06</td>
<td>0.97</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>0.55</td>
<td>0.08</td>
</tr>
<tr>
<td></td>
<td>Part-Time</td>
<td>Full-Time</td>
<td>0.06</td>
<td>0.97</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>0.61</td>
<td>0.00 *</td>
</tr>
<tr>
<td>CFB</td>
<td>Full-Time</td>
<td>Part-Time</td>
<td>-0.24</td>
<td>0.71</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>0.49</td>
<td>0.25</td>
</tr>
<tr>
<td></td>
<td>Part-Time</td>
<td>Full-Time</td>
<td>0.24</td>
<td>0.71</td>
</tr>
<tr>
<td></td>
<td>Participant</td>
<td></td>
<td>0.73</td>
<td>0.00 *</td>
</tr>
</tbody>
</table>

Table 4.16 Scheffe Post-Hoc Analysis for Involvement on Feedback
CHAPTER 5

DISCUSSION

The purpose of the study was to determine: (1) the relationship of employment status (full-time employees and part-time employees) and perceptions of internal marketing, (2) the relationship between employees (full-time and part-time) and participants on perceptions of service quality, (3) employee perceptions of internal marketing and its impact on perceptions of service quality, and (4) how perceptions of feedback differ within full-time employees, part-time employees, and the customers of the organization. The remainder of this chapter discusses these purposes and is divided into five sections: (1) discussion, (2) implications, (3) limitations, (4) conclusion, and (5) future direction.

Discussion

Results of the current study provide unique insight into the effects of internal marketing on perceptions of service quality. Early research on internal marketing demonstrated how employees have similar needs to external customers (Berry, 1981), and this created the foundation for internal marketing. Since this time, researchers have
attempted to develop the concept. While Foreman and Money (1995) conducted the first empirical test and believed their results demonstrated internal marketing was simply good resource management, the findings suggest internal marketing may exist in this setting but fail to positively influence external service quality.

Research question one examined perceptions of internal marketing based upon employee status, but the results failed to demonstrate significance of the main effect. Ballantyne (2003) suggested internal marketing begins with the top executives and filters through the hierarchical chain to all employees, and this provided the foundation for this question. Though to date, research on internal marketing failed to examine differences in perceptions between management (full-time employees) and front-line employees (student employees).

The mean scores ranged from 4.36 to 5.27 and there was no significance in those mean scores among different employee levels. Part-time employees displayed higher mean scores across all five dimensions in comparison to their full-time counterparts. This result is unique from an internal marketing perspective where full-time employees must “woo” (Berry, 1981) part-time employees. Ballantyne (2003) promotes the notion management (full-time employees) hold higher perceptions that must be marketed down through the hierarchical chain. The results indicate internal marketing exists since the part-time employees hold a higher perception within all five levels of the dependent variable. Part-time employees also held higher mean scores in both levels of the dependent variable of service quality.

The examination of perceptions of service quality based upon level of involvement occurred in research question two. Previous research determined that
internal marketing impacts external service quality (Lings & Brooks, 1998; Prasad & Steffes, 2002) though this was not the case in this study. In terms of service quality, significance existed between levels of involvement in the organization and internal marketing. Post-hoc tests found significance was a result of perceptual differences between participants and employment status. This demonstrates that employees think higher of their service quality than the external customers.

An explanation of this outcome was found from Fram and McCarthy (2003, p. 27), who created the idea, product blind, where employees hold a higher view of their product in comparison to external perceptions. This creates a mentality where employees feel a reduced need to improve products. It is conceivable that employees may be “service blind” and believe they provide satisfactory customer service. If an organizational member is both a customer and employee as Berry (1981) suggested, then one possible negative outcome of internal marketing may be the concept “service blind”. This may result where an organizational member is satisfied as a customer, believes high levels of service quality are provided externally, yet external customers fail to hold similar perceptions.

Schlesinger and Zornitsky (1991) discussed a similar idea to “service blind” in their examination of the insurance industry. The authors conducted qualitative research of both employees and customers to determine differences in perceptions. They discovered, “thinking that you are offering the right type of service is not sufficient to provide quality service, you must also be in touch with the customer” (Schlesinger & Zornitsky, 1991, p. 142). Employees often believe they provide adequate service but fail
to adequately seek feedback from customers. Therefore, the organization actually provides sub-par service. Feedback allows employees to adjust behaviors and actions to meet customer needs.

To date previous research on service quality within internal marketing has failed to discover similar results. The reason for this may be explained by the limited research on internal marketing that examines service quality perceptions of both employees and customers. While Lings and Brooks (1998) found a significant link between internal service quality and external service quality, the study focused on internal suppliers and not employees of a specific organization. The remainder of the empirical studies on internal marketing focused solely on internal perceptions. The findings of research question three demonstrate the importance of examining both employees and customers when studying internal marketing. Also, the findings of Schlesinger and Zornitsky (1991) explain why student employee perceptions of feedback exceeded the perceptions of employees in research question four, the employees believe they provide quality service, but fail to ask the external customers.

Research question four is the first attempt to examine feedback’s relationship to internal marketing. The current study examined feedback through level of involvement within the organization and significance was discovered. Post-hoc tests revealed the primary difference existed between part-time employees and participants. The results from participants displayed a bleak picture on the importance and collection of feedback within the department. Voss (2004) provided four explanations for customer’s negative perceptions of feedback: customers (1) fail to trust front-line employees, (2) believe no one listens, (3) believe the organization only listens if I am angry, and (4) believe the
organization only listens if I sue. Customers only wish to speak to management when they provide feedback because they feel when they interact with front-line employees, the information falls upon deaf ears, therefore, their problem fails to be resolved. Examination of the mean scores from part-time employees provide a positive picture, but this may be a result of their ability to voice complaints at meetings or simply resolve any issue that develops during their participation through previously developed relationships. Harari (1993) warned that internal customer models distract employees from focusing on external customers and criticisms of internal marketing revolve around the failure to recognize the needs of external customers (Lings & Brooks, 1998).

