

**The Importance of Internal Marketing
in the Textile Industry
(Guangdong, China)**

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I hereby certify that the work embodied in this dissertation project is the result of original research and has not been submitted for a higher degree to any other University or Institution.

(Signed):

Jacob Lai

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Table of Contents

Acknowledgments.....	iii
List of Tables and Figures	viii
List of Abbreviations.....	ix
Abstract.....	x
Chapter 1: Introduction.....	12
1.1. Introduction.....	12
1.2. Significance Purpose of Study.....	17
1.3. Research Methodology.....	19
1.4. Ethical Issues and Data Storage.....	20
1.5. Outline of the Dissertation.....	20
1.6. Conclusion.....	21
1.6.1. Limitations.....	23
1.6.2. Direction for Future Research.....	23
Chapter 2: Literature Review.....	24
2.1. Introduction.....	24
2.2. Development of Marketing Theories.....	24
2.2.1. Consumer Marketing in the 1950's.....	25
2.2.2. Industrial Marketing in the 1960's.....	26
2.2.3. Societal Marketing in the 1970's.....	26
2.2.4. Service Marketing in the 1980's.....	26
2.2.5. Marketer and the Long Term Relationship.....	27
2.3. Internal Marketing.....	29
2.3.1. The Development of Internal Marketing.....	29
2.3.2. Concept of Internal Marketing.....	30
2.3.3. Key Components of Internal Marketing.....	30
2.3.3.1 Endowed Leadership.....	32
2.3.3.2. Proficiently Trained.....	34.
2.3.3.3. Coherent Communication.....	35

2.3.3.4. Reward Savvy.....	36
2.4. Relation of IM and Other Variables.....	37
(IM Mix, Professional Competence, Job Satisfaction, Business Performance.)	
2.4.1. Professional Competence.....	38
2.4.2. Job Satisfaction.....	41
2.4.3. Business Performance.....	44
2.5. IM is not HRM (Human Resources Management).....	46
2.6. Internal Marketing in Different Industries.....	48
2.7. Textile Industry in China.....	51
2.7.1. The importance of the Textile Industry in China	52
2.7.2. Internal Marketing is important to manufacturing sectors.....	52
2.8. Conceptual Framework and Hypotheses Development.....	56
2.8.1. Framework Development.....	56
2.8.2 Hypotheses and Research Question.....	58
2.9. Conclusion.....	59
 Chapter 3 Methodology	61
3.1. Introduction.....	61
3.2. Research method.....	62
3.3. The Focus Group	62
3.4. Research Design.....	63
3.4.1. Expert Panel.....	64
3.4.2. Sample.....	65
3.4.3. Questionnaire Development.....	65
3.4.4. Data Collection.....	69
3.4.5. Measurement of Constructs.....	70
3.5. Return of Questionnaires.....	71
3.6. Method of Analysis	72
3.7. Ethical Issues.....	72
Conclusion.....	73
 Chapter 4: Analysis.	75
4.1. Introduction.....	75

4.2. Subject Analysis.....	76
4.3. Overview of the Collected Data.....	76
4.4. Results of Hypotheses.....	79
4.4.1. A positive correlation between IM Mix and Business Performance	80
4.4.2. Direct influence of the four IM Mix factors towards business Performance	82
4.4.3. IM Mix, Professional Competence and Job Satisfaction.....	84
4.4.4. Factors of IM Mix and Job Satisfaction.....	86
4.5. Conclusion.....	89
 Chapter 5: Conclusion.....	92
5.1. Introduction.....	93
5.2 Conclusions about hypotheses.....	92
5.3. Implications for theory and practice.....	94
5.3.1. Implications for theory.....	95
5.3.2. Organization policy and Managerial implications.....	95
5.4. Limitations.....	96
5.5. Direction for future research.....	98
5.6. Recommendations to the manufacturers.....	99
5.7. Summary of the overall contribution.....	100

Reference.....	102
Appendix A: Questionnaire (English version)	117
Appendix B: Questionnaire (Chinese Version).....	119
Appendix C: Ethics Approval Letter.....	121
Appendix D: Information Letter (Invitation to participate).....	123
Appendix E: Participant Consent Form.....	126
Appendix F: Translation Verification from HKMA.....	132
Appendix G: Expert Team.....	134
Appendix H: Employment in textile and clothing	136
Appendix I: Supervisor Certificate and Approval.....	138

List of Table and Figure

1.1.a	Source of imports of textiles to the USA	16
1.1.b	Source of imports of clothing to EU.....	16
2.2.	Development of marketing theories.....	28
2.3.	The summary of IM concept development.....	30
2.6.	IM concept used by Different Industries.....	51
2.7.	Summary of the Literature for the research.....	55
2.8.	Conceptual Framework of the study.....	57
4.3.a.	Respondents' Age.....	78
4.3.b.	Respondents' Gender.....	79
4.4.	Correlation result of IM Mix factor and result factors.....	80
4.4.a	Correlation result of variable.....	81
4.4.2.	Empirical results showing the direct influence of the four IM Mix factors towards Business Performance.....	83
4.4.3.	Empirical results showing the direct influence of the four IM Mix factors towards Professional Competence	85
4.4.4.	Empirical results showing the direct influence of the one of the four IM Mix factors towards Job Satisfaction	86
4.4.5.	Empirical results showing the influence of Professional Competence. and Job Satisfaction towards Businesses Performance	87
4.5.	Summary of hypothesis testing.....	91
5.7.	Summary of the Overall Contributions.....	101

List of Abbreviations

AVA	Averaged Variance Accounted for
CEO	Chief Executive Officer
HKMA	Hong Kong Management Association
HRM	Human Resource Management
IM Mix	Internal Marketing Mix
IM	Internal Marketing
PLS	Partial Least Square
QoS	Quality of Service
ROC	Republic of China
SOP	Standard Operation Procedure
SPSS	Statistical Package for Social Science
WTO	World Trade Organization

Abstract

Internal Marketing (IM) indicates that customer needs will be better met by employees, who are aware of both internal and external demands of the organization. IM is the philosophy of treating employees as customers. The benefits of IM can contribute greatly to: firstly, reduce turnover; secondly, increase service quality; thirdly, increase employee satisfaction; and fourthly, improve the ability to implement changes within the organization. IM Mix is a set of controllable elements inside the organization that is used to influence and motivate employees to provide consistent services to satisfy the external customer needs.

This thesis seeks to investigate the importance of Internal Marketing (IM) in textile industry in Guangdong, China; which occupies a very big share of the global production. This dissertation will firstly review literature on the development of marketing theories, including IM in different industries. Second of all, the major components of IM Mix have been juxtaposed against elements of Professional Competence, Job Satisfaction and Business Performance. To justify the importance of IM in the textile industry in Guangdong, China, five hypotheses are tested.

The four major Internal Marketing Mix (IM Mix) factors that employees have shown on this research are namely: Reward Savvy, Proficiently Trained, Coherent Communication and Endowed Leadership. These components were determined by a factor analysis carried out with nineteen variables. After ensuring the reliability and validity of the scales and combining the scales into composite measures, Statistical Package for Social Science (SPSS) and Partial Least Squares (PLS) technique is used to test the interaction between the new constructs and the contribution in relation to Business Performance, Professional Competence and Job Satisfaction.

The empirical research provides strong support for all of the hypotheses; all the data proves the conceptual framework of this research: that IM Mix has a positive effect on Professional Competence, Job Satisfaction and Business Performance. This result indicates that satisfied and competent employees will benefit the organization as a

whole. The project results suggest that both Professional Competence and Job Satisfaction are important factors that influence the company's Business Performance. Future research can be built on this dissertation by considering other source countries, regions or other industries.

Chapter 1 Introduction

Marketing is an essential topic in academic discourse and an important tool in business practice. It has been studied extensively since the 1950's. Kotler defined marketing as a social and managerial process by which individuals and groups obtain what they want and need through creating, offering and exchanging products of value with others (Kotler 1980, 1991). The theory of marketing has evolved over several stages: Consumer Marketing in the 1950's, Industrial Marketing in the 1960's, Societal Marketing in the 1970's, Service Marketing in the 1980's and Relationship Marketing in the 1990's (Egan, 2001, Christopher, Payne and Ballantyne, 1991). All the above helped to set the stage for Internal Marketing (IM).

1.1. Introduction

Traditionally, marketing and management tended to focus on external customers and markets, with an emphasis upon attracting and retaining customers for a profit (Drucker, 1963). But there has been continuing internal resistance to marketing in some organizations, particularly when the pursuit of a marketing organization requires major change (Kotler, 1986). For this reason, IM was proposed as an approach in service management to solve the challenge of constantly delivering high quality service (Gronroos, 1978). The central idea of IM is to prepare the employees to be customer oriented, with the aim to provide a maximally efficient interactive marketing process (Gronroos, 1983).

While the focus has been primarily upon service firms, IM could be equally important in all firms, including manufacturing, non-profit entities and government agencies (Cahill, 1995).

Carlzon (1987) of Scandinavian Airlines was perhaps one of the first to recognize the importance of IM, referring to IM almost emotionally as the “moments of truth” for the organization. Prasad and Steffes' (2002) research with Continental Airlines indicated that every customer interaction immediately poses a “create or destroy” situation for the credibility of the business. To improve performance, the use of IM plus additional incentive schemes was proposed.

Crick (2003) carried out a campaign of IM in tourism in Caribbean areas like St. Lucia, Jamaica, and the Bahamas. These areas depend heavily on the tourism industry, and the success of the industry is dependent upon the attitude of the region. Crick (2003) set up an IM campaign to correct slack in attitude and targeted small groups for intensive training. He integrated the IM concept with five (5) types of attitude matrices, but it was found that none of the three countries could obtain lasting success even though the results showed promise. Because of this result, he suggested that further efforts should be implemented.

A research project on IM practice in Taiwan's international hotels (Hwang & Chi, 2005) presents empirical results on the correlations between IM and employee Job Satisfaction and Organizational Performance. The research reveals that IM upgrades employee Job Satisfaction, and in turn improves the organizational performance. IM has positive impact on both employee Job Satisfaction and Performance of the enterprise.

In a research on bank management (Caruana and Calleya, 1998), the concepts of IM and organizational commitment were discussed. Suitable measures were identified, and the research was conducted amongst managers of a retail bank. The findings confirm a significant relationship between IM and organizational commitment.

Quester and Kelly (1999) explored IM practices in the Australian financial sectors through a mail survey. The results showed that a large proportion (68%) of Australian financial sectors used IM in practice. Also, large companies are more willing to use formal IM measures such as awards, company newspapers, training seminars and programs.

Lovelock (1983) considered service employees as critical because the product being provided in a service company is performance. The service interactive process is crucial as it enables the development of long-term relationships, thereby assuring customer retention and long-term success.

All these studies indicate the importance of IM in various service sectors. It was Ahmed, Rafiq, and Saad (2003) who first reported that research in Malaysian

manufacturing sectors had a positive outcome. The report also indicated a need for future studies to be replicated in order to establish the reliability of the measurement instruments that had been used.

There are similarities between China and Malaysia, such as GDP per capita. In US Dollars, China's is \$7,600 and Malaysia's is \$12,700 which are both much lower when compared with that of developed countries such as \$43,500 for the USA and \$31,400 for Germany. GDP composition by sector is also similar: Malaysia's is 8.3% agriculture, 48.1% industry and 43.6% service, while China's is 11.9 % agriculture, 48.1 % industry and 40% service. Both contrast similarly and markedly with the USA with agriculture accounting for only 0.9%, industry 20.4% and service 78.6%. (The Fact Book, web search on Jan, 21, 2007)

Furthermore, comparing the labor force by occupation, both countries have more people in industry: 45% of the labor force of China is in agriculture, 24% in industry and 31% in service, while in Malaysia 14.5% is in agriculture, 36% in industry and 49.5% in service. Other similarities between China and Malaysia are that both export more than import and both have the United States as the major export partner. Malaysia has exports of US\$ 158.7 billion and imports of US\$ 127.3 billion (year 2006 est.) while China has exports of US\$ 974 billion and imports of US\$ 777.9 billion (year 2006 est.). Malaysia has 44% (10.73 million out of the total of 24.38 million) of the total population in the labor force and China has 60% (798 Million of 1,313 million) of the total population in the labor force. These indicate the importance replicating research on the importance of IM in the manufacturing industry of China. (Web search to The Fact Book on Jan21, 2007 on <https://www.cia.gov/cia/download2006.htm>).

Ahmed, et al. (2003) had indicated the limitation of IM research in that there is little agreement on what mix of policies can be used effectively to influence employees so that they are motivated and act in a customer-oriented fashion. In the research of Ahmed et al. (2003) a model is postulated that applies marketing-like philosophy and use marketing-like tools inside the organization.

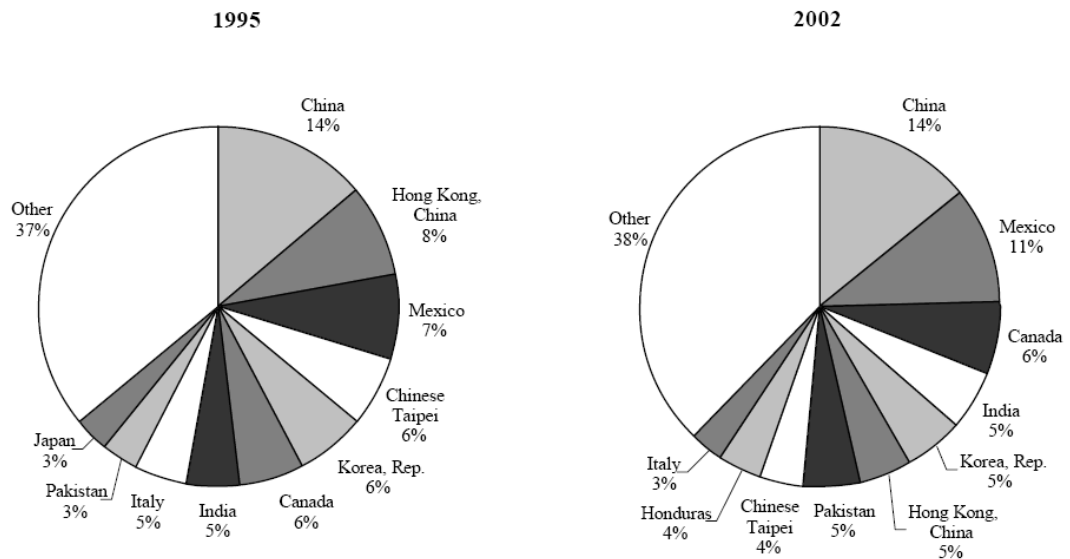
Gronroos (1985, p.43) urged that IM must consist of a work environment that will motivate employees to respond to management's demands. The present study takes a

similar approach as both start with IM Mix and organizational competencies, and they both try to view the organizational competencies associated with IM Mix in relationship to business performance. The success of these findings provides a basis for research into the importance of IM in the Textile and Clothing industry in Guangdong, China.

The Textile and Clothing industry is one of the oldest industries in the world which fulfills basic human needs. Textiles and associated industries also constitute one of the largest sources of employment in the world (Gale and Kaur, 2002). Figures 1.1.a. and 1.1.b. show a World Trade Organization (WTO) staff report, Nordas (2004), that China is one of the world's largest Textile and Clothing exporters to the USA and EU and is significant when compared with other countries. China and HK account for 19% of textiles imported to USA and 28% to the EU. In the year 2002, 4.7 million people worked in the Textile and Clothing industry in China, compared to Indonesia with 0.46 million workers and Mexico with 0.68 million workers. These data show the significant employment capacity of the industry and its general importance.