It is apparent in this study the strong, internal focus effects external customers through the inability to recognize the importance of feedback and therefore collect the proper information. Shank (1999) stated feedback allows organizations to properly address perceived problems and meet customer needs. The failure to seek this information limits an organization's ability to adapt to the environment and may limit their ability to secure resources (Chelladurai, 2001). The results demonstrate the importance of balancing both an internal and external focus. If “service blind” is a possible negative outcome of internal marketing that results from an organization's overestimation of service quality provided, effective collection of feedback may reduce the development of “service blindness”.

While internal marketing failed to significantly influence external service quality and feedback, it drastically affected internal perceptions of service quality as examined in research question three. Research question three utilized a multivariate regression analysis to determine how employee perceptions of service quality were influenced by
aspects of internal marketing. Foreman and Money (1995, p. 761) wrote, “internal marketing is necessary to ensure that the organization attracts, selects and retains the best employees” and they believe internal marketing directly impacts the level of service quality. The current findings proved this thought. Within the organization, the average length of employment amongst full-time employees was nearly 6 years, amongst part-time employees five quarters, and the findings demonstrated internal marketing significantly impacted internal perceptions of service quality. Further examination of the results demonstrated significant variance across all levels of the dependent variable.

The dependent variable program information (focus on departmental contact) was primarily explained by the employee dimension of internal marketing. This may suggest that employee usage of products and overall satisfaction of working for the department develops from the ease of communication with other employees. The dependent variable interaction quality was primarily explained by the employee and external marketing technique dimensions. The findings suggest that employees who use and are satisfied with the services offered have higher perceptions of interaction quality. The final dependent variable, valence, was primarily effected by employee, organization, and external customer satisfaction dimensions which demonstrates the programs offered by the department meet the needs of employees. A common bond between these may be the ability for employees to communicate with one another.

Communication ensures the wants and needs of employees are met and this is created through the development of cross-functional units. The setting of this study provided a great example of how communication in general improves perceptions of service quality. The employees who may easily voice complaints are satisfied customers,
while this similar form of communication fails to exist externally. Therefore, while all
the aforementioned researchers discussed the importance of communication in internal
marketing, this study demonstrates their ideas.

The results of the entire study identify an organization where internal marketing
may exist, but this success has failed to translate to external customers. The findings of
this study are unique because “marketers today operate in an external environment”
(Amato & Amato, 2002, p.81), and previous research has demonstrated that internal
marketing improves external service quality (Lings & Brooks, 1998; Prasad & Steffes,
2002), yet this study demonstrated an internal marketing focus that failed to effect
external service quality.

Overall, internal marketing may exemplify a services management phenomenon.
Schneider (2004) described services management as an interdisciplinary approach that
consisted of services marketing, services operations management, and services human
resources management. Schneider (2004) reasoned that successful service organizations
require a strong knowledge of each area to understand and deliver service quality, though
to date in research, scholars in each area are unwilling to interact and share data. Similar
issues exist within internal marketing and this study.

Research projects to date operationalized internal marketing in a different manner
in an attempt to isolate the discipline in which it was examined. This study
operationalized internal marketing as a method to sell products to employees, Prasad and
Steffes (2002) believed internal marketing was the expense of motivating employees to
improve the efficiency of operations, and Novatorov et al. (1998) utilized a human
resource perspective that believed internal marketing included wages, benefits, raises,
awards, and job performance feedback. Each of these three studies utilized a specific discipline as described by Schneider (2004) and failed to utilize an interdisciplinary approach.

The various operational definitions of internal marketing were a weakness described by Ahmed and Rafiq (2003). They believed internal marketing was difficult to operationalize and an easy to visualize idea that was socially constructed. Therefore, internal marketing may only be understood by relating it to a specific company to provide it meaning. For example, in this study it is easy to visualize a recreational sport environment where front-line employees utilize a product, hold high perceptions of service quality, and as a result create a strong service quality environment, but Ahmed and Rafiq (2003) believe this entire thought process is to holistic.

Ahmed and Rafiq (2003) stated that to properly implement internal marketing a total managerial approach must exist followed by perfect coordination and integration of internal marketing methods. They added that management must also fully understand the concept, embrace it, and properly respect employees to achieve effectiveness. The current study may represent an environment where the employees truly believe in the product, but fail to convey these thoughts into actions with external customers. As a result of the findings discussed, practical implications also exist.

**Implications**

Overall, internal marketing may exist within the setting of this study, but the internal techniques have failed to impact customer’s perceptions of service quality. The results demonstrated 90% of all employees utilize the services offered one or more times a week, and of the 123 respondents, 221 areas of participation were identified. These
results indicate the employees who participate one or more times a week, participate, on average, in two separate areas. Of the employees who answered “seldom” in terms of participation 6 of the 11 respondents were full-time. This demonstrates student employees utilize the services more, and this may explain why the mean scores of this group in all dimensions examined except one were higher than full-time employees.

Internal marketing influences service quality. The covariate employee was significant within program information, interaction quality, and valence; this is plausible since most employees utilize the services in which they know how to discuss that service’s information. Upon utilizing the services, they interact with fellow employees, and therefore may have positive feelings upon completion of classes and programs. The other significant covariates (organization, external customer satisfaction, and external marketing techniques) indicate the organization encourages participation through marketing techniques and there is a belief this influences external customer satisfaction. Therefore, high levels of service quality and feedback exist internally, but the results demonstrate similar techniques fail to effectively exist outside departmental boundaries. The department may need to improve their methods of contact and interaction with external customers. Further, they may need to manage impressions after usage of services.

Employees should extend beyond departmental walls and create relationships with customers through interaction. Prasad and Steffes (2002) stated internal marketing must precede external marketing. If not, the organization may offer a service it is unable to provide. In this study internal marketing exists and now must proceed externally. This starts through interaction, specifically face to face feedback, which Legare (1996)
discovered is the most effective. It fosters the development of relationships (Gronroos, 1984) which allows the service to end on a positive note (Morgan & Rao, 2003). This creates trust and commitment (Anderson & Narus, 1998), perceptions of quality are based upon customer involvement (Gronroos, 1982, 1984), and this determines whether they return (Chelladurai et al., 1987).

**Limitations**

Numerous limitations exist throughout this study that must be identified. These limitations include the population size differences between full-time and part-time employees, threats to validity from student employee respondents, internal perceptions of service quality, the possible existence of multicollinearity, and the primary recreational facility where the study occurred.

The limitations of this study are the ability to receive enough feedback from a small number of full-time positions. This limitation exists in any study that involves perceptions from various hierarchical levels of an organization due to differences in population sizes. In this study the population of full-time employees was 40, while the population of part-time employees was 574.

The student employees surveyed may have felt a sense of intimidation. While confidentiality was assured in the cover letter of each email, a different belief may have existed within respondents that may influence the results of this study.

The service quality section of the internal instrument attempted to identify impressions of service quality from an internal customer, not employee perspective. While this idea was stressed in the survey instrument, the possibility exists that confusion may have existed which influence the results of this study.
Base upon the recommendations of Hair et al. (1998) and Tabachnick and Fidell (2001), the possibility of multicollinearity exists, therefore the findings should be interpreted with caution. In order to further validate the results of this study, improve on the overlap of constructs, and address possible issues with multicollinearity, follow-up studies must be conducted.

Finally, the various recreational facilities that exist in the setting of this study as a reference point for respondents provide a limitation. The main indoor recreational facility is 72 years old and scheduled to close sometime in 2005, while the outdoor facility is still a prototype in the industry after six years in existence, and a new satellite indoor building opened in 2004. Therefore, perceptions of attractive and functional facilities may vary amongst respondents.

**Conclusion**

In conclusion internal marketing influences internal perceptions of service quality. The results of this study demonstrate internal marketing may currently exist but external perceptions of service quality and feedback remain lower than internal perceptions. This may demonstrate a weakness of internal marketing where a strong internal focus may negatively affect external marketing. However, the results of this internal customer approach to internal marketing appear plausible and encouraging.

**Future Direction**

The future direction of internal marketing requires further refinement of the survey instrument, replication, and determination of how internal marketing may be implemented within an organization. While the results of the data analysis demonstrate
internal marketing affects service quality, the internal marketing items were created via a review of literature and reliability analysis fails to demonstrate strong dimensions.

In order to examine improvements to the instrument, the study must be replicated in similar settings. The results of this study are only generalizable to this setting, while significance was discovered, no guarantee exists similar results will be found at other institutions. Also, previous empirical research in this area failed to produce a replicated research method. One suggestion for replication involved the same setting in approximately five years. The Ohio State Department of Recreational Sports is set to open a new indoor facility in the summer 2005, and it may be beneficial to determine how this major event influenced internal marketing, service quality, and feedback.

Finally, if internal marketing truly affects service quality, methods for implementation must be developed. While only one study, if upon replication similar results occur, a formalized process will be sought as a process to improve internal marketing. While previous research has proposed methods, they typically involve human resource not internal customer focus techniques, though as discussed an interdisciplinary approach may be the most effective.
REFERENCES


Appendix A

Final Internal Customer Instrument
Please consider each question carefully to determine how you feel about the subject matter personally as a customer of your organization. This study is attempting to examine how employees feel as customers of the recreational sports department. It is believed that if a department is able to satisfy employee needs then they will likely deliver reliable service, which ultimately creates strong perceptions of quality, fosters relationships, and creates customer satisfaction. The word “department” in the survey refers to the department of recreational sports.

PLEASE RESPOND TO ALL THE QUESTIONS USING THE FOLLOWING SCALE:

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**A. Internal Marketing** - Internal marketing views employees as customers that satisfy their needs and wants fulfilled while addressing the objectives of the department. Please circle your response.

A-1. My personal needs are met through the classes/programs offered by the department.
A-2. My satisfaction as an internal customer improves my attitude as an employee.
A-3. The department markets its products (classes/programs) to employees.
A-4. The department promotes the creation of customer relationships.
A-5. The department recognizes the employee as a customer of the organization.
A-6. My attitude as an internal customer and employee of the department affects the satisfaction of external customers.
A-7. My satisfaction as an internal customer affects the satisfaction of other customers.
A-8. My personal experience in classes/programs directly impacts the satisfaction of customers.
A-9. The department satisfies the needs of its customers.
A-10. The department provides strong, positive service encounters with employees.
A-11. The department operates attractive and functional facilities.
A-12. The department recognizes service failures (e.g. employees
notice customer dissatisfaction and proactively approach the customer to improve the situation).

A-13. The department addresses failures and contacts the customer to rectify the situation.  

A-14. The department creates relationships with customers.

A-15. Information is passed on from the top of the department down through to the external customers.

A-16. Information is exchanged across program areas in order to address customer needs.

A-17. Information is naturally exchanged throughout the entire department due to common social and economic interests.

A-18. The department believes it is important for employees to utilize the services/programs offered.

A-19. The department specifically markets products to me (an employee).

A-20. The department emphasizes service quality.

A-21. My direct supervisor encourages me to use the products our department offers.

A-22. I truly believe in the products/services my department sells.

A-23. I am proud to work for this department.

A-24. I feel good about working for this department because I believe in its products and services.

A-25. The department makes employees aware of the quality of their products and services.

**B. Service Quality** – Service quality refers to the evaluation of service experiences over a period of time. Please circle your response.

B-1. The department’s personnel are easy to contact by mail.  

B-2. The department is easy to contact through a website.

B-3. The department is easy to contact by phone.

1 2 3 4 5 6 7  

Strongly Disagree  Strongly Agree

1 2 3 4 5 6 7
B-4. Up-to-date information is available on departmental activities and events. 1 2 3 4 5 6 7

B-5. Overall, information about the department is easy to obtain. 1 2 3 4 5 6 7

B-6. The department’s employees seem very knowledgeable about their job. 1 2 3 4 5 6 7

B-7. I can count on the employees at the department to be friendly. 1 2 3 4 5 6 7

B-8. Departmental employees are willing to help individuals who participate in classes/programs. 1 2 3 4 5 6 7

B-9. The employees in the department take action when problems occur. 1 2 3 4 5 6 7

B-10. Departmental employees are competent. 1 2 3 4 5 6 7

B-11. Departmental employees handle participants’ problems promptly and satisfactorily. 1 2 3 4 5 6 7

B-12. Departmental employees recognize and deal effectively with the special needs of each participant. 1 2 3 4 5 6 7

B-13. I feel good about what I receive from the department. 1 2 3 4 5 6 7

B-14. When I leave the department I always feel I received what I wanted. 1 2 3 4 5 6 7

B-15. I usually have a good feeling when I leave the department. 1 2 3 4 5 6 7

B-16. I would evaluate the outcome of the department’s classes/programs favorably. 1 2 3 4 5 6 7

C. Feedback - This consists of information collected from customers through the recognition of problems that may effect perceptions of service quality. Please circle your response.