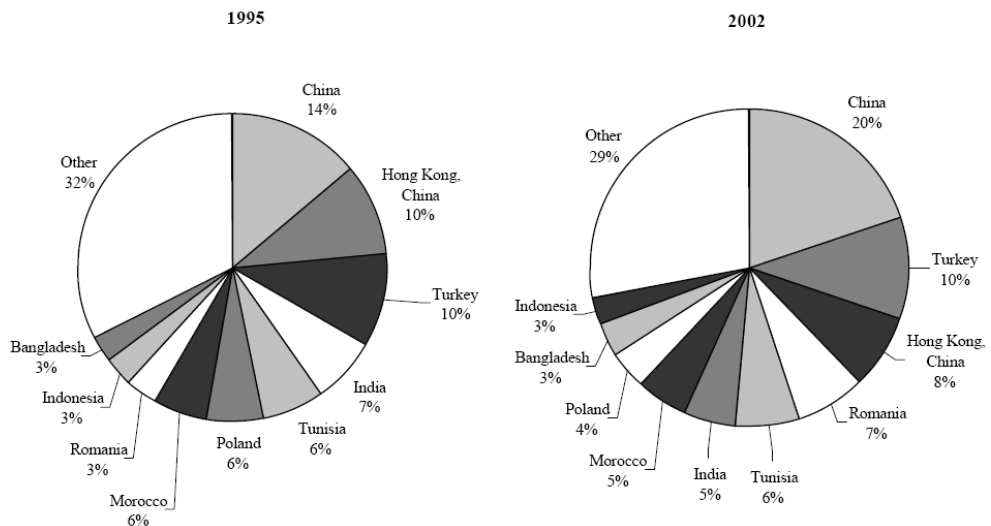
As the Textile and Clothing industry is typically labor intensive, worker performance (which is influenced by skills and attitudes) directly determines productivity. Based on all these considerations, it was assumed that it would be meaningful to research the significance of IM in the textile industry of Guangdong, China

Figure 1.1.a
Source of imports of textiles to the USA



(Adapted from Nordas (2004) The global textile and clothing industry post the agreement on Textiles and Clothing).

Figure 1.1. b
Sources of imports of clothing to EU



(Source: Nordas (2004) The global textile and clothing industry post the agreement on Textiles and Clothing).

1.2. Significance Purpose of Study

From the proposed concept of IM, it is hypothesized that the application of IM will be useful in the manufacturing sectors. Because there is no reported research of IM in the manufacturing industry in China, it would be meaningful and useful to fill this gap. The author's choice of researching the Textile and Clothing sector originated from his experience and familiarity with this business.

The research question: Do IM Mix factors significantly influence Professional Competence, Job Satisfaction and Business Performance of an organization?

During the research, it was significantly noted that IM substantially improved employee Professional Competence and Job Satisfaction. In turn, Professional Competence and Job Satisfaction stimulated employee work effort and the company's Business Performance. The result is logically related to the labor-intensive nature of the Textile and Clothing industry.

Initial research on IM and the development of the IM model was conducted within the service industry where the hypothetical relationship between satisfied employees and satisfied clients and then, in turn, Business Performance was fairly self-evident. Employees who had been marketed to were more likely to in turn effectively market to clients which would then enhance Business Performance.

The theoretical link between IM and Business Performance in the manufacturing sector was less clear. However, the pivotal study of Ahmed, et al. (2003) presented evidence in the manufacturing sector for just such a positive relationship. Though pioneering, the findings of Ahmed's group call for further study in a broader context. For one, their research stands as the only significant study in the manufacturing sector and, thus, inherently calls for replication and verification. Secondly, their study was conducted entirely within Malaysia. Previous studies have suggested that differences in the market environments of different countries may influence the types of strategies developed and adopted by companies as well as the impact these strategies have on Business Performance (Freeman and Schendel, 1974). Whether Ahmed et al.'s findings could be extrapolated beyond the isolated context of Malaysia remained to be

discovered. Replication of their findings in a developed country such as the United States or in a rising economic power such as China (as proposed in the present study) would go far to generalize their broad applicability. Thirdly, the manufacturing sector is not monolithic. How well IM worked in specific segments of the manufacturing sector remained to be determined. The present study addresses the question of how well IM works in the textile industry in China. Findings in the textile industry might in turn shed light on how well IM practices will fare in other labor intensive industries. Fourthly, establishing the efficacy of IM in a significant segment of the Chinese economy could have far reaching practical benefits for the Chinese economy specifically and Asian economies in general. This consideration in and of itself provides additional justification for this study.

Finally, this study refines the construct developed by Ahmed et al. (2003) of a relationship between IM Mix and Business Performance to a more complex model of interactions between IM Mix, Professional Competence and Job Satisfaction. For all these reasons it is proposed that the present study closes a significant research gap and is thus justified.

This dissertation researches and surveys the level of application of IM factors on Business Performance in the Textile and Clothing sectors. The results serve as a tool to identify a positive relationship between Internal Marketing Mix (IM Mix) and Business Performance, thus proving the effectiveness and importance of IM. In the context of the Textile and Clothing industry in Guangdong, China, the results and findings will extend the existing literature and also elucidate how Business Performance can be influenced by variables such as organizational commitment, market-oriented philosophy and market-oriented tools. In the existing literature, variables such as Professional Competence and Job Satisfaction were frequently mentioned and researched. They are related to both IM Mix and Business Performance, so it is hypothesized that IM Mix influences Professional Competence, Job Satisfaction, and Business Performance.

1.3. Research Methodology

There are two major approaches to theory development -- deductive theory testing and inductive theory building (Bonoma, 1985; Parkhe, 1993; Romano, 1989). From surveying the concept and development of IM theory and the research of IM in different industries, the effect of applying IM in the Textile and Clothing industry will be deduced. Five hypotheses will be developed. To verify these hypotheses, a quantitative approach is necessary if a survey is to be used and this is the methodology of this research.

The questionnaire method was chosen to conduct the survey because it offers an advantage in obtaining data efficiently in terms of research time, energy, and costs. Variables were chosen from previous research, and the questionnaire was translated into Chinese to accommodate the literacy of manufacturing employees in the Textile and Clothing factories in Guangdong, China. Because the questionnaires were dispatched through middle level management, all the questionnaires were returned and 472 out of 500 questionnaires are valid for use. This response is considered to be very good. To avoid exposing the identity of respondents and their personal details, the questionnaire was anonymous. To ensure the reliability and effectiveness of the survey, all questionnaires were numbered after they were collected. In the following analysis, it was noted that surprisingly the respondents gave very positive answers; all measures were given high scores. The highly positive results may have been the result of improved management due to the IM practices implemented. However, it is noted that respondents are from the Pearl River Delta of Guangdong Province, a developed area in China where there has been a shortage of labor recently. This labor shortage, especially the lack of skilled workers, has required employers to treat and train workers better. These practices of these employers are coincidentally similar to IM Mix.

In the year 2006 (January to November), the total value added to industry in China amounted to RMB 7,789,100+ Million (USD 973,673 Million). The highest three growth regions were Shandong, Guangdong and Jiangsu; Shandong engaged 13%, Guangdong 12.5% and Jiangsu 11.8%. The fourth was Zhejiang (6.6%). These data indicate the importance of these areas. Because it was too large a constraint to carry

out a nationwide research project, Guangdong was selected as its location made it readily available and approachable by the researcher. Because of this limitation of the study, it is recommended the research be carried out in the future in other parts of China to fill the gap. (Data from National Bureau of Statistics of China, web search http://www.stats.gov.cn/english/statisticaldata/monthlydata/t20061215_402373179.htm, on Jan 10, 2007)

For data analysis, the Statistical Package for the Social Sciences 13.0 (SPSS 13.0) and Partial Least Squares (PLS) was used. It was found that Business Performance, Professional Competence, Job Satisfaction and IM Mix are significantly and positively related, proving that the more IM Mix is applied, the more positive the Professional Competence and Job Satisfaction will be, and thus enabling an increase in the company's Business Performance.

1.4. Ethical Issues and Data Storage

This research project obtained ethics clearance approval from the Ethical Committee, Faculty of Business and Law, University of Newcastle before proceeding. All questionnaire responses are anonymous and the respondents could decide to fill out the questionnaire or withdraw at any time. Consent forms from the participants were obtained after an information letter was sent and the human resources (HR) department of their organizations had approved to distribute the questionnaire. Since the questionnaire did not involve any personal identification and the data obtained will be stored in a locked area for three years before being shredded, the data is considered as safely stored. Until then, access to the data is limited to the researcher, the supervisor and the examiners.

1.5. Outline of the Dissertation.

Chapter 1 sets out the foundation of this dissertation, provides background on the research problems, and explains the ethical issues that arise. Chapter 1 also briefly introduces the concept of IM and IM Mix. Justification for the research was provided and the methodology was briefly described. Chapter 2 will review the literature

dealing mainly IM and IM Mix, the Textile Industry in China and issues surrounding Marketing, Internal Marketing, and Manufacturing in China. Chapter 3 describes and justifies the research methodology employed. Chapter 4 reports the results of the study. Finally, Chapter 5 draws conclusions from the results of the analysis and describes the implications of these results. The limitations of the research and the possible areas that require further research are also considered.

1.6. Conclusion

Within the theoretical framework, variables that are identified which may affect the organization's Business Performance are IM Mix together with Professional Competence and Job Satisfaction.

In the later chapters, there will be detailed explanations of statistically significant relationships found among IM Mix, Professional Competence, Job Satisfaction and Business Performance. Hence all the hypotheses will be confirmed.

The results of these hypotheses illustrate a positive relationship. Three hypotheses link Business Performance, Professional Competence and Job Satisfaction as positively related to IM Mix. The results are consistent with the IM literature reported for other fields. It seems clear that the two extremes of Professional Competence and Job Satisfaction (higher/lower, IM/non-IM) have appropriately different effects on Business Performance.

The results highlight the important role of IM Mix in improving Business Performance in the Textile and Clothing industry in Guangdong, China. The findings also reveal that both Professional Competence and Job Satisfaction are critical factors for Business Performance.

From a managerial point of view, the thesis has several significant consequences. Firstly, the thesis has verified the importance of developing Professional Competencies in order to improve Business Performance. In particular it shows that customer/market orientation and specific/individual competencies are predominantly vital in influencing Business Performance. The support for customer/market

orientation reconfirms the findings obtained in the market orientation literature (e.g. Narver and Slater, 1990).

1.6.1. Limitations

The limitations of the study are fairly self-evident. Both the IM and Business Performance constructs require further theoretical and empirical refinement. The respondents who provided data are mostly production oriented (they work in the factory but not in an office), which might lead to some limitations. Though possibly of some importance, the effects of educational background of the respondents was not investigated in this research as most of the factory employees could be assumed to be at a similar middle educational level. While education background might affect responses, that is an issue for another study. In addition, this study was confined to only five factories in two cities in Guangdong, China, and any attempt to generalize its application to other locations or sectors of the textile industry must be done with caution.

1.6.2. Directions for Future Research

This study builds and tests a conceptual framework for IM; the present findings are, therefore, indicative rather than conclusive. Nonetheless, this study suggests that further research into the future of IM in manufacturing sectors may be advantageous.

Firstly, it would be useful to assess the possibility of adapting the IM model developed in this study to other contexts such as in marketing in the manufacturing sectors. With additional explicative and creative research, a more comprehensive conceptual framework relating to IM could be developed in the future.

Secondly, although the results of this study do provide support that IM Mix has a positive influence on Business Performance, it is important to note that Business Performance is a multidimensional construct that may be characterized in a number of ways, including effectiveness, efficiency and adaptability (Walker and Ruekert, 1987). Therefore, it would be useful to explore the complexities of the relationship between IM Mix and alternative dimensions of Business Performance in future studies.

Thirdly, the determinants (i.e. antecedents) of IM Mix also require both theoretical and empirical investigation; after all, managers need to know how they can be instrumental in shaping the IM Mix of their firms.

Fourthly, previous studies have suggested that differences in the market environments of different countries may influence the types of strategies developed and adopted by companies as well as the impact of these strategies on Business Performance (Freeman and Schendel, 1974). Future studies may examine the moderating effect of environmental factors, such as market turbulence, competitive hostility and market growth on the association between IM Mix and Business Performance.

Fifthly, previous studies also proposed new ways of classifying services using market-relevant variables (Erramilli, 1990), such as contact and service tangibility (Patterson and Cicic, 1995) and divergence and service complexity (Shostack, 1987). Future studies should examine the effect of IM Mix on Business Performance across different service categories.

Finally, the variables outlined in this study could be utilized to repeat a similar study to examine their usefulness in the textile industry in other developing nations around the world.

Chapter 2 Literature Review.

2.1. Introduction

The objective of this chapter is to explore theories which allow a deeper understanding of the concept of IM, to analyze literature relevant to IM in the context of this study and to develop the research gap and research hypotheses. Initially, this chapter introduces the development of marketing theories, including Consumer Marketing from the 1950's, Industrial Marketing from the 1960's, Social Marketing from the 1970's, Service Marketing from the 1980's, Relationship Marketing from the 1990's (Egan, 2001, Christopher, Payne and Ballantyne, 1991), and the latest development, Internal Marketing (IM).

More significantly, however, this chapter discusses literature relating to IM and discusses different academic viewpoints, measures and main functions of IM. Furthermore, this section gives a brief review of some of the industries that have been using IM to improve work efficiency and effectiveness. Lastly, this section attempts to identify the role of IM in the textile industry in Southern China (one of the major manufacturing sectors in Greater China) which has received little attention in books and journals. In doing so, this thesis seeks to illustrate the significance of IM in the textile industry in this region.

To investigate the importance of IM in the textile industry in Guangdong, China, the development and characteristics of the textile industry should be discussed. In order to identify the variables that are related to IM Mix and Business Performance, a broad search of the literature was carried out, ranging from work which focused on more traditional marketing theories to organizational culture and economic environments.

2.2. Development of Marketing Theories

In spite of its complicated and disputed definition, academically, marketing is an activity carried out by individuals and organizations to achieve certain personal and social ends. The Chartered Institute of Marketing defines marketing as “the

management process that identifies, anticipates and satisfies customer requirements profitably.” Also, it is said that marketing is the human activity directed at satisfying human needs and wants through an exchange process. As Kotler put it, ‘marketing is a social and managerial process by which individuals and groups obtain what they want and need through creating, offering and exchanging products of value with others.’ (Kotler, 1980 and 1991).

The history of marketing has gone through several different stages. The first significant stage is the Consumer Marketing of the 1950’s. In this period, concepts, models and strategies were concentrated primarily on corporate manufacturers and their consumer brands. Industrial Marketing followed in the 1960’s. Many researchers suggested that Industrial Marketing involved not only managing exchanges between companies but complex human interactions as well. Subsequently, Societal Marketing in the 1970’s and Services Marketing in the 1980’s were developed. With the shift from production-led economies to service-led economies in most western countries, this rapidly changing situation emphasized and increased the importance of service. This led to the significance of Relationship Marketing in the 1990’s (Egan 2001, Christopher, Payne and Ballantyne, 1991). In this period, it was recognized that there was a need to transform marketing from a narrow set of functional skills to a broader business orientation where delivery of ‘superior customer value’ was a key objective (Christopher, 1996).

2.2.1. The Consumer Marketing and the 1950’s

After the Second World War, especially the years after the 1950s, marketing became managerial. Marketing was seen as compulsory to “achieve corporate goals”. Scholars focused on how to give advice to managers on methods to maximize profits by selecting better target customers. At the same time, some scholars adopted a societal perspective, but the objective was the same -- evaluating managerial actions and making normative suggestions on how to influence such actions for the benefit of the society.

2.2.2. Industrial Marketing in the 1960's

In 1969, Kotler and Levy revolutionized marketing scholarship. They argued (Kotler and Levy 1969a) that 'marketing is a pervasive societal activity that goes considerably beyond the selling of toothpaste, soap, and steel.' They argued that marketing is a pervasive activity carried out by many organizations in the conduct of many activities.

This concept did not fare well with scholars who argued that the definition was too broad. They contended that marketing should at a minimum involve markets where economic transactions occur and that expanding the definition would dilute the concept. Nonetheless, the broader concept quickly obtained wide academic recognition.

2.2.3. Societal Marketing in the 1970's

In the early 1970s, Nickels (1974) surveyed 74 marketing professors and found that 95% thought that the scope of the field should be broadened in the ways Kotler and Levy proposed (Nickels, 1974). Furthermore the 'broadening movement' focused attention on what the actual concept of marketing should be.

Then Kotler (1972) coined the term "Consciousness 3" to advance his argument that his view of modern marketing is a natural progression and that it follows from (1) a definition that limits the field to market transactions as a business subject (Consciousness 1) and (2) a broader definition that allows organization-client transactions that do not involve money (Consciousness 2). Consciousness 3 explains that an organization should not only be concerned about the consuming public, but should take a boarder view to encompass the entire public (Kotler 1972). The debate continues. Bartels (1974), a marketing historian, stated that the field was in an "identity crisis" needing to determine whether marketing was defined by its technology (the Kotler-Levy position) or by the class (or classes) of behaviors toward which it was directed (the Luck position). After years of debate this so-called "technology school" has dominated the opinions of most scholars, especially after the year 2000.