C-1. The department believes it is important to provide feedback. 1 2 3 4 5 6 7

C-2. The feedback I provide often results in changes. 1 2 3 4 5 6 7

C-3. The department continually seeks my feedback. 1 2 3 4 5 6 7

C-4. I, as a customer of the department, believe it is important to 1 2 3 4 5 6 7
provide feedback.

C-5. The methods established by the department to provide feedback are effective.

C-6 The department seeks feedback face to face.

C-7 The department seeks feedback in writing.

**D. Demographic Information**

1) Gender: _____ Male _____ Female

2) Ethnicity: _____ Caucasian/White
   _____ African-American
   _____ Hispanic
   _____ Asian-American
   _____ Native American
   _____ Other

3) Position: _____ Full-time Recreational sport employee
   _____ yrs. _____ mos. of employment
   _____ Part-time Recreational sport employee (GAA, Student employee)
   _____ Qtrs. Employed
   Do you major in a sport related field?
   _____ Yes _____ No

4) Age: ____

5) How often do you participate in any recreational sport activity?
   _____ Seldom       _____ 4-5 times a week
   _____ Once a week  _____ Almost everyday
   _____ 2-3 times a week

6) Check any Program/Department Area(s) you participate in:
   _____ Intramurals
   _____ Fitness
   _____ Aquatics
   _____ Age Groups and Camps
   _____ Sport Clubs
   _____ Outdoor Adventure
   _____ Adapted Recreational Sport
   _____ Informal Recreation (This when you arrive at a facility to participate or work out on your own)

********** THANK YOU FOR YOUR TIME **********
APPENDIX B

Final External Customer Instrument
Please consider each question carefully, to determine how you deal with or feel about the subject matter as a customer of the Recreational Sports Department. Circle or write in your appropriate response. All answers are to apply only to recreational sport.

PLEASE RESPOND TO ALL THE QUESTIONS USING THE FOLLOWING SCALE:

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</table>

**A. Service Quality** – Service quality refers to your evaluation of service experiences over a period of time. Please circle your response.

A-1. The department’s personnel are easy to contact by mail.  
A-2. The department is easy to contact through a website.  
A-3. The department is easy to contact by phone.  
A-4. Up-to-date information is available on departmental activities and events.  
A-5. Overall, information about the department is easy to obtain.  
A-6. The department’s employees seem very knowledgeable about their job.  
A-7. I can count on the employees at the department to be friendly.  
A-8. Departmental employees are willing to help individuals who participate in classes/programs.  
A-9. The employees in the department take action when problems occur.  
A-10. Departmental employees are competent.  
A-11. Departmental employees handle participants’ problems promptly and satisfactorily.  
A-12. Departmental employees recognize and deal effectively with the special needs of each participant.  
A-13. I feel good about what I receive from the department.  
A-14. When I leave the department I always feel I received what I wanted.  
A-15. I usually have a good feeling when I leave the department.
A-16. I would evaluate the outcome of the department’s classes/programs favorably.

**B. Feedback** - This consists of information collected from customers through the recognition of problems that may effect perceptions of service quality. Please circle your response.

B-1. The department believes it is important to provide feedback.

B-2. The feedback I provide often results in changes.

B-3. The department continually seeks my feedback.

B-4. I, as a customer of the department, believe it is important to provide feedback.

B-5. The methods established by the department to provide feedback are effective.

B-6 The department seeks feedback face to face.

B-7 The department seeks feedback in writing.

**C. Demographic Information**

1) Gender: _____ Male _____ Female

2) Ethnicity: _____ Caucasian/White _____ African-American
   _____ Hispanic _____ Asian-American
   _____ Native American _____ Other

3) Position: _____ Faculty _____ Staff
   _____ Student _____ Other

4) Age: _____

5) How often do you participate in any recreational sport activity?
   _____ Seldom _____ 4-5 times a week
   _____ Once a week _____ Almost everyday
   _____ 2-3 times a week

6) Program/Department Area you participate in:
   _____ Intramurals _____ Aerobics _____ Aquatics
   _____ Family Programming _____ Sport Clubs _____ Informal Recreation

********** THANK YOU FOR YOUR TIME **********
APPENDIX C

First Copy of Survey Instrument
Please consider each question carefully, to determine how you deal with or feel about the subject matter PERSONALLY AS A CUSTOMER OF YOUR ORGANIZATION. This study is attempting to exam how employees feel as customers. Check, circle or write in your appropriate response. All answers are to apply only to recreational sport.

PLEASE RESPOND TO ALL THE QUESTIONS USING THE FOLLOWING SCALE:

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A. Internal Marketing

A-1. My personal needs are met through the classes/programs offered by the department.  
A-2. My satisfaction as a customer improves my attitude as an employee.  
A-3. The department markets its products (classes/programs) to employees.  
A-4. The organization promotes the creation of customer relationships.  
A-5. The organization recognizes me (an employee) as a customer of the organization.  
A-6. The organization is concerned with the service quality provided to me as a customer.  
A-7. My attitude as an employee effects external customer satisfaction.  
A-8. My satisfaction as a customer effects the satisfaction of other customers.  
A-9. My personal experience in classes/programs directly impacts the satisfaction of customers.  
A-10. The organization claims to meet the needs of its customers.  
A-11. The organization claims to provide strong, positive service encounters with employees.  
A-12. The organization claims to operate attractive and functional facilities.  
A-13. The organization claims it recognizes service failures.
A-14. The organization attempts address failures and contacts the customer to rectify the situation.  

1  2  3  4  5  6  7

A-15. The organization claims to create relationships with customers.  

1  2  3  4  5  6  7

A-16. Information exchanged from the top of the organization down through to the customers.  