2.2.4. Service Marketing in the 1980's

Some marketers argued that service marketing is more important. They argued that service which is not tangible is more difficult to market than a physically distinct

product. Hence they believed that there is a need for using tools like training, standard setting and quality assurance (Smith, 1998). This model matches the IM concept in principle.

Kotler (1972) saw marketing as a technology. He asked what it would mean if one applied it to non-economic settings (Elliott, 1991). In a frequently quoted argument, Kotler (1971) and his colleague Zaltman (1971) explored what it would mean to apply the technology to social issues thus defining "social marketing" (Kotler and Zaltman, 1971). At the same time, Kotler and Levy (1969) pondered whether it was possible to dispense with the troublesome noun "market" altogether. Their proposed solution was to say that what marketers really do is "furthering" and that this might be a better way to think about – and perhaps define – the concept (Levy and Kotler, 1969b). It turned out that marketing academics were willing to broaden themselves but not to re-label themselves as "furtherer" and the term never caught on (Nickels, 1974). However, the term "social marketing" was used for quite some time.

Over the next thirty years, the issue became non-controversial. More and more people accepted the term "social marketing". Indeed, non-profit organizations also became aware of the techniques of marketing. Marketing books were published for business schools in the United States (Kotler and Andreasen, 1996; Rados, 1996) and elsewhere abroad (Sargeant, 1999) as well as for marketers (Radtke, 1998). Journals of all kinds, not only limited to marketing journals, published more articles regarding non-profit marketing issues, (Kotler and Fox, 1995); economic development items (Kotler, Jatusripitak and Maesincee, 1997); the arts (Kotler and Scheff, 1997); places (Kotler, Haider and Rein, 1993) and social marketing (Andreasen, 1995b; Kotler and Eduardo, 1989; Fine 1990; Manoff, 1985).

2.2.5. Marketer and the Long Term Relationship.

Traditional marketing goes through the process of awareness of a product to the process of obtaining first time customers, while relationship marketing goes beyond that and emphasizes the importance of customer loyalty and long-term customer relations in order to make businesses successful in the fierce competitive marketplace (Egan, 2001; Kotler, 1997). Before 1969, scholars were concerned more with

commercial activities. These practitioners were more focused on the delivery of goods and services that they felt directly linked to profits. Theories were more descriptive explaining marketing as “a basic activity that was carried on by entities in societies” so as to build long term relationships with customers. Table 2.2 lists the development of marketing theories in order for readers to more easily grasp their evolution.

Table 2.2
Development of marketing theories.

Researcher	Key concept	Cited
Kotler & Levy, 1969, Gerald Zaltman, 1971; Kotler & Zaltman, 1971	Marketing is a pervasive societal activity.	2.2.1.2
Kotler, 1972,	Consciousness 1-3 and marketing is a natural progression.	2.2.1.2
Bartels, 1974 Nickels, 1974	Marketing defined technology or by class, (and technology school had won the debate).	2.2.1.2
Sasser, 1976	A good services company must first sell the job to the employees before selling to external customers.	2.6.2
Christopher, 1996	Superior customer value was a key objective of business.	2.2
Rafiq & Ahmed, 1993	The concept of market orientation, service culture & empowerment of service providers	2.2.2
Bak, Vogt, George & Greentree, 1995	Team approach can be used in manufacturing	2.2.1.3
Andreasen, 1995b; Kotler & Roberto, 1989; Fine 1990; Manoff, 1985 Zaltman, 1971	Apply the technology to social issues and call it social marketing,	2.2.1.3
Ewing & Caruana, 1999	The relationship between IM and Human Resources effectiveness; the introduction of the strategic human resource effectiveness scale.	2.4
Egan, 2001; Kotler, 1997	Relationship marketing, for long term customer relations.	2.2.1
Egan 2001; Christopher, Payne & Ballantyne, 1991	Relationship marketing	2.2
Kitchen & Daly, 2002	Explores the link between internal communication and the successful execution of a change in management; a survey of 11 items.	5.7

Berry & Parasuraman, 1991; Ahmed & Rafiq, 2002; Bateson, 1991; Ewing & Caruana, 1999	The difference between HRM (Human Resource Management) and IM; more importantly, clearly points out that IM is not HRM.	2.5
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2.3. Internal Marketing.

Though it would be useful to define IM, no single unified definition of IM exists (Rafiq & Ahmed, 1993). Review of the concept suggests that IM can be related to a number of aspects, including ‘market orientation’, ‘service culture’ or even ‘empowerment of service providers’. However, since the term is defined by marketing and management literature, the aim of IM is to promote customer consciousness amongst employees in order to improve customer satisfaction via employee-customer interactions.

2.3.1. The Development of Internal Marketing.

Based on the development of marketing theories, IM has emerged as the latest trend in marketing. IM was originally proposed in the early 1980s as an approach to service management to solve the problem of ensuring consistent delivery of high service quality (Gronroos, 1978). The concept of IM starts with the assumption that the quality of the employees affects the overall quality of the service by reason of the labor intensive nature of most service providers (Burton, 1994). The core principle of IM is to prepare Proficiently Trained employees to be customer oriented on the premise that this customer-orientation consciousness will lead employees to market in day-to-day activities and thereby consistently provide quality service to the customers (Gronroos, 1983). In order to achieve this goal, early researchers in the field tried to argue that the focus of IM should be on the issues of employee motivation and satisfaction (Ahmed and Rafiq, 2002), and the objective should be to create an internal environment in which customer-orientation consciousness proliferates amongst employees. This market-oriented management process entails the application of traditional marketing concepts and the associated marketing mix directed inwardly. The employees are treated as customers of the organization in order to improve

corporate effectiveness by improving IM relationships (Helman and Pane, 1992). The underlying idea of IM is that employees are viewed as internal customers and jobs as internal products. Job products must attract, develop, and motivate employees thereby satisfying the needs and wants of these internal customers while addressing the overall objectives of the organization (Berry, 1981; Berry and Parasuraman, 1991). Table 2.3 summarizes key IM concepts and associated researchers for the purpose of providing readers with an overview.

Table 2.3.
The Summary of IM concept development.

Researcher	Key concept	Cited
Helman & Pane, 1992)	Employees should be treated as customers of the organization in order to improve corporate effectiveness by IM	2.2.2.1
Mitchell, 1992	The role of IM and define error signals inside the organization.	2.3.3.4.
Greene, Walls and Schrest, 1994.	Viewing employees as internal customers, serve the employees in advance before serving the external customers	2.2.2.2;
Foreman & Money, 1995	Identify components of IM	2.2.2.2; 2.3.4.
Caruana & Calleya, 1998	Effect of IM on organizational commitment among retail managers, a concept of IM fosters organizational commitment.	1.1 1.1 2,3,3,4,
Griffin,, 2002	Strategic planning for IM and communication of facilities management. Use IM to execute the Strategic plan in the organization.	2.3.3.3.

2.3.2. Concept of Internal Marketing.

There is always continuing internal resistance to marketing in some organizations, particularly when the pursuit of a market oriented organization would require major change. Leaders always overlook barriers within the organization, and this explains why the results often do not materialize as expected (Peircy, 1995). Leaders of the organization must first achieve consensus and harmony, so that internal barriers can be removed before they can confidently serve and satisfy external customers. Therefore, it is essential to promote the firm and its products to the employees, as well as to apply its philosophy and practices internally so as to serve the employees in advance before serving the external customers. The central concept is to view employees as internal

customers (Greene, Walls and Schrest, 1994).

It has become clear that successful marketing can only be implemented if the firm is involved not only in external marketing but also in internal marketing. A successful service company must first sell the job to employees before it can sell its services to customers (Sasser, 1976). This is the principle concept for IM researchers to investigate.

In this sense, the satisfaction of internal customers is important to the success of a service company. Indeed, Rosenblunth and Peter (1992) have argued that the needs of the customers should come second to those of employees, as customer needs will only be successfully met after those of employees have been satisfactorily achieved. Another important measure of IM is to increase the organizational commitment to employees, which in turn should result in increased Job Satisfaction, increased Job Performance and lower turnover of staff. Consequently, IM facilitates the interactive process and improves the awareness of workers in terms of productivity, efficiency and effectiveness.

2.3.3. Key components of Internal Marketing.

Most of the research on IM so far has been embryonic, descriptive, or prescriptive, and there is some confusion over what IM actually is, especially regarding its role and how it can be implemented. Therefore, understanding of the key components is essential. It is notable that most of the works already published come from American writers, for example Berry (1991) and George and Gronroos (1989), although Morgan of the Nordic School of Marketing has shown considerable interest in this topic. The development of a marketing orientation is intended to create an internal environment for flexibly responding to the continuously changing market place. Contemporary thinking regarding IM points out the tendency toward territorial or functional claims in which IM is increasingly recognized as a broad concept with cross-functional origins and concerns. Walker and Ruekert (1987), in discussing marketing's role in implementing business strategies, conclude that marketers may have different roles in different parts of the organization, which should be market-driven but not necessarily always marketing-driven (i.e. controlled by marketers using marketing tools such as

advertising). Essentially, IM is concerned with engendering market-oriented management (Gronroos, 1983) in which marketing is not a function but rather a way of doing business (McKenna, 1991). The role of IM encompasses different elements including empowerment, incentive systems, interfunctional coordination, physical environment, senior leadership, organizational structure, training and development, internal communication, strategic rewards, operational change and process changes, etc. (Ahmed, et al. 2003). Despite the absence of an implementation framework in the IM literature, a number of key elements defining IM Mix (or the controllable elements inside the organization that can be used to influence and motivate employees) can be identified from the IM literature. These elements have been identified as communication, training, education (Gummesson, 1991) and as motivating and developing, educating or training employees (Gronroos, 1985; Cahill, 1995; Foreman and Money, 1995; Varey, 1995a). Other components have been recognized; Foreman and Money (1995) identified three components of IM as rewards (rewarding and motivating employees), development, and providing a vision; Tansuhaj, Randall and McCulough (1988) have specifically mentioned employee training, motivation, communication and retention efforts; Ahmed et al. (2003) have defined IM Mix as strategic reward, internal communication, training and senior leadership. However, four key components of IM Mix identified by this research include Endowed Leadership, Proficiently Trained, Coherent Communication, and Reward Savvy.

2.3.3.1. Endowed Leadership

Endowed Leadership is one of the key components in IM. Leadership is the activity of leading or the ability to lead (<http://cdict.freetcp.com/eedict.cgi?word=leadership>, web search, Jan, 27, 2007). Leadership provided the means for continued existence of the group during much of human evolution which was characterized by warfare (Avolio, Sosik, Jung, and Berson, 2003, p.287). Leadership is a real and vastly consequential phenomenon and perhaps the single most important issue in human science. Joyce, Nohria, and Roberson (2003) report that CEOs account for about 14% of the variance in firm performance. To put this number in perspective, industry sector accounts for about 19% of that variance (McGahan and Porter, 1997). In addition, Barrick, Day, Lord, and Alexander (1991) show that, compared to average performing executives, high performers add an additional \$25 million in value to an

organization during their tenure (see also Day and Lord, 1988, and Thomas, 1988, for evidence regarding the financial impact of leaders on organizations). The pursuit of IM will depend on the attitude of managers to their employees; many managers assume that they know what employees want and know how to satisfy them properly, but this is usually not true. Employees may expect different needs to be satisfied than those assumed by the leader. Managers should pay close attention to their subordinates' feelings so as to understand their strengths and weaknesses. An Endowed Leadership provides cohesiveness for the group, gives direction, and resolves conflicts among subordinates. All of these services lead to better performance. To varying degrees of success, Endowed Leadership can inspire the followers to work together toward a common goal. To do so, they have to rely on corporate training to help their subordinates adjust to the corporate culture so as to work hard to achieve goals as a team.

Following is a discussion of leadership characteristics that contribute to Endowed Leadership. Influence is the essence of leadership. Leaders can exert five forms of power as influence tools to become effective leaders: reward, coercive, legitimate, expert and referent. The Big Five personality traits have been identified as urgency, conscientiousness, agreeableness, adjustment and intelligence (Yukl, 2001). Elements of successful leadership that have been highlighted as the most pertinent include energy levels and stress tolerance, self confidence, internal control orientation, emotional maturity and integrity. Leadership can be obtained through formal training, developmental activities and through self-help activities. There is a trend in valued leadership characteristics away from an emphasis on planning, allocation of responsibility, problem solving, creating routines and maintaining equilibrium, power retention, creating compliance, emphasizing contractual obligations, detachment and rationality, monitoring and outreaching toward more attention to vision, articulation, infusing others with the vision, motivating and inspiring, creating change and innovation, empowerment of others, stimulating extra effort, attachment and intuition and, lastly, anticipating change in the environment. There is more and more concern regarding unethical practices (Bryman, 1993). Endowed Leadership encompassing all of these traits will be essential to the Textile Industries as it is a labor intensive business.

2.3.3.2. Proficiently Trained

The third key component is Proficiently Trained. Wikipedia (2007) defines training as acquisition of knowledge for professional development. Training is used in all types of institutions. In the military, training is learning to use weapons for survival skills whereas in the workplace, training is employed to develop more productive workers. In general, once hired, employees participate in a training program which supplies them with a view of the organization, so they can understand the importance of their job to the organization. In manufacturing firms, marketing managers are primarily responsible for external marketing. The external marketing training normally focuses on technical, functional or physical components of the marketing mix, such as pricing, promotion, personal selling and product development. The training must be professional as well as proficient and should be designed to train marketing managers to become senior managers at different levels. As employees acquire professional Proficiently Trained, they perform better. Important in determining employees' attitudes and behavior is their understanding of the leadership style (Bowen, 1990; Hartline and Ferrell, 1996). Proficiently Trained gives subordinates the know-how to perform better. To be a successful manufacturing company, a firm should not only pay close attention to training its employees to solve corporate and production problems, it must provide a clear vision, match individual goals to the corporate goals, and also help its employees adjust to work proactively with positive attitude and high morale.

Therefore, Proficiently Trained is a very important tool for changing the organizational culture and attitude. Through interactive communication, misunderstandings between employees and their managers can be minimized. Also, employee loyalty and satisfaction can be raised because employees have a better sense of belonging to and understanding of the company for which they work. By understanding the desires of the employees and the expectations of the company, external expectations can be achieved. It is accepted that employee dissatisfaction comes mainly from misunderstanding. Hence, training is important to solve this problem as it provides a good environment for employees to acquire corporate information and expectations. More importantly, employees can learn how to solve problems and to deal with crisis through corporate training, which in turn contributes positively to employee

satisfaction. If a company can create a mechanism to encourage employee proactive involvement in setting corporate targets, employee morale can be remarkably enhanced, and goals will more likely be reached.

2.3.3.3. Coherent Communication.

One of the key components of the IM strategy is Coherent Communication. Employees need to know that they will be measured on how well they perform their duties and that it is worthwhile to perform their duties well (Berry and Parasuraman, 1991). If an organization makes major changes to its Vision, Mission and Values, Coherent Communication would facilitate awareness and understanding of the changes. If employees know more about the reason for these actions, results will be achieved more effectively and return will be greater for the effort (Dummore, 2002). Griffin (2002) emphasized IM and communication in facilities management and indicated the importance of IM for strategic management. Terry indicated the importance of communication and emphasized that marketers should try to enhance internal communication (Terry, 2003).

A lack of communication will, in the worst case, eventually result in a decrease in role clarity and an increase in job tension and a decrease in Job Satisfaction (Chow, Kash and Rogers, 1994). According to Simms (2003), it is estimated that companies devote less than 1% of their marketing and branding budget to internal communication. It follows that budgeting for internal communication does not have high priority with company leaders. Ironically, however, employees and the instruments of an internal Coherent Communication policy are indeed of the highest importance (Hoffman and Stauss, 2002) with Coherent Communication having become a critically important tool for modern managers. These considerations are especially true when implementing the IM concept in order to facilitate successful management of change.