1  2  3  4  5  6  7

A-17. Information is exchanged across departments in order to address customer needs.  

1  2  3  4  5  6  7

A-18. Information is naturally exchanged throughout the entire organization due to common social and economic interests.  

1  2  3  4  5  6  7

A-19. The organization believes it is important for employee to utilize the services/programs offered.  

1  2  3  4  5  6  7

A-20. The organization specifically markets products to me (an employee).  

1  2  3  4  5  6  7

A-21. The organization emphasizes service quality.  

1  2  3  4  5  6  7

A-22. The people I directly report to encourage me to use the products are department offers.  

1  2  3  4  5  6  7

A-23. I truly believe in the products/services my organization sells.  

1  2  3  4  5  6  7

A-24. I am proud to work for this organization.  

1  2  3  4  5  6  7

A-25. I feel good about working for this organization because I believe in its products and services.  

1  2  3  4  5  6  7

A-26. The organization does a good job making employees aware of the quality of their products and services.  

1  2  3  4  5  6  7

B. Service Quality

The statements below concern your perception of the recreational sport (REC-SPORT) department. Check, circle or write in your appropriate response.

B-1. REC-SPORT personnel are easy to contact by mail.  

1  2  3  4  5  6  7

B-2. REC-SPORT is easy to contact through a website.  

1  2  3  4  5  6  7

B-3. REC-SPORT is easy to contact by brand.  

1  2  3  4  5  6  7
B-4. Up-to-date information is available on REC-SPORT activities and events.

B-5. Overall, information about REC-SPORT is easy to obtain.

B-6. REC-SPORT’s employees seem very knowledgeable about their job.

B-7. You can count on the employees at REC-SPORT to be friendly.

B-8. REC-SPORT employees are willing to help individuals who participate in classes/programs.

B-9. The employees at REC-SPORT rake action when problems occur.

B-10. REC-SPORT employees are competent.

B-11. REC-SPORT employees handle participants’ problems promptly and satisfactorily.

B-12. REC-SPORT employees recognize and deal effectively with the special needs of each participant

B-13. I feel good about what I get from REC-SPORT


B-15. I usually have a good feeling when I leave REC-SPORT

B-16. I would evaluate the outcome of REC-SPORT’s classes/programs favorably.

C. Feedback

C-1. The organization believes it is important to provide feedback.

C-2. The feedback I provide often results in changes.

C-3. The department continually seeks my feedback.

C-4. I as a customer of the organization believe it is important to provide feedback.

C-5. The methods established by the organization to provide feedback are effective.
C-6 The department seeks feedback fact to face.  

C-7 The department seeks feedback in writing.  

D. Demographic Information  

7) Gender: _____ Male _____ Female  

8) Ethnicity: _____ Caucasian/White  
   _____ African-American  
   _____ Hispanic  
   _____ Asian-American  
   _____ Native American  
   _____ Other  

9) Position: _____ Full-time Recreational sport employee  
   _____ yrs. _____ mos. of employment  
   _____ Part-time Recreational sport employee (GAA, Student employee)  
   _____ Qtrs. employed  

10) Age: _____  

11) How often do you participate in any recreational sport activity?  
   _____ Seldom  
   _____ 4-5 times a week  
   _____ Once a week  
   _____ Almost everyday  
   _____ 2-3 times a week  

12) Check any Program/Department Area(s) you participate in:  
   _____ Intramurals  
   _____ Fitness  
   _____ Aquatics  
   _____ Age Groups and Camps  
   _____ Sport Clubs  
   _____ Informal Recreation  
   (When you arrive at a facility to participate or work out on your own)  
   _____ ARS  
   _____ Outdoor Adventure
APPENDIX D

Panel of Experts
ADVISORY COMMITTEE

Dr. Donna Pastore  
Professor  
Sport Management  
The Ohio State University  
Columbus, OH

Dr. Janet Fink  
Associate Professor  
Sport Management  
The Ohio State University  
Columbus, OH

J. Michael Dunn  
Recreational Sports Director  
The Ohio State University  
Columbus, OH

PANEL OF EXPERTS

Dr. Gary Miller  
Campus Recreation Director  
University of Illinois  
Champaign, IL

Dr. Brian Turner  
Assistant Professor  
Sport Management  
The Ohio State University  
Columbus, OH

Dr. James Turman  
Recreational Sports Director  
University of Minnesota  
Minneapolis, MN

Dr. Corinne Daprano  
Assistant Professor  
Sport Management  
University of Dayton  
Dayton, OH

Dr. Paul Milton  
Student Recreation & Wellness Center Director  
Kent State University  
Kent, OH

Dr. Packianathan Chelladurai  
Professor  
Sport Management  
The Ohio State University  
Columbus, OH
APPENDIX E

Panel of Experts:

Cover Letter, Categorization Form, Comment Form, and

Changes Implemented
February 23, 2005

Dear:

We are conducting a study of internal marketing in recreational sport. This technique views employees as customers and allow organizations to address the needs of employees, which improves internal service quality and ultimately external service quality. A better understanding of these issues and concerns allows for better service quality for all university members.

The purpose of this study is to (a) determine the relationship of internal marketing on service quality perceptions within management and front-line employees, (b) the relationship of employee service quality of external customers, and (c) to understand how feedback exists within management, front-line employees, and the customers of the organization. The enclosed survey is being developed for this study to measure the relationship of internal marketing on the service quality of internal and external customers.

Your assistance is requested in helping to establish face and content validity of this survey. Enclosed you will find a draft of the survey and a categorization and comment form. Please provide comments and suggestions regarding content, wording, format, clarity, focus, ease of use, and appropriateness of individual items as well as for the instrument as a whole. We have also enclosed a stamped self-addressed envelope for you to return the survey and comment form. It would be greatly appreciated if they could be returned by March 4, 2005. Thank you for your assistance.

Sincerely,

Jerome P. Davis
Ph.D. Candidate
davis.1002@osu.edu
(614) 746-5387

Donna L. Pastore
Professor
pastore.3@osu.edu
(614) 292-0954
INTERNAL MARKETING SURVEY
CATEGORIZATION FORM

Please place the item number of each statement on Part I of the survey under the most appropriate category below. If it is unclear which category a certain item corresponds to, please note that at the end.

1. Internal Marketing – “The viewing of employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization” (Berry, 1981, p. 25). The goal of internal marketing is to sell the product internally (treat the employee as a customer) satisfy their needs and in turn their positive feelings. If an organization is able to satisfy these needs then their members will likely deliver external quality, which ultimately creates strong perceptions of service quality, relationships and satisfaction.

   A. Employees

   B. Organization

   C. External customer satisfaction

   D. External marketing techniques

   E. Knowledge transfer

2. Service Quality – “Customers’ cognitive evaluation of the service across episodes compared with some explicit or implicit standard” (Storbacka et al., 1994, p.25).

   A. Performance Quality through Information
B. Interaction Quality

C. Outcome

3. **Feedback** – This consists of information collected from internal and external customers through the recognition of problems that may affect perceptions of service quality (Finn et al., 1996).

   A. **Importance of Feedback**

   B. **Collection of Feedback**

4. Please list any item number that did not seem to correspond with any of the above categories.

5. Please list the item number that corresponded to more than one category, and identify the particular categories to which it applied.
FACTORS ASSOCIATED WITH
INTERNAL MARKETING

COMMENT FORM

Please read the enclosed survey and respond to the following statements in this space provided. Feel free to also write directly on the instrument. Any suggestions for improvement will be appreciated.

The purpose of this study is to (a) determine the relationship of internal marketing on service quality perceptions within management and front-line employees, (b) the relationship of employee service quality of external customers, and (c) to understand how feedback exists within management, front-line employees, and the customers of the organization.

1. Given the purposes of the survey, do you think the questions on the survey collect the information needed? Why or why not?

2. Is the phrasing and terminology clear and easy to understand?

3. Are the directions easy to follow?

4. Is the survey attractive and neat?
5. Is the survey to long too be comfortably completed in one sitting?

6. Is there any important background information missing?

7. Are there any statements or categories that should be added or deleted? If so, please explain.

8. Please include any other comments relevant to the improvement of this survey.

Thank you very much for your time and assistance.
Changes Implemented From the Panel of Experts

I. Major Changes
- Changed terminology from organization to department (21)
- Changed Rec-Sport to department (16)
- Added a question to the Demographics section in regards to whether the student employee majored in a sport related field
- Provided two instruments to the field test
  1) With headings, additional definitions, and detailed descriptions of each section
  2) No headings one set of directions
    - This was in regards to not enough detail provided versus the creation of one complete instrument
- Added greater detail the overall directions of the instrument through clarification of rationale for the study
- A-7 was rewritten for clarification
- A-13 added an example for clarification
- A-21, B-10, and C-3 will be reevaluated and possibly eliminated after the study.

II. Editorial Changes
  Directions
    - Changed “exam” → “examine”
    - Added a scale to the top of each page
    - Changed “strongly agree” → “strongly disagree”
  Section A (the number represents the item number within the section)
    2) Added the words “an internal”
    5) Changed to “the employee”
    6) Added “an internal”
    7 and 8) Changed “effects” → “affects”
    8) Added “an internal”
    10) Changed “to meet” → “satisfy”
    10, 11, 12, 13, and 15) Removed the words “claimed to”
    14) Added “to” and removed “attempts”
    16) Added “is” and “external”
    19) Added “an”
    22) Changed “are” → “our”
  Section B (the number represents the item number within the section)
    3) Changed “brand” → “phone”
    9) Changed “rake” → “take”
    13) Changed “get” → “receive”
    14) Changed “got” → “received”
  Section C (the number represents the item number within the section)
    4) Added commas
    6) Changed “fact” → “face”
APPENDIX F

Field Test:

Cover Letter, Comment Form, and Changes Implemented
March 29, 2005

Dear Student:

We are conducting a study of internal marketing in recreational sport. This technique views employees as customers and allow organizations to address the needs of employees, which improves internal service quality and ultimately external service quality. A better understanding of these issues and concerns allows for better service quality for all university members.

The purpose of this study is to (a) determine the relationship of internal marketing on service quality perceptions within management and front-line employees, (b) the relationship of employee service quality of external customers, and (c) to understand how feedback exists within management, front-line employees, and the customers of the organization. The enclosed survey is being developed for this study to measure the relationship of internal marketing on the service quality of internal and external customers.

Your assistance is requested in helping to establish face and content validity of this survey. The purpose of this exercise is NOT to fill out the survey, but rather to examine the items under each category. The items will not be grouped on the final survey; they will be randomly distributed. Please provide comments and suggestions regarding content, wording, format, clarity, focus, ease of use, and appropriateness of individual items as well as for the instrument as a whole. Feel free to write directly on the survey as well as on the comment form provided. Finally, examine the format differences between the two instruments and state which you feel is best and easiest. Thank you.

Sincerely,

Jerome P. Davis  Donna L. Pastore
Ph.D. Candidate  Professor
davis.1002@osu.edu  pastore.3@osu.edu
(614) 292-2504  (614) 292-0954
FACTORS ASSOCIATED WITH INTERNAL MARKETING

COMMENT FORM

Please read the enclosed survey and respond to the following statements in this space provided. Feel free to also write directly on the instrument. Any suggestions for improvement will be appreciated.

The purpose of this study is to (a) determine the relationship of internal marketing on service quality perceptions within management and front-line employees, (b) the relationship of employee service quality of external customers, and (c) to understand how feedback exists within management, front-line employees, and the customers of the organization.

1. Given the purposes of the survey, do you think the questions on the survey collect the information needed? Why or why not?

2. Is the phrasing and terminology clear and easy to understand?

3. Are the directions easy to follow?

4. Is the survey attractive and neat?
5. (a) Is the survey too long to be comfortably completed in one sitting?  
(b) Approximately how long would it take to complete it?