2.3.3.4. Reward Savvy.

Another important factor in the IM Mix is Reward Savvy. The reward should be closely related to employee motivation and performance. There is considerable literature presenting evidence of a relationship between Job Satisfaction and organizational climate (e.g. Downey, Hellriegel and Slocum, 1974; Payne, Fineman and Wall, 1976). Reward satisfaction is a key factor toward employee overall satisfaction with the company. The feeling of not being recognized for a job well done is likely to evoke a negative attitude toward the organization (Tornow and Wiley, 1991). Mitchell (1992) pointed out that the role for IM is to change negative attitudes towards marketing.

To be effective, any reward system should support organizational goals, be easy to execute, encourage cooperation, and have a positive influence on performance. Briefly, effective rewards are key to achieving the strategic goals of a company. Berry (1981) states that IM can help a bank attract and retain the best possible employees and to solicit from them the best possible effort. In other words, the company can satisfy the needs and wants of the internal customers by good strategic rewards, and in doing so can also enhance the chance of satisfying the needs and wants of its external customers. Reward Savvy allows for achievement and maintenance of standards. Reward Savvy (some scholars have called it Strategic Rewards) emphasizes motivating behaviors, actions and accomplishments that help advance the organization toward specific business goals (Hales, 1998). Reward Savvy increases an employee's drive to perform at a higher level. More significantly, it has a positive effect on employee Job Satisfaction. It not only motivates employees to work harder, but also reduces the turnover rate so that the cost of recruitment and training can be substantially reduced. Reward Savvy increases employees' drive to perform at a higher level which has a positive effect on employee Job Satisfaction. This effect is important not only to labor intensive industries but also to all types of organizations.

2.4. Relationship of IM and Other Variables.

(IM Mix, Professional Competence, Job Satisfaction, Business Performance.)

The basic principle of IM can be defined as a mechanism for spreading the responsibility for marketing across the organization and treating other service chains as customers (Christopher., Payne and Ballentyne, 1991). The role can be defined as a tool to help an employee to know how he relates to others, to promote, develop and sustain the ethos of customer service for internal as well as external customers in activities including marketing to employees, marketing of internal functions and marketing the marketing principles to other employees (Helman and Payne, 1992).

In short, IM has four objectives. The first objective is for employees (including customer-contact-employees and support employees), managers, and supervisors to understand and accept the mission, strategies and tactics as well as the goods, services, external marketing campaigns and processes of the company. Secondly, to create strong and positive relationships between people within the organization. Thirdly, to develop service oriented management and leadership styles amongst the managers and supervisors of the company. Fourthly, to teach all employees within the organization service oriented communication and interaction skills (Gronroos, 2000). Accordingly, IM is a concept that goes beyond the traditional marketing concept.

A limitation of existing IM research is that there is little agreement on what combination of policies can be used effectively to influence employees so that they are motivated to act in a customer-oriented fashion (Ahmed et al., 2003). A number of key elements of IM can be identified from the literature, including communication, training, education and information (Gummesson, 1991); and motivating and developing, educating or training employees (Cahill, 1995; Foreman and Money, 1995; Gronroos, 1985; Rafiq and Ahmed, 1993; Varey, 1995a ;). Also, reward strategy is one of the newer concepts, while there are others such as operational changes, incentive systems, inter-functional co-ordination, staffing, physical environment, organizational structure, etc. which function as controllable items in an organization (Ahmed et al., 2003). All of these have become organizational systems which can influence IM Mix. There is much discussion in the literature about the effect of IM

upon employee attitudes and behavior as well as on improvement in customer loyalty and satisfaction (Ahmed et al., 2002). Although the results appear obvious, there is little reliable empirical evidence relating to the effectiveness of various policies. An investigation of the effect of IM policies upon customer satisfaction using quantitative measures such as sales patterns or qualitative measures such as customer feedback might indicate the potential impact of a given IM plan and could become an indicator to give guidance to companies allocating resources to such programs.

IM is one factor for developing employee perception of the organization. An organization which employs staff with a sensitive and responsive mindset geared to customer needs will continuously look for methods to better serve these customers. The organization reinforces employee effectiveness with customer-focused training which emphasizes listening to customer feedback. The organization must train and direct employees away from irresponsible behavior toward having proactive and positive attitudes to better serve customers. To succeed, it is essential to use versatile tools and systems and to create a culture to support customer retention (Ahmed et al., 2002). Only firms which make such efforts will improve return. The objective of this research is to find the importance of IM in the Textile Industry. The process begins with a literature review investigating in detail IM Mix, Professional Competence, Job Satisfaction, and Business Performance. This section provides a discussion on the relationship between IM Mix factors and the other three variables. These three variables are interrelated and affect each other. Below is a discussion of these Terms.

2.4.1. Professional Competence.

Professional Competence is the ability to do a particular activity to a prescribed standard (Working Group on Vocational Qualifications). Woodruffe (1993) defines competence as the dimensions of behavior which are related to superior job performance. Paraskevas (2001) posed the main characteristics: elements to evaluate employee's knowledge and/or experience performing the required task including professionalism, dependability, conscientiousness, communication and consideration; effective use of existing resources; and whether employees provide the

service required by external customers. Professional Competence is vital when looking for positive attitude towards the company and has to be used side by side with the Train-Proficiency-Mechanism.

Some investigators have researched this topic by exploring the following aspects: (a) the importance of having knowledge and/or experience to perform the required task; (b) the significance of using existing resources effectively; and (c) the significance of providing the service required by the external customers.

Three implications follow from Professional Competence. Firstly, competence is an outcome which encompasses what someone can do. It explains how the expertise was acquired. Secondly, in order to measure someone's ability to do something, there must be clearly defined and recorded standards by which to measure or certify performance. Thirdly, competence is a measure of what someone can do at a particular time when all of the elements have been guided and enforced by standard operating procedures (SOP). These procedures serve as guidance for trainers and supervisors.

Woodruffe (1993) defined competence as dimensions of behavior, which are related to superior job performance. Carson and Gilmore (2001), and Gilmore and Carson (1996) have made a useful distinction between management competence and technical competence. Technical competence is related to operational and tactical aspects of a task whereas management competence is related to and required for managerial decision-making purposes. In the proposed model, IM Mix is used as an instrument to develop both management and technical competence. Overall, the development of management and technical competence forge the development of Professional Competence.

In the strategy field, there are two major paradigms that are used to explain superior competitive advantage: the competitive forces view and the resource based view. A firm performs well over time because it develops a "distinctive competence" or "core competencies" which allows the company to outperform its competitors. Also, a core competence is defined as an organization-based capability that combines and integrates the skills of a set of practitioners working across different business units and creates

superior value for customers (Ahmed et. al., 2003). In other words, a core competence is the organizational version of unique individual know-how which creates continuous success for the company.

IM Mix can be used as a set of tools to create competence in organizations. In other words, IM is used as a philosophy for managing the organization's human resources based on a marketing perspective to build internal competencies for external success (George and Gronroos, 1989). Thus, it is valid to do research to prove that IM Mix can influence Professional Competence and Business Performance. IM examines what needs to be done and by whom it should be done. IM can be used to identify the type of role that innovative agents need to execute strategies; these roles are contingent upon organizational circumstances and situations. Finding out which role is appropriate and for whom is dependent upon the individual's ability to serve the goal at any given moment in time. IM highlights the link between strategy implementation and the specific capabilities of the individual. One would need to know the skills and capabilities of each employee before deploying them to the right position. IM can help make this feasible, because IM directs individual deployment according to the organizational viewpoint as well as from the employees' perspective.

To create outcome, a corporation must concentrate on its competence in specific areas. Many companies do not know their real competencies and how to target them to obtain business results. IM's role is to create an assessment of core competencies and to plan for their nurturance and development. IM, by linking current competencies to planned strategies, assesses the gap in competencies necessary to realize plans. A strategic dialogue is created which forces not only strategy planning but, also, strategic competency planning. Unfortunately, most organizations stop once they have developed strategy. Hence, they can hardly make a successful transition from strategy planning to strategic competency planning: a significant factor in making actions occur and realizing strategic plans (Ahmed et al., 2003).

IM can be an enabling agent in building competence. External marketing has already highlighted that marketing orientation holds performance implications. Also, some IM research papers (Gilmore and Carson, 1996) highly suggest that IM and the associated IM Orientation (IMO) are key to enabling competence in the areas of

marketing orientation and performance.

2.4.2. Job Satisfaction.

Scholars have defined Job Satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Locke, 1976). Furthermore, Job Satisfaction refers to an employee's general evaluation of his or her job. It is hard to dispute the importance of maintaining customer satisfaction as crucial to an organization's survival and success. Customer satisfaction can be determined by the extent to which a product or service matches the buyer's expectations. If the performance is not satisfactory, the customers will not be satisfied. Also, if the perceived performance exceeds expectations, the customers will be satisfied with the product or service that he or she receives (Kolter and Armstrong, 2001). Without customer satisfaction, it is unlikely to have return customers, and therefore unlikely for the organization to generate a good profit. However, according to the concept of IM, it is equally important to consider offering Job Satisfaction to internal customers -- the employees of the company. Job Satisfaction can raise employee morale and cement team spirit, which in turn can contribute significantly to high-quality performance and timely and outstanding customer service. In short, Job Satisfaction is fundamental in all industries, as it helps to ensure that employees will treat customers with courtesy and with full respect.

Deal and Kennedy (1982) suggest that job satisfaction is of considerable importance in creating and sustaining a certain type of corporate culture, arguing that "a culture gets in trouble when its people are chronically unhappy". Employee attitudes can be controlled, to a large extent, when the employees are treated as valuable assets of the company. Consequently, it can be expected that the higher the degree of satisfaction that the employees have in the company, the more they will become proactive and have positive attitudes towards work. Because of the important role that employees play in cementing customer relations, employee satisfaction is a main concern for organizations that are interested in increasing customer loyalty. Employee Job Satisfaction has been closely connected to customer satisfaction as well as to quality of service (QoS). In line with this concept, some researchers state that improving employee satisfaction is an instrument to reduce employee turnover (Miller, Pielack,

Rust & Stewart, 1996). This tool is important for current manufacturers in Southern China where it is not easy to hire an adequate worker force because of a labor shortage. By stressing the importance of creating Job Satisfaction in service businesses, Bitner (1990) stated that low Job Satisfaction has the potential to cause employees to yield a low quality of service.

In general, Job Satisfaction leads to employee interest in good performance at work, which, in turn affects their attitude towards work. Therefore, employee Job Satisfaction is a crucial prerequisite to excellence of service. It is believed that employees who are satisfied with the jobs will most likely have positive attitudes towards work. Employee satisfaction facilitates superior performance as it leads to greater attraction and retention of the best employees, which in turn significantly enhances the ability of the organization to deliver higher quality of service (Berry, 1981, Berry and Parasuraman, 1991). In the 1960's and the 1970's, a large number of experiments were conducted to find ways to make work more meaningful by motivating workers to improve Job Satisfaction and productivity (Dale, 2003).

Because of the important role that an employee plays in securing a relationship with a customer, employee satisfaction should be a main concern for organizations that are interested in increasing customer loyalty. Employee Job Satisfaction has been connected to an increase in customer satisfaction and to an increase in the quality of service provided. By stressing the importance of creating Job Satisfaction in service businesses, Bitner (1990) states that low Job Satisfaction has the potential of causing low quality service performance by employees. On the other hand, Job Satisfaction leads employees to continue to perform their required job tasks well, which in turn, affects their actual behavior. The implicit conclusion therefore is that employee Job Satisfaction is a crucial prerequisite to service excellence.

In the prominent research of Ahmed et al. (2003) on employee Job Satisfaction, the standardized beta weight was weaker than the independent variable. IM Mix components appeared to be strong predictors of employee Job Satisfaction but were not found to be significant mediators of the IM Mix-performance relationship (Ahmed et al., 2003:1235). However, Locke's definition of Job Satisfaction is still much used -- "a pleasurable or positive emotional state resulting from the appraisal of one's job or

job experiences” (Morgan, McDonagh and Morgan, 1995). In short, a company should endeavor to make employees realize the meaning of work through Job Satisfaction so that they can proactively improve their work performance in conformity with corporate objectives.

It is suggested that successful IM strategies could enhance Job Satisfaction in the organization, which results in having a higher degree of positive attitudes by employees towards work. Positive employee behavior is characterized by a commitment to providing good service to the customers, an improvement in cooperation with other employees, and an enhancement in employee performances in the organization. Dennis (1995) took the position that IM was a kind of strategic management philosophy, which attracts, develops, motivates, and maintains outstanding employees by providing the needed Job Satisfaction and work quality. Effective IM must inspire a genuine desire to put internal customer (i.e. employee) interests into the decision-making process. Internal customer consciousness is demonstrated, according to researchers: (a) by emphasizing employee expectations so as to minimize and avoid dissatisfaction and de-motivation; (b) by taking a planned, coordinated approach to dealing with employee problems; (c) by developing sound employee policy with perceptive research; (d) by adopting a preventive and anticipative stance in formulating policies that will affect employees; and (e) by viewing all employees as marketing resources and their interactions as ‘points of marketing’ (Gummesson, 1991).

Also, Hackman, Oldham, Janson and Purdy (1975) define the parameters for affecting employee motivation and Job Satisfaction. Firstly, the employees must understand that their work is meaningful, worthwhile or important by some criteria they accept. Secondly, the employees must realize that they are accountable for the outcome of their efforts and thus should take responsibility. Thirdly, employees must, to some extent, be able to learn the results of their endeavors, so as to know whether their jobs are done satisfactorily. When these three ideas are implemented, a company can successfully enhance work motivation, Job Satisfaction and achieve work quality. As a result, outstanding Business Performance can be achieved.

2.4.3. Business Performance.

The Business Performance of a company can determine its market position and profitability. Lusch and Laczniak (1989) defined Business Performance as the total economic results of the activities undertaken by an organization. Walker and Ruekert (1987) found primary dimensions of Business Performance could be grouped into the three categories: namely, effectiveness, efficiency, and adaptability. However, there is not much agreement on what is the best measurement, thus, any comparison of Business Performance with these three dimensions will involve substantial trade-offs; good performance in one dimension may equal to sacrificing performance in another (Donaldson, 1984). A company's Business Performance can determine its market position and profitability.

In an article about manufacturing strategy, Skinner (1969) used the concept of manufacturing tasks to connect corporate strategy with that of operations. The manufacturing tasks include, among others, the production variables of cost, delivery, production lead time, delivery time, quality and reliability. These items relate to operational performance. Measures of corporate performance generally include such bottom line influences as well as financial indicators such as sales volume, profits, cash flow, return on equity, and growth. It is important to determine how a firm compares itself with its competitors when assessing Business Performance (Dess and Robinson, 1984). Because of the multitude of competitive environments faced by firms in various industries, knowing just the financial figures such as sales, profits, cash flow, etc. is not very illuminating unless put into the context of how the firm is performing compared to its competitors. Furthermore, if only a single industry is studied, the impact of a major economic downturn (or upturn) in that particular industry can overshadow the effects of any specific variables being studied. Because of the multitude of competitive environments faced by organizations in differing industries, knowing only absolute financial numbers such as sales, profits and cash flow is not very enlightening unless put into the context of how well the firm is doing compared to its competitors. Therefore, it is important to use an industry comparison approach when making assessments of a firm's performance. This practice applies to organizations from a wide variety of industries and this approach was used in the study described in this article.

Employees with a higher level of satisfaction in an organization perceive that such an organization is important, meaningful, effective, and a significant part of the community. As a result, employees are more likely to engage in activities that help the organization to meet its objectives. Emotions such as pride have been linked to high quality of service, employee performance and attitudes towards work as it relates to customer service. For example, Howard Johnson franchisees indicate that employee pride played a key role in its mid-1990s turnaround. Therefore, it is submitted that there is a positive relationship between pride in the organization and positive employee behavior. It is also submitted that there is a positive relationship between Job Satisfaction and pride.

For performance enhancement, the implementation of IM should be given due consideration. In other words, a company should carry out IM with its employees to help achieve a greater return on investment in the workforce by gaining better support from the employees in terms of enhanced service/product quality and customer satisfaction. Employee Job Satisfaction is likely to positively influence the company's Business Performance. Brown and Peterson (1994) documented that expenditure of effort tends to increase people's evaluations of objects, outcomes, and feeling states as a result of their exertions. Employee satisfaction facilitates superior performance as it leads to greater attraction and retention of the best employees, which in turn enhances the ability of the organization to deliver high quality services (Berry, 1981, Berry and Parasuraman, 1991). Similarly, Gronroos (1981) postulates that employee satisfaction leads to better motivated and customer-conscious employees, which then leads to improved quality of services and organizational performance.

The perceived exertion of effort in the work itself allows people to fulfill their intrinsic need to be competent, effective, and self-determining, and hence contributes to Job Satisfaction. Also, effortful engagement in work is more likely to have affective consequences, because it produces a feeling of dignity, self-respect, and satisfaction (Cherrington, 1980). At the same time, organizational Business Performance can be a source of satisfaction for employees. Employees like to devote themselves to successful groups as a means to bolster their self esteem. In contrast, they also try to maintain their esteem by disassociating themselves from unsuccessful groups.

Therefore, when a company is successful, its employees are more likely to be satisfied and to perform well.

A number of previous empirical studies into organizational behavior have found a positive relationship between Job Satisfaction and Business Performance. Also in the marketing area, Brown and Leigh (1996) and Brown and Peterson (1994) presented evidence that sales people's work-related efforts have a strong impact on their sales performance. In fact, the relationship between Job Satisfaction and performance has been extensively examined in the organizational behavior and marketing literature. Results from several studies indicate that satisfied employees are more likely to engage in behaviors that assist customers (Locke and Latham, 1990; Weatherly and Tansik, 1993). Also, Schneider (1980) found that Job Satisfaction is a primary reason that employees deliver quality service, and thus improve Business Performance.

Today, organizations recognize improving quality as a critical strategy for building competitive advantage. Internally, higher quality leads to increased productivity and lower costs. Externally, quality improvements increase customer satisfaction and reduce prices, and these changes boost market share. Development of Professional Competence can lead to improved and consistent quality of work, which in turn enables the customization of products to meet customer needs more accurately. It also helps to improve the self-motivated efficacy and thus improves performance at work. This better performance then enhances overall organizational performance (Conger and Kanungo, 1988; Rafiq and Ahmed, 2000). Individual Competence leads to Job Satisfaction which in turn affects Business Performance.

2.5. IM is not HRM (Human Resources Management)

Critics may claim that the relationship between IM and HRM is close. They suggest that many measures and functions of IM belong to HRM, and some internal marketers have argued that some important functions that are traditionally seen as the core functions of the personnel department of a company should be taken over by marketing functions of the same company (Ahmed and Rafiq, 2002).

IM was defined by Berry and Parasuraman (1991) in the following words: "IM is

attracting, developing, motivating, and retaining qualified employees through job products that satisfy their needs. IM is the philosophy of treating employees as customers and it is the strategy of shaping job products to fit human needs.” Although this definition is condensed, it focuses on employees and their needs; it sounds less like marketing and more like something out of a text on Human Resources Management (HRM). Human Resources Management is said to be “concerned with the set of decisions and policies through which organizations attract, recruit and motivate, reward and develop their employees. In addition it is concerned with the ways in which employment is terminated” (Ahmed and Rafiq, 2002).

Despite the many similarities between IM and HRM, Ahmed and Rafiq (2002) explained that there is a major difference illustrated by the relatively small amount of HRM generally practiced in the production of physical and manufactured goods compared with what should ideally be implemented. The services marketing literature has highlighted this fact as well as the importance of having the right personnel at the point of delivery. The appropriate personnel are critical because of their impact on the perception of quality of the service delivered plus their performance becomes a vital part of the product. As a consequence of these services-marketing characteristics, marketing departments must be present and closely involved, together with the HRM department in the recruitment, training and rewarding of employees (Ahmed et al., 2002). Gronroos (2000) stated that job descriptions, recruitment procedures, career planning, salary, bonus systems and incentive programs, as well as other HRM tools should be used by organizations in order to achieve IM goals.

It might be argued that proponents of IM tend to merge marketing with human resources management. As Bateson (1991) points out, IM is “A massive invasion of the prerogative of the personnel functions, and indeed, in many ways it is”. And Ewing and Caruana (1999) indicated that IM is not an HRM function after a survey of Austrian public sectors. A market and HRM interface is critical in supporting the development of THRE (Technical Human Resources Effectiveness). IM should not be restricted to the marketing department but should be company-wide so as to

implement corporate strategy smoothly. The study provides empirical support that there is a valid and distinct demarcation between IM and HRM, and that IM is an important antecedent to HRM.

Essentially, Human Resource Management focuses on good communication, good labor management relations and respectful treatment of employees, incentive programs and effective hiring. These factors are the keys to a healthy organization, which is related to the management style of the CEO (Chief Executive Officer). It is basically a philosophy for managing the organization's human resources (George and Gronroos, 1989).

2.6. Internal Marketing in Different Industries.

Whilst the focus has been primarily upon service firms, IM is actually equally important in all types of enterprises, including manufacturing, non-profit entities and government agencies (Cahill, 1995, Rees, 1998). As mentioned before, the concept of IM first emerged in service management, such as in the tourism industry, the airline industry, the financial service sectors, in health care (Oetjen, 2002) and in hospital materials management. In these industries, the service quality and customer satisfaction are determined by the employees' work effort and performance, which may be significantly improved by IM measures. It is important that all employees recognize the importance of their interactions with customers. IM is a tool that can be used to develop and motivate customer consciousness amongst employees. The concept of IM has been examined by a number of authors in the marketing and management literature. There are many other industries using IM concepts, e.g. Education (Kotler and Fox, 1995), Accounting (Taylor and Cosenza, 1998), Library Services (Broady-Preson and Steel, 2002), Health Care (Thomas, Armer & Wallace, 1991), and Hotel (Paraskevas, 2001). Field research was carried out in the ski-resort service industry (Gudmundson and Lundberg, 2002), but little exists in manufacturing (Cahill, 1995; Foreman and Money, 1995). All of these studies revealed the importance of IM in various industries. Below is a review of IM as applied in various industries.

Tourism industry.

In tourism industries, Crick (2003) set forth a model that consists of three steps, including (a) literature review, (b) interviews and (c) visits to some Caribbean areas like St. Lucia, Jamaica and the Bahamas. These sites heavily depend on income derived from tourism but the degree of success is related to the attitude of the region. The problem faced was that these areas did not have an attractive image, especially in agricultural areas like St. Lucia. So, an IM campaign, which targeted small groups for intensive training, was established to improve this image. The entire marketing concept was used for the project with five types of attitude matrices designed. IM proved to be effective, but there was no lasting success in any of the three countries. As a result, it was suggested that efforts should be made to further implement IM.

Service companies.

For service companies, service employees are critical because the major product offered is the “service”, and the ability to offer suitable services to customers is the key to success. Therefore, interactions during the provision of service are crucial as they enable the development of long-term relationships thus assuring customer retention and long-term success. Sasser (1976) pointed out that the successful service company must first sell the job to its employees (i.e. the internal customers) before it can sell its service to its customers, and that the satisfaction of internal customers is important to the success of a service firm.

Airline Industries.

Carlzon (1987) reported that Scandinavian Airlines was perhaps one of the first to recognize the importance of IM in the 1980s, referring to IM almost emotionally as the “moment of truth” for the organization. Continental Airlines serves customers better by making its employees understand the importance of service, i.e. service quality can lead to ultimate “success or failure” of the company depending on whether the customers are satisfied. Prasad and Steffes (2002) proposed that IM should be carried out with an incentive scheme to enhance employee performance and to improve customer service.

Hotel Industries.

In the hotel industry, an empirical study was done on IM in Taiwan’s hotels. The

result of the study revealed that employee Job Satisfaction and organizational performance were eventually enhanced through the implementation of IM. This study proved that IM has a positive impact on employee Job Satisfaction and that both Job Satisfaction and IM have positive impacts on the Business Performance of the organization.

Banking Industry.

In the banking industry, research was done using the concepts of IM and organizational commitment to identify some suitable measures. This survey interviewed a number of managers at retail banks. The findings confirm a significant relationship between IM and organizational commitment. The relationship of IM with organizational commitment is mostly significant as expected.

Financial Sector.

In the Australian financial sector, Quester and Kelly (1999) explored IM practices by a mail survey which showed that 68% of participants reported the use of IM in practice. Further, it is interesting to find that large companies are more willing to use formal IM measures such as awards, company newspapers, training seminars and programs.

Manufacturing Sectors.

Ahmed, Rafiq and Saad (2003) reported research done in Malaysia, and the result was positive. They reported that IM Mix can be positively and significantly related to Business Performance. The report indicated that future research of this kind is needed to establish the reliability of the measurements and instruments that have been used. Although IM is mainly applied in the service industry, it is suggested that IM should also be used in the manufacturing sectors.

Table 2.6. lists IM concepts used in different Industries; IM concepts were used long ago for different industries for business improvement.

Table 2.6.
IM concepts used by Different Industries

Researcher	Key concept	Cited
Berry, 1981	Banking industry	2.3.2
Lewis, 1989	Internal approach used in hospitality marketing	2.7.2.
Thomas, Armer & Wallace, 1991	Research in the use of IM in health care marketing, indicates that it is necessary prior to the initiation of any promotion of the hospital's geriatric services.	2.6.7
Kotler & Fox, 1995	Education	2.2.1.3
Cahill, 1995	Government agencies	2.6
Rees, 1998.	Marketing in the UK and US not for profit sector	2.6
Taylor & Cosenza, 1998	In accounting firms to reduce turnover.	2.6
Quester & Kelly, 1999	An exploratory study of IM practices in the Australian financial sector with 11 questions; used mail method and got 49% feedback.	2.6.8
Paraskevas, 2001	Hotel management	2.6.7
Paraskevas, 2001	An empirical study in the hotel industry; factors influencing internal service are the professionalism, dependability and conscientiousness of internal suppliers, communication skills and consideration.	2.6.7
Oetjen & Rotarius, 2002	Healthcare industry	2.6.7
Gudmundson & Lundberg, 2002	Field research in the ski-resort; A way to improve service quality by IM in the ski-resort	2.6.7
Broady-Preson & Steel, 2002	IM strategies used in library services in England.	2.6.7
Crick, 2003	Tourism industry	2.6.1.
Carzon , 1987; Prasad & Steffes, 2002, Toh & Raven, 2003	Use of IM in the airline industry; integrated IM strategies for the airlines.	2.6.3

2.7. Textile Industry in China

The textile industry is one of the oldest industries in the world. The oldest known textiles, which date back to about 5000 B.C. are scraps of linen cloth found in Egyptian caves. The industry was primarily family and domestic until the early part

of the 1500s when the first factory system was established. The textile industry prevailed after the Industrial Revolution in England in the 18th century, where power machines for spinning and weaving were invented. In 1769, when Richard Arkwright's spinning frame with variable speed rollers was patented, waterpower replaced manual power, and mass production of textile products became a reality.

The twentieth century saw the development of the first manmade fibers. Rayon was first produced in 1910. Although natural fibers such as wool, cotton, silk and linen are still used extensively today, they are more expensive and are often mixed with manmade fibers such as polyester; the most widely used synthetic fiber.

2.7.1. The importance of the Textile Industry in China

China's textile and clothing industry plays a very important role in the nation and the world's economy. China was the world's largest exporter of both textiles and clothing in 1995 as well as in 2002. Its world market share (excluding intra-EU trade) increased from 22.5 percent to 30 percent over this period in the clothing sector and soared from 16 to 22 percent in the textile sector (Nordas, 2004). Many small businesses ceased trading, whilst bigger companies all over the world outsourced production to countries like China (Colebatch, 1997; Kennedy, 1998). Textile plants in other areas suffered as apparel manufacturers imported raw materials or just bought from overseas and proceeded to close down their manufacturing facilities since it was easier and cheaper to obtain supply elsewhere. Abernathy, Dunlop, Hammond and Weil (1999) also discovered that the textile category had moved away from supplying fabrics to clothing manufacturers. Instead, some manufacturers in Hong Kong and China such as the Esquel group of companies, Fountain Set Holding Ltd and Perfecta Group of Companies have vertical setups. These firms have facilities for the entire manufacturing process, from yards to garments. This structure allows them to take advantage of having better control and thereby providing better services to their customers.

2.7.2. Internal Marketing is important to manufacturing sectors.

Ahmed et al. (2003) sought to empirically evaluate a new internal marketing model as

the framework for implementing marketing strategies. The key concept is a set of controllable instruments to influence employees so that they are motivated to act in a customer-oriented manner. In his model IM Mix provide positive influence to organizational competencies Job Satisfaction and business performance. The model hypothesizes that marketing-like philosophy and marketing-like tools internally influence the relationship between IM Mix and organization competencies and business performance.

Ahmed et al. (2003) proposed an IM Mix that used the organizational influence system that Galpin (1997) established in his research. This system includes strategic rewards, internal communications, training, organizational structure, senior leadership, physical environment, staffing, selection and succession, interfunctional co-ordination, incentive systems, empowerment and operational/process changes (Ahmed et al., 2003).

Ahmed et al. (2003) researched the non-service sector in Malaysia and found positive effects. This paper bridges the gap in research in the manufacturing sector by investigating the clothing industry in China.

Ahmed et al. (2003) indicated that future research should be concentrated on specific sectors, such as manufacturing. Although it is difficult to find research connected to manufacturing and IM, Cahill (1995) recommended that manufacturing firms should use this approach. As the Textile and Clothing industry is typically labor intensive, worker performance, which is influenced by skill and attitude, directly determines productivity. Accordingly it is assumed that it would be meaningful to do research on the application of IM in the textile industry in Guangdong, China.

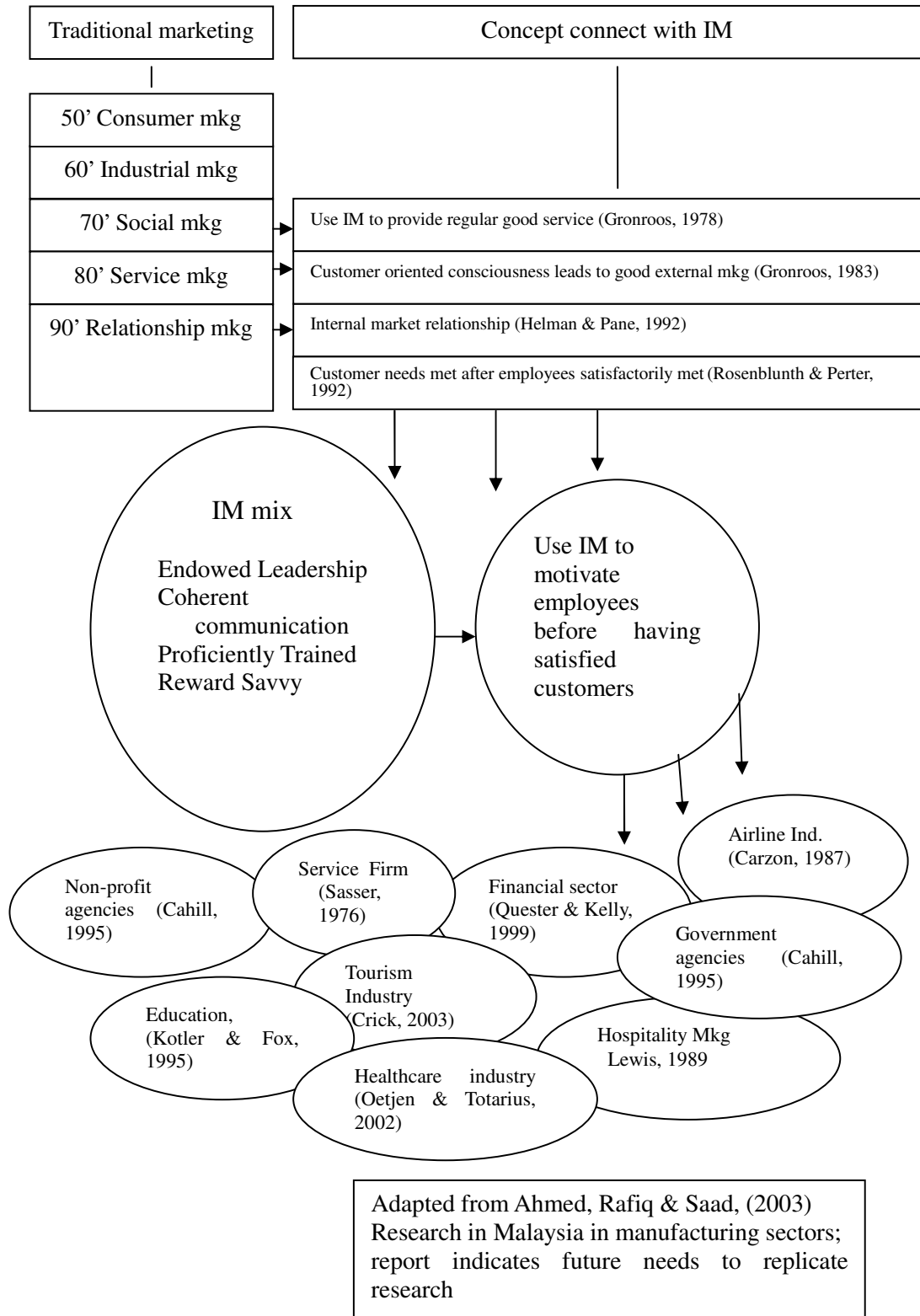
A company must obtain and maintain customer loyalty for continuous growth. The conventional approach is to let the marketing staff take charge of sales and marketing so that people in the manufacturing facilities can concentrate on production. But in practice, industrial leaders may find it difficult to carry out business activities that are in conformity with strategic visions, goals, ethics and social responsibility. This problem is compounded when changes for improvement are needed. It is a truism that strong resistance from the employees can be expected, especially when they have

to pay more attention to serving customers – for example, giving out pre-designed services to the clients. Many researchers are working on solving this dilemma. However, this problem still persists since there is a lack of a conceptual framework and analytical tools for successful and smooth implementation of marketing and corporate strategies in a fast-changing organization and external environment.