6. Is there any important background information missing?

7. Are there any statements or categories that should be added or deleted? If so, please explain.

8. Which of the two instruments is best (form 1 or 2) and state any reasons why you feel this way?

8. Please include any other comments relevant to the improvement of this survey.

Thank you very much for your time and assistance.
Changes Implemented From the Field Test

I. Major Changes
   A-22) Rephrased the question “The people I directly report to encourage me” → “My direct supervisor encourages me”
   A-26) Rephrased the question “does a good job of making” → “makes”

II. Editorial Changes
   Directions
   Comma usage
   Changed “good” → “reliable” in line 4
   Added the word customer in line 5
   Section A (the number represents the item number within the section)
   Dir) Changed “satisfies” → “satisfy” & added “fulfilled”
   7) Added “internal”
   19) Changed “employee” to “employees”
   Section B (the number represents the item number within the section)
   1, 2, and 3) Changed departments to a small “d”
   7) Changed “you” → “I”
   14) Comma usage
   15) Added “the” & “.”
   Section C (the number represents the item number within the section)
   No changes suggested

Demographics
   6) Wrote out ARS

III. Feedback on the two forms
   • Form 1 (29)
     o Enjoy how it is spelled out
     o More organized easier to follow with the different sections (8)
     o Breaks up the overall length (6)
     o Because it is categorized (9)
     o Makes you feel like you answered less questions
     o Different sections allow you to change mind sets
     o Breaks down questions to minimize monotony (2)
     o Provides explanations
     o Enjoy the letter-number format
     o The completion of each category makes it feel like you are moving on
     o Due to clarity
     o Directions make is simple and easy (2)
     o More professional
     o Provides more guidance
     o Makes it appear shorter (2)
   • Form 2 (5)
     o More fluent
- Shorter, all questions are in a row
- More specific
- Easier to follow, #1 bored me due to the categories
- Depends on the audience
- Form 1 looks longer and form 2 looks more precise and clear
- Form 2 simply appears too long
APPENDIX G

Pilot Test:

Email Cover Letter and Email Reminder
April 8, 2005

Dear Recreational Sport (Employee/participant):

We are conducting a study of internal marketing in recreational sport. This technique views employees as customers and allows organizations to address the needs of employees, which improves internal service quality and ultimately external service quality. A better understanding of these issues and concerns allows for better service quality for all university members.

Your assistance is requested in helping to establish reliability for this study by simply completing the questionnaire located on the link provided. Your participation is entirely voluntary. You may refuse to answer any questions and may withdraw from completing the questionnaire at any time. You may be assured of complete confidentiality. Do NOT include your name on the survey instrument. Individual responses will not be identified or reported. Any discussion of results will be based on group data. It is estimated the questionnaire will take approximately 5 minutes to complete. Please complete the survey instrument by March 17, 2005.

Feel free to contact either of us if you have any questions or concerns. Thank you.

Sincerely,

Jerome P. Davis
Ph.D. Candidate
davis.1002@osu.edu
(614) 756-5387

Donna L. Pastore
Professor
pastore.3@osu.edu
(614) 292-0954
Dear Recreational Sport (Employee/participant):

You should have received an email containing a link to a questionnaire on the examination of service quality in collegiate recreational sport. You were randomly selected from all members of your institution. Your input is important. The results will help improve service quality in recreational sport throughout the country.

If you have already completed and returned the questionnaire, please accept our thanks. If you have not filled it out, please access the internet site as soon as possible. You may be assured of complete confidentiality. The published and reported results of this study will not be linked to the name of an individual or institution, and any discussion will be based on group data. Thank you.

Sincerely,

Jerome Davis and Donna L. Pastore
APPENDIX H

Pilot Test:

Reliability and Correlations
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**ALPHA** | .83 | .84 | .81 | .59 | .88 |

*Note.* BOLD indicates the subcategory the item appears in on the questionnaire.

Table H.1 Employee Item-to-Total Correlations for Internal Marketing Items from the Pilot Test
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**ALPHA** | .89 | .91 | .94 | .83 | .62 |

*Note.* BOLD indicates the subcategory the item appears in on the questionnaire.

Table H.2 Employee Item-to-Total Correlations for Service Quality and Feedback items from the Pilot Test
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**ALPHA**  .88 .96 .98 .86 .73

*Note.* BOLD indicates the subcategory the item appears in on the questionnaire.

Table H.3 Participant Item-to-Total Correlations from the Pilot Test
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**ALPHA** | .86 | .95 | .97 | .88 | .82

*Note.* BOLD indicates the subcategory the item appears in on the questionnaire.

Table H.4 Combined Item-to-Total Correlations from the Pilot Test
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</table>

*Note.* BOLD indicates the subcategory the item appears in on the questionnaire.

H.5 Employee Item-to-Total Correlations for Internal Marketing Items from the Pilot

Test after initial data analysis
APPENDIX I

Data Collection:

Email Cover Letter and Reminder
April 19, 2005

Dear Recreational Sport Employee (participant):

We are conducting a study of internal marketing (service quality) in recreational sport. This technique views employees as customers and allow organizations to address the needs of employees, which improves internal service quality and ultimately external service quality. A better understanding of these issues and concerns allows for better service quality for all university members.

Your assistance is requested to examine this phenomenon by simply completing the questionnaire located on the link provided. Your participation is entirely voluntary. You may refuse to answer any questions and may withdraw from completing the questionnaire at any time. You may be assured of complete confidentiality. Do NOT include your name on the survey instrument. Individual responses will not be identified or reported. Any discussion of results will be based on group data. It is estimated the questionnaire will take approximately 5 minutes to complete. Please complete the survey instrument by April 20, 2005.

Feel free to contact me if you have any questions or concerns. Thank you.

Sincerely,

Donna L. Pastore
Professor
pastore.3@osu.edu
(614) 292-0954
Dear Ohio State Recreational Sport Participant:

You should have received an email containing a link to a questionnaire on the examination of collegiate recreational sport. Please take the time to complete the questionnaire, your input is important and it is estimated to take only 5 minutes.

If you have already completed the questionnaire, please accept our thanks. If you have not filled it out, please access the internet site provided by April 21, 2005. You may be assured of complete confidentiality. The published and reported results of this study will not be linked to the name of an individual, and any discussion will be based on group data. Thank you.