The factory is a socially integrated unit, which attracts much field research to find answers to ways to improve the behavior of practitioners (Scott, Banks, Halsey and Luton, 1956). The Content Approach (Skinner, 1969) was originally carried out to investigate a company's manufacturing functions. It is said that manufacturing does not simply focus on production and shipment; rather, manufacturing pays close attention to punctual delivery, flexibility, acceptable quality, dependability and reasonable cost. All of these functions are closely related to IM measures. It is clear that businesses wish to increase market share, so that the production department can have enough work to run the manufacturing facilities or to expand them. However, to make this increase possible, the production staff should be aware of the importance of offering proper services to customers in order to gain customer loyalty and satisfaction. Many organizations use Balance Score Card as a tool to manage the company. The idea is to balance four areas – finance, customers, internal process management, as well as training and skill development – simultaneously in order to attain successful results.

Figure 2.7 illustrates concepts in the literature detailing how marketing starting from traditional marketing developed towards Consumer Marketing, Industrial Marketing, Social Service Marketing and Relationship Marketing. It also illustrates how IM was used by different industries prior to the study by Ahmed, et al. (2003) in Malaysia, which created a basis for the present study carried out in Guangdong, China in the Textile industry. Successful IM can lead to important payoffs for an organization. The benefits of IM can contribute greatly to firstly, reduce turnover; secondly, to increase service quality; thirdly, to increase employee satisfaction; and fourthly, to improve the ability to implement change within the organization (Lewis, 1989). The objective of this study is to examine the use of IM activities in Guangdong's textile industry and to investigate the perception of manufacturing employees in relation to IM.

Figure 2.7
Summary of the Literature For this Research.



2.8. Conceptual Framework and Hypotheses Development.

2.8.1. Framework Development

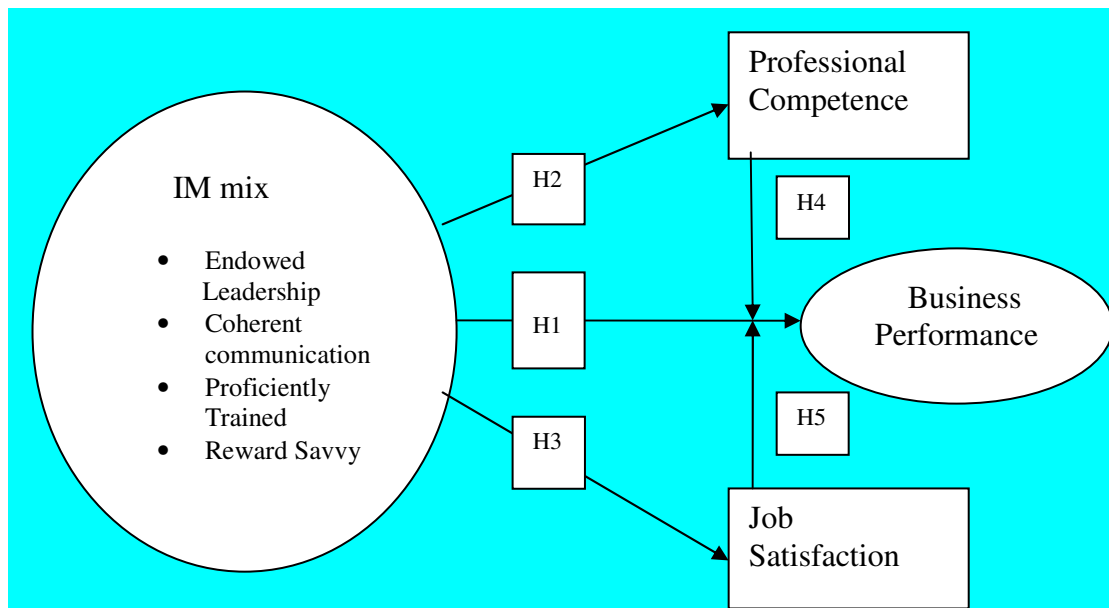
A framework forms a model of how to make logical sense of the relationships among the several factors that have been identified as important to problems such as employee turnover. A conceptual framework allows the researcher to convert the research objective into a research question, which is used for further investigation. As mentioned before, there are four types of variables: dependent variable, independent variable, moderating variable, and intervening variable. All these variables are used by researchers to form the framework (Cavana, Delahaye & Sekaran, 2001).

The theoretical framework for this study is based on the paradigm of Ahmed et al.'s (2003) research done in Malaysia on the mediating role of IM for organizational competencies. In that research, the controllable elements within the organization were identified as IM Mix, which included all influence systems inside the organization. These elements were identified as Endowed Leadership, Proficiently Trained, Coherent Communication, and Reward Savvy. A total of 19 controllable elements were identified for use in the study. These elements (i.e. IM Mix) were used to influence key target groups that were identified as employees (or internal customers) and corresponded to the key customers in external marketing segments.

The term IM Mix implies that it consists of factors that are controllable, and these factors can be used in an appropriate way in order to obtain the desired results. This study examines the relationship among IM Mix, Professional Competence, Job Satisfaction and Business Performance. Firstly, this model indicates that the IM Mix variable is positively related to Business Performance. Secondly, IM Mix influences Professional Competence and Job Satisfaction positively. Thirdly, Professional Competence and Job Satisfaction have a positive effect on Business Performance. Finally, this study examines whether it is effective to use IM in the Textile Industry in China. Ewing's (1999) research is also employed to establish a relationship between IM and the effectiveness of human resources. As well, Naude, Desai and Murphy's (2003) research is used to help identify the determinants of IM.

Professional Competence and Job Satisfaction go side by side as reflected in daily work. It is hypothesized that some types of Business Performance may be affected in a positive direction if Professional Competence and Job Satisfaction exist in the organization.

Figure 2.8.
Conceptual Framework of the study



Venkatraman and Ramanujam (1986) classify the three types of performance that organizations seek: financial performance, operational performance and organizational performance. Organizational performance can be obtained after financial performance and operational performance have been achieved. The whole idea then ends with answering the question of how important IM is in the textile industry in Guangdong, China. In line with the literature review and the purpose of study stated at the outset of this thesis, the conceptual framework of the study is illustrated in the figure above.

Based on a model by Ahmed et al. (2003), it is debated whether IM Mix is able to influence Job Satisfaction and Professional Competence, and whether IM can help achieve Business Performance. In this model, the main goal of IM Mix is to make sure that the business strategy can merge with IM Mix smoothly in order to produce the required Job Satisfaction and Professional Competence in order to stimulate

Business Performance in an organization.

To conduct the survey efficiently, the research has referenced other contemporary surveys. Ewing and Caruana's (1999) research states that a relationship between IM and the effectiveness of human resources can be established. Also, Naude, Desai and Murphy's (2003) research has identified the determinants of IM orientation. In addition, the present research has adopted the questionnaire that was used by Ewing and Caruana (1999) in the IM scale, which is the scale of strategic effectiveness of human resources and the scale of technical effectiveness of human resources.

It is said that scholars employ research imagination (Hart, 2003). The imagination here is to use all the above surveys as a basis to find ways to improve the Business Performance in China's textile manufacturing sector as well as to find the role of IM in manufacturing sectors in China. The whole idea of the research is separated into three parts. The first part is to review how IM connects to different businesses and how conceptual ideas can be used with IM; the second part focuses on trying to find out how manufacturers can use IM in the work place. Finally, the importance of IM in the textile industry in China is established.

2.8.2. Hypotheses and Research Question.

A hypothesis is an educated guess about a problem's solution, which can be defined as a logically predicted relationship with other variables in the testable statement (Sekaran, 1992). This thesis seeks to find out whether it is important for IM to be used in the textile industry in Guangdong, China, and five hypotheses were created for the study of the conceptual framework and literature review.

Research question

The research question for this research is: Does IM Mix have a positive relationship with Professional Competence and Job Satisfaction and also stimulate Business Performance in a positive way in an organization?

Hypotheses:

- H1 There is a significant positive relationship between IM Mix and Business Performance.
- H2 There is a significant positive relationship between IM Mix and Professional Competence.
- H3 There is a significant positive relationship between IM Mix and Job Satisfaction.
- H4 There is a significant positive relationship between Professional Competence and Business Performance.
- H5 There is a significant positive relationship between Job Satisfaction and Business Performance.

Hypotheses from Ahmed et al. (2003) are adapted for use in this research. H1 of the original hypotheses (Ahmed et al., 2003) is separated into the H1, H2 and H3 for this research. H4 and H5 were created at the time of research.

2.9. Conclusion

The research of Ahmed et al. (2003) provided a basis for extending research into the manufacturing sector. Ahmed et al. (2003) looked into the relationship between IM Mix and Business Performance while this research examines the relationship of the three items directly. After reviewing the available literature in the area of IM and its application, it can be concluded that there is a lack of research on IM in Manufacturing Sectors, especially in China's Textile and Clothing industry even though it is considered a key industry in China today. Currently there is a void in the application of IM in the manufacturing sector. Thus more research in this area is needed, particularly in seeking out the appropriate ways to carry out IM in China's textile manufacturing sector. Accordingly, more research in the area of IM in the manufacturing sectors is needed so as to have a better understanding and insight into its benefits and effects. Ahmed, et al. (2003) conducted research that evaluated empirically the proposed IM implementation framework in a Malaysian environment in a non-service context, while the present research extends their findings into Guangdong, China. Detailed analysis will be carried out in the next chapter to further

elaborate the research.

Chapter 3 Methodology

3.1. Introduction

In Chapter two, we have seen the development of marketing theories with particular emphasis on the development and practice of IM. Also, Job Satisfaction and Professional Competence have been identified as the key factors that have a very high tendency to influence Business Performance. More significantly, it is believed that these two factors correlate IM with Business Performance. However, existing literature does not discuss much about how to apply IM concepts in the textile industry, which is the focus of my research for this thesis.

Chapter three is developed to find a suitable methodology for the research, aiming to provide empirical data to investigate the research problems and answer the research questions.

Research is the process of studying details and analyzing a phenomenon. It can be described as a systematic and organized effort to probe a specific problem that needs an answer as a principal method to obtain knowledge (Sekaran, 1992). Positivism and Interpretivism are the two broad approaches to research. The Positivist emphasizes an inductive or deductive procedure to build up and explain patterns of behaviors, while Interpretivist seeks to establish the motivations and actions that lead to these patterns of behaviors (Baker, 2001). Chapter two has provided a thorough literature review, and this chapter intends to find a suitable method to carry out the proper research for this thesis.

Chapter three starts with section 3.1., which is the Introduction of the chapter. Section 3.2 explains different types of research; Section 3.3 deals with the methodology adopted. Section 3.4 covers the research design which provides information about the research direction; Section 3.5 explains the conceptual framework and the hypotheses; Section 3.6 discusses data gathering techniques; Section 3.7 discusses the questionnaire and how it was developed, and section 3.8 reveals the ethical issues; Section 3.9 sets out the conclusion of this chapter. The

questionnaire, in both Chinese and English, is attached in Appendix A and B.

3.2. Research Method

Some researchers like to use both qualitative and quantitative methods in the research (Fielding and Fielding 1986, Carson et al., 2001) because every strategy has its own advantages and disadvantages (Yin, 2003). The purpose of using both methods is to get the most out of them. Case studies are also quite commonly used as a supplement to the two research methods. Some scholars prefer combined research and argue it can provide better results (Shaffer and Serlin, 2004). Some even recommend a pretest to help the researchers better understand the situation (Yin, 1989; Summers, 2001). To some extent, Interpretivism is too subjective and too focused, and that is why some people like to use both methods and a pre-test at the beginning of the research to obtain more well-rounded results. With the above considerations in mind, this research employed the positive quantitative method. It was deemed that empirical testing of the results of a questionnaire would be the best and sole means to test the theories presented in this thesis. A focus expert group was used to help review the questionnaire.

3.3. The Focus group

The focus group research technique collects information through group interaction on a topic determined by the researcher (Cavana et al., 2000:153). The researcher provides the group with the focus of interest while the group provides the information needed through interaction. Morgan (1997) points out that the focus group method provides direct and immediate evidence about similarities and differences in participants' opinions and experiences. Also, small groups are likely to work best when the participants are interested in the topic, and if they know each other and are respectful of one another (Morgan, 1997). A team of 6 people were set up as the focused expert team for the above reasons, and it was expected that the expert team could provide valuable results and help the project to proceed smoothly. The expert team included four persons in the textile field. They had garnered many years of experience and had held senior management positions. They were, therefore,

qualified to give advice on industry issues. The group also included two people in higher academics in China who could provide advice and information on the methodology as well as on research considerations in the Chinese context. The composition of this expert team was particularly suited to the assessment of research in the garment industry in China. It could be expected to provide beneficial suggestions to the researcher in regard to the research questionnaire, issues specific to China, the research problem, etc. to improve the research design. It was also helpful with suggestions to justify and explain distribution of the questionnaire in the field.

3.4. Research Design

A research design is the strategy for addressing the questions or testing the hypotheses that stimulate the research (Pinsonneault and Kraemer, 1993). It is the master plan of actions and processes from a real perspective, which includes strategy, conceptual framework, tools and procedures, as well as a target group of people for a survey. All these give direction to this research.

Burns and Bush (2000) theorized that every research problem is unique. In fact, one could argue that given each problem's unique customer set, area of geographical application, and other situational variables, there are so few similarities among research projects that each study should be designed as a completely new and independent project. This statement is true to some extent, because every research problem is unique in some way or another, and care must be taken to select the most appropriate set of approaches for the unique problem. There are reasons to justify the significance placed upon each research design in order to maximize results.

An exploratory study is used when the subject of research is not well understood. On the other hand, qualitative studies are used where data collection through observation is unusual, and descriptive study is used to describe the characteristics of the variables of the circumstances. Hypothesis testing tells the relationships of differences amongst groups; a descriptive study is undertaken to describe the characteristics of the variables of interest in a situation. It clarifies the cause and effect relationship and

increases the understanding of the relationships that exist among variables (Cavana et. al., 2001).

People sometimes use case studies in research, but case studies can be considered as a problem-solving technique only. Although case studies deal with problems, they are seldom used by an organization at a corporate level. In fact, it is not easy to identify an organization of a particular size and particular setting, so that case studies are commonly used in doing qualitative research and are more frequently used as decision making tools for managers.

Therefore, the research design of this dissertation uses the approach of quantitative research, which focuses on the significance of applying the IM concept in the textile industry in China.

There are four types of variables in the research survey, namely: the dependent variable, the independent variable, the moderating variable, and the intervening variable. These variables were used to form the framework for the study (Carson. et. al, 2001). The theoretical framework for this study is based upon the paradigm of the research of Ahmed et al. (2003) done in Malaysia on the mediating role of IM for organizational competencies. The study examines the relationship between IM Mix and Job Satisfaction / Professional Competence and finds ways to achieve Business Performance. Also, the present study intends to define the concept of IM in theory and in practice and to ascertain whether IM is workable in the textile industry in China or otherwise.