Sincerely,

Jerome Davis, Mike Dunn, & Donna Pastore
APPENDIX J

Correlation Matrixes
### Table J.1 Correlation Matrix for Internal Marketing

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Table J.8 Correlation Matrix for Research Question 1

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Alpha = .88

Table J.8 Correlation Matrix for Research Question 1
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Table J.10 Correlation Matrix for Research Question 3

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Table J.11 Correlation Matrix for Research Question 4
APPENDIX K

Final Data Sample:

Reliability and Correlations
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**ECS4**  
| .574 | .541 | **.510** | .495 | .390 |

| ECS1 | .588 | .552 | **.696** | .496 | .446 |
| ECS2 | .592 | .596 | **.780** | .502 | .437 |
| ECS3 | .534 | .539 | **.694** | .432 | .369 |

| EMT2 | .675 | .761 | .493 | **.727** | .677 |
| EMT3 | .573 | .607 | .477 | **.628** | .523 |
| EMT4 | .678 | .730 | .569 | **.830** | .633 |
| EMT5 | .622 | .625 | .434 | **.736** | .550 |
| EMT6 | .630 | .682 | .516 | **.772** | .598 |

| KT1 | .506 | .720 | .433 | .647 | **.763** |
| KT2 | .591 | .744 | .503 | .684 | **.857** |
| KT3 | .503 | .654 | .479 | .672 | **.762** |

**ALPHA**  
| .84 | .91 | .84 | .89 | .90 |

*Note.* BOLD indicates the subcategory the item appears in on the questionnaire. *Italicized* indicates the new name of the variable moved after pilot reliability tests.

Table K.1 Employee Item-to-Total Correlations for Internal Marketing Items from the Final Sample.
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**ALPHA**  .88  .94  .94  .76  .80

*Note.* BOLD indicates the subcategory the item appears in on the questionnaire.

Table K.2 Employee Item-to-Total Correlations for Service Quality and Feedback items from the Final Sample
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| **ALPHA** | .88 | .96 | .97 | .75 | .75 |

*Note.* BOLD indicates the subcategory the item appears in on the questionnaire.

Table K.3 Participant Item-to-Total Correlations within Subcategories from the Final Sample
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*Note.* BOLD indicates the subcategory the item appears in on the questionnaire.

Table K.4 Combined Item-to-Total Correlations within Subcategories from the Final Sample
EMP1 (Item A-1) My personal needs are met through the classes/programs offered by the department.
- Berry (1981) state employee needs must be met
- If needs are met employees become committed and enthusiastic

EMP3 (Item A-3) The department markets its products (classes/programs) to employees.
- The use of marketing techniques is needed to sell the product internally (Ahmed et al., 2002; Ballantyne, 2003; Berry, 1981; Cahill, 1995; Lings & Brooks, 1998; Mudie, 2003; Prasad & Steffes, 2002; Rafiq & Ahmed, 2000; Varey & Lewis, 1999), this allows the employee to understand what the organization offers.

EMP4 (Item A-21) My direct supervisor encourages me to use the products our department offers.
- Internal marketing view organizational members as both employees and customers of the organization (Berry, 1981).
- Successful internal marketing requires the product to be sold from one level to the next through the use of marketing techniques (Ballantyne, 2003).
- Therefore, the employee must be encouraged to use the product.

ORG1 (Item A-4) The department promotes the creation of customer relationships.
- Internal marketing allows the organization to create an identity that stresses customer focus through relationships developed by changes in attitudes and procedures in order to develop legitimacy for the company (Ahmed et al., 2002; Ballantyne et al., 1995; Lings, 1999; Mudie, 2003; Varey & Lewis, 1999).

ORG6 (Item A-20) The department emphasizes service quality.
- Ballantyne et al. (1995) stated effective internal marketing improves service quality and this begins with employees eliminating departmental barriers.
- This allows the employee to understand service quality is a priority within the organization.

ECS4 (Item A-2) My satisfaction as an internal customer improves my attitude as an employee.
- Berry (1981) believed that employees, similar to external customers, sought to have their needs fulfilled. If an organization is able to satisfy these needs then their members will likely deliver external quality, which ultimately creates loyalty and satisfaction amongst all stakeholders.

EMT2 (Item A-10) The department provides strong, positive service encounters with employees.
- Berry (1981) discussed the need to treat organizational members as both customers and employees of the organization.
- Berry (1981) stated internal satisfaction effects external satisfaction.
- Chase and Dasu (2002) suggested service encounters as an important method for service marketing.
- Therefore, it should be an external marketing technique used internally.

Table K.5 Rationale for Internal Marketing Items

180
IFB1 (C-1) The department believes it is important to provide feedback.
   • This examines how important the organization views feedback.

IFB2 (C-2) The feedback I provide often results in change.
   • If feedback fails to result in change, then the organization fails to recognize its importance (Legare, 1996).

IFB3 (C-3) The department continually seeks my feedback.
   • Legare (1996) stated the collection of feedback never ends.

IFB4 (C-4) I, as a customer of the department, believe it is important to provide feedback.
   • This examines how important the individual views feedback.

CFB1 (C-5) The methods established by the department to provide feedback are effective.
   • This examines whether the collection of feedback is important regardless of the method.

CFB2 (C-6) The department seeks feedback face to face.
   • Legare (1996) stated this approach is most effective.

CFB3 (C-7) The department seeks feedback in writing.
   • This is another method for the collection of feedback.

Categorization from the Panel of Experts

| # | O | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 | 5 | 6 | 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | 1 | 1 | 1 | 1 | 1 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 2 | 2 | 2 | 2 | 2 |   |   |   |   |   |   |   |   | 2 |   |   |   |   |   |   |   |
| 3 | 3 | 3 | 3 | 3 |   |   | 3 |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 4 | 4 | 4 | 4 | 4 | 4 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 5 |   |   |   |   |   |   |   | 5 | 5 | 5 | 5 | 5 |   |   |   |   |   |   |   |   |
| 6 |   |   |   |   |   |   | 6 | 6 | 6 | 6 | 6 |   |   |   |   |   |   |   |   |   |
| 7 |   |   |   |   |   |   | 7 | 7 | 7 | 7 | 7 |   |   |   |   |   |   |   |   |   |

This information provides support to retain each item without relocation into a different dimension.

Table K.6 Rationale for Feedback Items