3.4.1. Expert Panel

According to Cavana et al. (2000: 155-164) and based on the unique characteristics of the textile industry, an expert team was formed. It provided professional suggestions to the researcher which improved the research design, and it was helpful with suggestions to justify and explain distribution of the questionnaire in the field. The team met a few times and provided useful opinions to the researcher. In the first meeting, the questionnaire was reviewed to determine whether it was suitable for use. The pretest was conducted during the second meeting, which was then reviewed during

the third meeting.

3.4.2. Sample

According to Ewing and Caruana (1999), a minimum of five hundred (500) questionnaires should be sent out and a minimum of 135 usable responses should be returned to allow effective data analysis. After the questionnaires were thoroughly reviewed, five hundred (500) copies were sent out as planned. Four hundred and seventy-two (472) copies were fully completed and valid. A total of 28 questionnaires were invalid due to errors or incomplete responses.

3.4.3. Questionnaire Development

Before finalizing the questionnaire, one final evaluation was conducted on the entire questionnaire. Such an evaluation used a pretest to ensure that the questions would accomplish what was expected of them. A pretest involved conducting a trial run of the survey on a small, representative set of respondents in order to reveal questionnaire errors before the survey was launched. The pretest participants were selected from the target population under study. Thirty questionnaires were distributed and data were collected for analysis. Also, a team of six formed an expert panel to provide advice and to review all the results before final analysis was made regarding the questionnaires.

The pretests were reviewed and analyzed by the expert team that was specially formed to evaluate the purpose of the objective; this team included members of senior and experienced staff in the textile industry, who have the requisite experience to define and give suggestions to lead the survey in the right direction.

A questionnaire is a pre-formed written set of questions to which respondents record their answers, usually within rather closely defined alternatives (Sekaran, 2001). A questionnaire is an efficient data-collection mechanism when the researcher knows exactly what is required and knows how to measure the variables of interest. Questionnaires can be administered personally or mailed to the respondents. Information can also be obtained by electronically administering the questionnaire. Burns and Bush (2000) point out six functions of a questionnaire: (1) it translates the

research objectives into specific questions that are presented to the respondents; (2) it standardizes the questions and response categories so every participant responds to identical stimuli; (3) by its wording, question flow, and appearance, it fosters cooperation and motivates respondents throughout the interview; (4) it serves as a permanent record of the research; (5) it speeds up the process of data analysis (for instance, some companies use questionnaires that can be scanned by machines and quickly converted into raw data files); (6) it contains the information upon which reliability assessments such as test-retest or equivalent-form questions may be made, and they are used in follow-up validation of respondents' participation in the survey (Burns and Bush, 2000). All of these indicate that the use of questionnaire is the rational method for data collection in this research.

The questionnaire used in this study incorporated five dimensions of implementation as discussed above. Each dimension is taken as a group of many related items as given in Appendix A. In this research, a quantitative study was undertaken, employing statistical analysis of the data collected. It included considerations for standardization, ease of administration, ability to tap the unseen, suitability for tabulation and statistical analysis and sensitivity to subgroup differences (Burns & Bush, 2000).

The survey data could be collected in three ways: person-administered questionnaires, computer assisted questionnaires and self-administered questionnaires. Having person-administered questionnaires would be costly and time consuming. On the other hand, the computer-administered survey would be fast and accurate with benefits such as ability to attach files with videos, but its drawbacks are its cost and privacy issues. Self-administered surveys are good in three areas: they are low cost and entail no interviewer-evaluation apprehension like person-administered surveys (Burns and Bush, 2000). All methods have their advantages and disadvantages, depending on the context under which each method is to be used, one method can be more beneficial than the others. Group self-administered surveys were considered best for use in the factory as it was easy to control the process. The drop off survey and mail survey were not suitable in this case as they have low response rates and tend to have self-selection bias.

According to Li (2000), a five point Likert scale would be useful in China's manufacturing sector because it would be easy for the front line employees. The arrangement of the questions framed is based on a scale ranging from 1 to 5, where 1 equals to strongly disagree and 5 equals to strongly agree. Other possible response are 2, disagree, 3, no comment and 4, agree. The midpoint was explained as no comment instead of neutral as some of respondents might not want to select neutral. For the Chinese character neutrality can infer not knowing how to respond. Five (5) factories were selected for the distribution of the questionnaire and consent from the owners of the factories was obtained beforehand. The sample questionnaire is listed in the Appendix A.

The main objective of the research was to test the relationship of IM concepts that could be influencing Business Performance in the textile industry in China, as well as to test employee perception toward IM in that industry. As there has been very limited research on IM in manufacturing sectors, this study will fill the gap in the literature and expand knowledge in the area of IM in manufacturing sectors, especially in the textile industry in China.

Questionnaires were used in this study to investigate the subjects selected from employees working in the textile industry in Guangdong, China with the goal of acquiring empirical research data. Since the respondents were Chinese, the questionnaires were translated into Chinese first and were reviewed by clothing factory employees, managers and several marketing academicians. While most of the translated scales have been widely used in marketing research in China, some questions were restated to be compatible with the textile industry and some others were deleted during the preliminary scale refinement process, including item-scale correlations.

The questionnaire was translated for consistency from English to Chinese by the researcher and was certified by Hong Kong Management Association to ensure that clear and precise Chinese language was adopted. It was not necessary for the participants' responses to be retranslated as the input to SPSS was in numbers only. The construction of the thirty (30) questions in the questionnaire were separated into four groups of IM Mix factors, including IM Mix, Professional Competence, Job

Satisfaction and Business Performance.

IM Mix:

There are a total of 19 questions in this group. The structure of IM Mix uses Ahmed et al.'s (2003) questionnaire, which was used in their research in Malaysia, as the paradigm. They separated IM Mix into four dimensions to measure the value of this concept, including strategic reward, internal communication, training and development, and senior leadership. The present study applied this concept in all dimensions, but in order to adapt to the practical situation in China's textile industry, part of the questions were modified. Questions 1, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14 were adopted from Foreman and Money (1995); Questions 2, 3, 4, 16, 17 and 18 from Ahmed et al., (2003); and questions 15 and 19 were created by the expert team after the pretest analysis.

Professional Competence:

This dimension was originally proposed by Paraskevas (2001). All 3 questions, 20, 21, and 22, were found to have a significant level after surviving the double test of confirmatory factor analysis and reliability analysis.

Job Satisfaction:

Two questions (24, 25) were adopted from Arnett, Laverie and Charlie (2002). Question 25 discussed the employees' feelings about their jobs, and question 24 attempted to understand if an employee had a sense of pride belonging to the organization, with textile industry practices as the guiding criteria. Question 23 was adopted from Foreman and Money (1995). Even though Foreman and Money put this question in IM Mix, comments from experts and employees emphasized the flexibility as important to Job Satisfaction.

Business Performance:

Two questions (29, 30) were extracted from Brown and Leigh (1996) to measure the effect of work climate on Business Performance. Again, using textile industry practices as the guiding criteria, the expert team selected the crucial items for which customers were looking. A company should implement plans for change once it sets its goal. Secondly, question 27 intended to find out the importance of delivery time,

as this could build good reputation and control the additional cost of airfreight arising from delays in shipment. Thirdly, question 28 attempted to find out the effectiveness of cost control. This is a major concern because when waste is minimized, the business can be more efficient and effective. The rest, namely questions, 26, 27 and 28, were designed by the expert focus group for this research.

3.4.4. Data Collection

Data collection methods are an integral part of research design. Interviewing, administering questionnaires, and observing people and phenomena are the three main data-collection methods in survey research. Although interview has the advantage of flexibility in terms of adapting and changing the questions as the researcher proceeds, questionnaires have the advantage of obtaining data more efficiently in terms of researcher's time, energy, and costs (Sekaran, 2001). The data-collection methods depend on the facilities available to the researcher and the degree of accuracy required. The expertise of the researcher, the time span of the study, as well as the resources allocated for the research have to be thoroughly reviewed and considered.

The purpose of this research is to find out the impact, if any, of IM in China's textile manufacturing sectors. Based on all these considerations, the questionnaire was chosen as a simple and effective method to collect data by distribution to the target respondents. Questionnaires are most useful as a data collection method, especially when a huge number of people need to be reached in widespread areas. It is a popular method of collecting data because researchers can obtain data fairly easily, and the questionnaire responses are easily coded (Sekaran, 2001). A questionnaire is adopted from Ahmed et al. (2003) for the purpose of analyzing the relationship of IM Mix, Job Satisfaction and Professional Competence to Business Performance. The research of Ahmed et al. (2003) in the manufacturing sector of Malaysia serves as a model for this endeavor. To eliminate the weaknesses of this method, questionnaires were sent through the Human Resources Department of the organizations and explanation was provided to the respondents so that the drop off rate could be minimized.

3.4.5. Measurement of Constructs

This research involved seven variables: the four IM Mix factors included Endowed Leadership, Coherent Communication, Proficiently Trained and Reward Savvy while the three outcome factors were Professional Competence, Job Satisfaction and Business Performance. A valid and reliable measure of the effectiveness of IM Mix was presented in this study. Covariance structure analysis suggests that IM Mix is more similar to inter-functional coordination than it is to an external customer orientation. In fact, IM Mix is more correlated with inter-functional coordination than it is with its own measurement items. This suggests that IM Mix could conceptually be considered a dimension of inter-functional coordination. Every connection is an opportunity to provide value to external customer. It can give direction to employees on how to service the customer better including from order taking until dispatch of the service or product to the customer. The supplying function passes this process specification further down stream in the value chain.

Simple bivariate correlation, also referred to as zero-order correlation, refers to the correlation between two continuous variables and is the most common measure of linear relationship. This coefficient has a range of possible values from -1 to +1. The value indicates the strength of the correlation, while the sign indicates the direction. Choice of technique largely depends on the researcher's goals (Coakes, 2005, p147). A correction comparison should be appropriate for use in this research.

Reliability Statistics

Reliability analysis: Cronbach's alpha can be interpreted as correlation coefficient which ranges in value from 0 to 1. SPSS output also provides a standardized item alpha that is the value that would be obtained if all the items were standardized (Coakes, 2005, p147). The Cronbach's Alpha for the Reward Savvy is 0.786, for Proficiently Trained, 0.732, for Coherent Communication, 0.683, for Endowed Leadership, 0.818, for Professional Competence, 0.707, for Job Satisfaction, 0.689, and for Business Performance, 0.819. An examination of the item-total statistics indicates that removal of items would not enhance this reliability measure.

Factorability of the Correlation Matrix

Though the data indicates a significant positive relationship, IM Mix has 19 items in its total construct and one is unable to determine the extent of the contribution of specific items from the analysis shown in Table 4.4.c. As such, a factor analysis was carried out to determine if there were any common factors in existence.

Exploratory factor analysis was conducted for each of the constructs in order to check for their validity. In each case the KMO statistic was verified to ensure that there was sufficient correlation between the items to justify an exploratory factor analysis ($KMO > 0.65$). Screen plots of nineteen values were used to determine the number of underlying factors (Catell 1966). Principal axis factoring was used to extract the factors and a promax rotation was conducted in order to allow correlations between the factors. The pattern matrix was then used to identify relevant items. Items with weak loadings were removed, as were items loading strongly on more than one factor (Hair, Anderson, Tatham & Black. 1998).

A minimum of five subjects per variable is required for factor analysis while 200+ are preferable (Coakes, 2005, p154). The entire lot size is 472, much higher than 200+, thus fulfilling that requirement. An examination of the correlation matrix indicates that a considerable number of correlations exceed 0.3. Therefore, the matrix is suitable for factoring. The result of factor analysis shows that questions 1, 4, 5, 6 and 7 can be grouped as Reward Savvy; questions 14, 15, 16, 17, 18 and 19 can be grouped as Endowed Leadership; questions 8, 9, 10, 11 and 12 can be group as Proficiently Trained; questions 2, 3 and 13 can be grouped as Coherent Communication.

3.5. Return of Questionnaires

According to Sekeran (1992), a survey is confined to the local areas. Since the organizations were willing and able to assemble groups of employees to respond to the questionnaire at the work place, it was decided that personal-administered questionnaire was the best way to collect data. The main advantage of this is that the researcher or a member of the research team can collect all the completed responses within a short period of time. Any doubts that the respondents might have regarding

any question could be clarified on the spot. The researcher also had the opportunity to introduce the research topic and to motivate the respondents to give their answers honestly and accurately. Administering the questionnaire to a large number of individuals simultaneously is less expensive and less time consuming than interviewing. It also requires fewer skills to administer the questionnaires than to conduct interviews. As such, whenever possible, the questionnaires were administered personally. Thirty (30) questionnaires were filled out for pretest purposes before five hundred (500) questionnaires were dispatched. The thirty (30) questions of the questionnaire valued four factors, including IM Mix, Professional Competence, Job Satisfaction and Business Performance. After the pretest, factor analysis was undertaken for the data collected using SPSS 13.0, and the result was successful. The questionnaires were dispatched to five factories in the Pearl River Delta of Guangdong province in Southern China. The questionnaire survey was initiated in mid-April 2006 and the data collection was completed in late April 2006.

3.6. Method of analysis

Table 4.4 shows all the correction results for the variables. The matrix examines the correlation matrix. It indicates that a considerable number of corrections exceed 0.3 and so the matrix is suitable for factoring. The Bartlett test of sphericity is significant, and the KMO measure of sampling adequacy is far greater than 0.6. Inspection of the anti-image correlation matrix reveals that all measures of sampling adequacy are well above the acceptable level of 0.5.

3.7. Ethical Issues

As introduced by Burns and Bush (2000), some research methods eliminate participants' anxieties concerning privacy and therefore, increase participation. The first method is anonymity, in which the respondent is assured that neither the respondent's name nor any identifying designation will be associated with his or her responses. The second method is confidentiality, which means that the respondent's name is known by the researcher, but it is not divulged to a third party, namely the

client. Anonymous surveys are most appropriate in data collection modes where the respondents respond directly to the questionnaire.

The researcher had the responsibility to make participation voluntary with informed consent. Participants understood that they could drop out any time they wished, and the data collected was obtained and kept in an anonymous and confidential manner. It was also emphasized to the participants that the purpose of the research was to test the system and not the participants to avoid putting the participants under pressure (Collin, 2004). The researcher had in mind all these considerations when carrying out the research.

Five factories agreed to distribute the questionnaires to their employees. They are: Panyu Tanzhou Fungyu Garment Co. Ltd.; Jinli Garment Factory; Shui Pany Garment & Knitting Factory Ltd.; Paklayton Garment Co. Ltd.; and Verde Garment Manufacture Ltd. All these factories are located in the Guangdong province of China, and they were required to return the consent letter with signature and company seal to prove that they agreed to conduct of the research in their institutions.

The clarity and accuracy of the questionnaire translation was verified by Hong Kong Management Association. During data collection, the researcher had thorough discussions with the Human Resources department of the subject factories before distributing the questionnaire. Also, a presentation to participating factory employees was arranged to encourage them to ask questions regarding the research. All research participants knew it was voluntary for them to fill out the questionnaire. In other words, they were free to choose not to fill out the questionnaires. After completing the questionnaire, the respondents dropped the completed questionnaire at a pre-arranged box after which the responses would be collected by the researcher.

3.8. Conclusion

It is interesting to note that there was no similar research study in the manufacturing sector except the one by Ahmed et al. (2003) in Malaysia. Ewing and Caruana (1999) concluded that IM was seen as being appropriate to services sectors but it may be

applied in the consumer and industrial sectors. Besides, Ahmed et al. (2003) carried out research in Malaysia on IM and the mediating role of organization competencies for 504 companies in which 463 were in the manufacturing sector. It is justified to fill such a gap by doing a research in the manufacturing sector in China, as there is presently prospective development in manufacturing in China. Research is a process to help gain understanding of originally unfamiliar knowledge and this research seeks to fulfill this basic requirement.

Chapter 4: Results and Findings

4.1. Introduction

Chapter 3 described the methodology adopted for the research and chapter 4 will analyze the data that was collected. This chapter will first analyze the age and gender of the respondents and then test the hypotheses that are modeled in Figure 3.5.1. These hypotheses will be scrutinized to find if IM Mix has a significant positive relationship with Professional Competence, Job Satisfaction and Business Performance. The Statistical Package for the Social Science (SPSS) and the Partial Least Squares (PLS) technique will be used to analyze the relationship between these variables.

The results show that IM Mix has a significantly positive relationship with the other three variables. However, using factor analysis to break the IM Mix into four elements -- Endowed Leadership, Proficiently Trained, Coherent Communication and Reward Savvy did not show significant relationships with Business Performance. Coherent Communication did not show significant relation to Professional Competence, but all four elements exhibited a positive relationship with Job Satisfaction. These relationships will be discussed in later sections.

In the service sector, customer satisfaction is closely related to employee performance. An essential feature of any successful organization is motivated employees. Therefore, the attitude of an employee towards his/her place of work and the extent to which an employer is able to motivate employees may have a direct effect on the quality of the products offered to customers. One of the most important challenges facing managers is the creation of a context and environment within which employees feel motivated to act so as to achieve the goals of the organization. The research suggests using IM to link internal and external customers for better quality performance (Varey, 1995b). Based on this paradigm, IM Mix is used as the key to find out if it has a significant relationship with Professional Competence, Job Satisfaction and Business Performance.

The IM concept initially emerged from service marketing where improving the

relationships between front line staff and their customers is of primary importance. This concept has extended beyond its traditional field and is now accepted in a variety of industries. The measurement model for IM was introduced in this study since the validity of correlations between IM Mix, Professional Competence, Job Satisfaction, and Business Performance needed to be established. Positive correlations were identified amongst all of the variables. In Chapter Three, the research methodology was explained. Chapter Four will present analysis of the responses of the participants to the survey. This analysis will include an overview of the data collected from employees and a discussion of the data relevance of the hypotheses. Each variable and response of the employees will be reviewed. The study was conducted to determine whether IM Mix could significantly influence Professional Competence, Job Satisfaction and Business Performance. Using Statistical Package for the Social Science 13.0 (SPSS 13.0) and Partial Least Squares (PLS), a frequency analysis was first completed to understand the general response pattern. Secondly, a correlation analysis was completed to determine the correlation of the variables and the significance of the correlations.

Using frequency analysis, it was found that a large proportion (over 50%) of the respondents gave positive answers to questionnaires, indicating that IM can motivate employees to practise behavior that will ultimately improve Business Performance. Detailed elaboration will be presented in this chapter.

Before carrying out the research, the project was approved by the Faculty Research Ethics Committee of The University of Newcastle: the approval number is Bus-Law/HKMA/3:05A.

4.2. Subject Analysis.

The survey was designed based on research done in the manufacturing industry of Malaysia (Ahmed, Rafiq, & Saad, 2003). Because the study was conducted in Guangdong, China, the questionnaire was translated into Chinese. To avoid invasion of the respondents' privacy, the respondents' identities were kept anonymous and participation was entirely voluntary. The respondents were assured that the

information provided would be used solely for project analysis and was kept confidential. These measures were designed to enhance the objectivity of the results.

As Ewing and Caruana (1999) suggest, IM challenges the attitudes and behavior of employees and therefore creates an environment that fosters customer consciousness amongst employees. A pre-test survey investigated the employees' views and perceptions of IM as well as the degree to which they felt IM strategy was utilized in the company's overall marketing strategy.

Each item was rated using a five-point Likert scale with a range from 1 (strongly disagree) to 5 (strongly agree). Correlation analysis was applied to determine the correlation between IM Mix, Job Satisfaction, Professional Competence and Business Performance.

4.3. Overview of the Data Collected

The sample consists of 472 respondents from five factories in Guangdong, China. Table 4.4.a. displays the age distribution of the respondents, who came from many different provinces in Southern China. Table 4.4.b. displays the gender of the respondents. This research did not examine the educational attainment of the respondents. The respondents were mostly from the production line. Therefore, they could be expected to have a secondary school education as the literacy rate in China is 90% (The Fact Book, 2005). In general it is known that the respondents had an array of educational backgrounds ranging from primary school to college. The pre-test results found that the respondents were interested in the idea of IM after the IM theory was presented to them.

The survey was divided into four sections: IM Mix, Professional Competence, Job Satisfaction and Business Performance. IM Mix factors into four separate groups: Reward Savvy, Proficiently Trained, Coherent Communication and Endowed Leadership. In the IM Mix section, 58% of the respondents selected "Agree" and 19% of the respondents selected "Strongly Agree." In the Professional Competence

section, 64% of the respondents selected “Agree” and 23% of the respondents select “Strongly Agree.” For the Job Satisfaction section, 59% of the respondents selected “Agree” and 19% of the respondents selected “Strongly Agree.” In the Business Performance section, 60% of the respondents selected “Agree” and 31% of the respondents selected “Strongly Agree”.

Table 4.3.a shows the respondents’ ages range from 18 to 50, the mean age is 26; the median age is 25 and the mode is 20. By observing the mean age, one can conclude that younger workers are more prevalent. Since 1980, many new clothing factories have been set up on the Pearl River Delta in Guangdong Province. Chinese factories are considerably larger than the world standard, China’s medium sized factories employ up to 3000 while other nations average 499 workers (Li & Ogunmokin, 2003 in OECD, 1998). These factories play an important role in the Chinese economy. Since larger factories need better management as well as more competent employees to maintain their leading position, these factories desperately need implementation of IM. Given that the educational level probably did not vary greatly among respondents it was not likely a factor in differential results, but further research would be necessary to prove this point.

Table 4.3b. shows that 58.1% (274) of the respondents are female and 41.9% (198) of respondents are male. Descriptive statistics such as age and gender may be particularly useful if one requires background data (Coakes, 2005).

Table 4.3a Respondents’ Age.

Age	N	%
20 and below	97	20.5
21-25	175	37
26-30	100	21
31-35	75	16
36-40	18	4
41 and above	7	1.5
Total	472	100

Table 4.3b. Respondents' Gender.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	198	41.9	41.9	41.9
	Female	274	58.1	58.1	100.0
	Total	472	100.0	100.0	

4.4. Results of Hypotheses.

This section looks at the relationship of the variables. Correlation looks at the relationship between two variables in a linear fashion. A Pearson-product-moment correlation coefficient describes the correlation between two co-variables and is available through the analyze and correlate menus. A correlation between two dichotomous or categorical variables is called a phi coefficient and is available through the crosstab option from the analyze and susceptible statistics menus.

Table 4.4 shows all the correlation results for the variables. It looks at the relationships between four IM Mix factors and three outcome factors while Table 4.4.a. looks at the relationship between IM Mix as a whole with the three outcome factors. The matrix examines the correlation matrix. It indicates that a considerable number of correlations exceed 0.3 and so the matrix is suitable for factoring. The Bartlett test of sphericity is significant, and the KMO measure of sampling adequacy is far greater than 0.6. Inspection of the anti-image correlation matrix reveals that all measures of sampling adequacy are well above the acceptable level of 0.5.

Table 4.4 Correlation result of IM Mix factor and result factors

		REWARD SAVVY	PROFICIENTLY TRAINED	COHERENT COMMUNICATION	ENDOWED LEADERSHIP	PROF. COMPETENCE	JOB SATISFACTION	BUS' PERFORMANCE
REWARD SAVVY	Pearson Correlation	1	.521(**)	.513(**)	.603(**)	.419(**)	.492(**)	.363(**)
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	Sum of Squares and Cross-products	4444.271	2025.347	1263.720	3258.322	1021.025	1436.729	1325.881
	Covariance	9.436	4.300	2.683	6.918	2.168	3.050	2.815
	N	472	472	472	472	472	472	472
PROFICIENTLY TRAINED	Pearson Correlation	.521(**)	1	.414(**)	.549(**)	.463(**)	.455(**)	.446(**)
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	Sum of Squares and Cross-products	2025.347	3397.523	892.939	2594.631	986.392	1161.153	1425.254
	Covariance	4.300	7.213	1.896	5.509	2.094	2.465	3.026
	N	472	472	472	472	472	472	472
COHERENT COMMUNICATION	Pearson Correlation	.513(**)	.414(**)	1	.410(**)	.363(**)	.395(**)	.327(**)
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	Sum of Squares and Cross-products	1263.720	892.939	1365.117	1226.699	400.739	638.780	661.965
	Covariance	2.683	1.896	2.900	2.604	1.042	1.356	1.405
	N	472	472	472	472	472	472	472
ENDOWED LEADERSHIP	Pearson Correlation	.603(**)	.549(**)	.410(**)	1	.425(**)	.464(**)	.457(**)
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	Sum of Squares and Cross-products	3258.322	2594.631	1226.699	6568.195	1257.436	1646.678	2031.797
	Covariance	6.918	5.509	2.604	13.945	2.670	3.496	4.314
	N	472	472	472	472	472	472	472
PROF. COMPETENCE	Pearson Correlation	.419(**)	.463(**)	.363(**)	.425(**)	1	.383(**)	.536(**)
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	Sum of Squares and Cross-products	1021.025	986.392	490.739	1257.436	1335.456	613.475	1073.458
	Covariance	2.168	2.094	1.042	2.670	2.835	1.302	2.279
	N	472	472	472	472	472	472	472
JOB SATISFACTION	Pearson Correlation	.492(**)	.455(**)	.395(**)	.464(**)	.383(**)	1	.390(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	Sum of Squares and Cross-products	1436.729	1161.153	638.780	1646.678	613.475	1916.271	936.119
	Covariance	3.050	2.465	1.356	3.496	1.302	4.069	1.988
	N	472	472	472	472	472	472	472
BUS' PERFORMANCE	Pearson Correlation	.363(**)	.446(**)	.327(**)	.457(**)	.536(**)	.390(**)	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	Sum of Squares and Cross-products	1325.881	1425.254	661.965	2031.797	1073.458	936.119	3003.864
	Covariance	2.815	3.026	1.405	4.314	2.279	1.988	6.378
	N	472	472	472	472	472	472	472

** Correlation is significant at the 0.01 level (2-tailed).

Table 4.4.a Correlation results of variables.

		IM MIX	Professional Competence	Job Satisfaction	Business Performance
IM MIX	Pearson Correlation	1	0.353**	0.553**	0.494**
	Sig. (2-tailed)	.	.000	.000	.000
	N	472	472	472	472
Professional Competence	Pearson Correlation	0.353**	1	0.260**	0.364**
	Sig. (2-tailed)	.000	.	.000	.000
	N	472	472	472	472
Job Satisfaction	Pearson Correlation	0.553**	0.260**	1	0.390**
	Sig. (2-tailed)	.000	.000	.	.000
	N	472	472	472	472
Business Performance	Pearson Correlation	0.494**	0.364**	0.390**	1
	Sig. (2-tailed)	.000	.000	.000	.
	N	472	472	472	472

** Correlation is significant at the 0.01 level (2-tailed).

Table 4.4.a. compares IM Mix towards the three outcome factors. It confirms the results of a scatter plot in that a significant positive correlation exists between IM Mix and other variables: IM Mix and Professional Competence ($r = 0.353$, $p < 0.05$), IM Mix and Job Satisfaction ($r = 0.553$, $p < 0.05$), and IM Mix and Business Performance ($r = 0.494$, $p < 0.05$). The initial test shows a positive correlation existing between the variables. “If the value for two-tail significance is less than 0.05 ($p < 0.05$), then the difference between the means is significant” (Coakes, 2005:75). Thus, higher IM Mix scores are associated with higher Business Performance and other variables. The following is a more detailed analysis of the variables. SPSS allows recoding missing values using mean substitution to retain all cases in analysis. However, in this analysis, this feature was not necessary as there was no missing data.

4.4.1. A positive correlation between IM Mix and Business Performance.

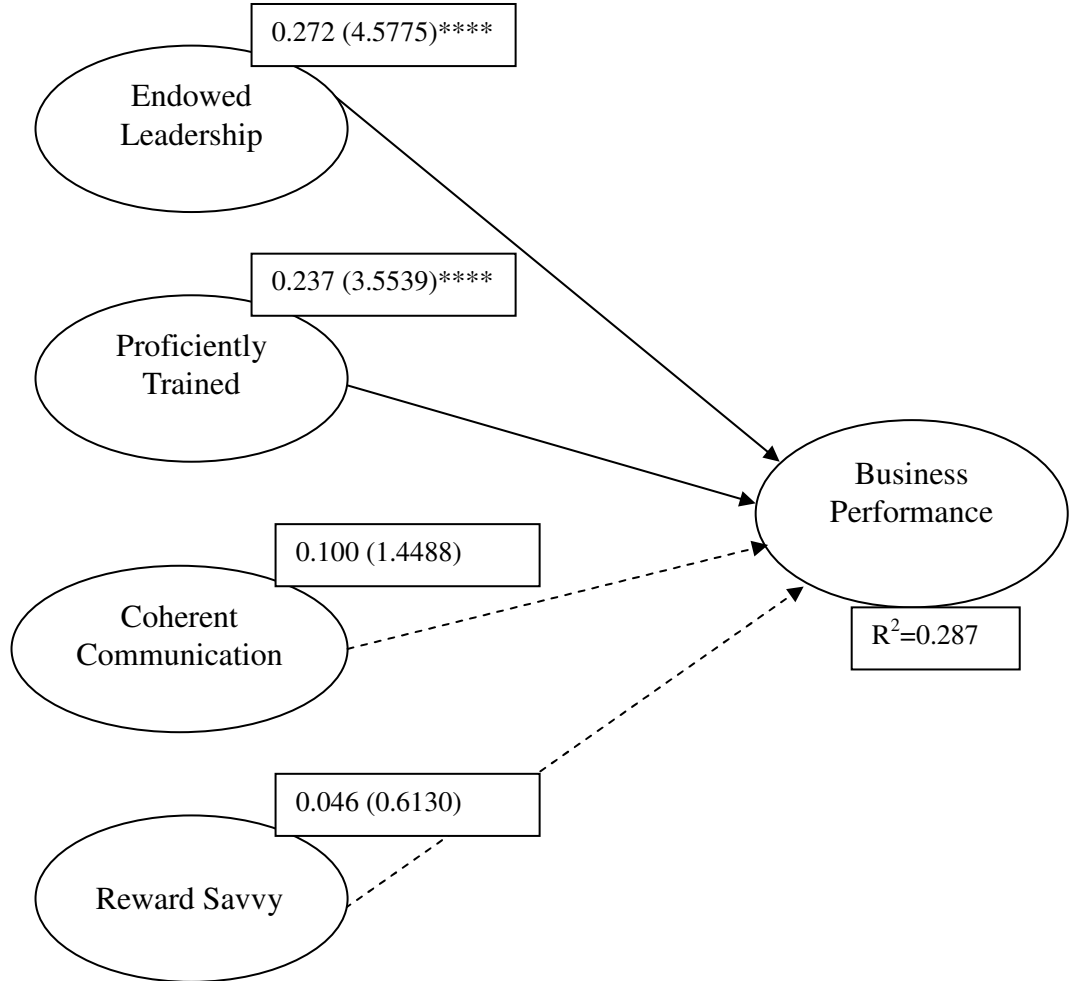
This section investigates the first hypothesis (H1: there is a significant positive correlation between the IM Mix and Business Performance). Table 4.4.a. indicates a correlation between IM Mix and the other three variables. Because the variables are

quantitative, the magnitude of correlation between two variables can be measured and any two variables can be compared (De Veaux, Velleman and Bock, 2005). DeVeaux et al. (2005:151-2) explains that a linear relationship represents a measurable correlation. However, if graphed data does not show some sort of pattern, then the data is meaningless. The significance of the correlation between variables can thus be concluded. As shown in Table 4.4.a., the relationship between IM Mix and Business Performance ($r = 0.494$, $p < 0.01$) matches the hypothesized result. The analysis shows a positive correlation between IM Mix and Business Performance. Table 4.4.c. also shows that IM Mix has a significant positive relationship with Professional Competence (H2) and Job Satisfaction (H3) where $r = 0.353$ and $r = 0.553$, respectively.

4.4.2. Direct influence of the four IM Mix factors towards Business Performance.

On having determined these new constructs (Endowed Leadership, Proficiently Trained, Coherent Communication, and Reward Savvy.), a Partial Least Square (PLS) technique was used to test multiple relationships between the constructs. PLS is increasingly being used to understand various organizational phenomena in the marketing literature (White et al. 2003; O'Cass & Julian, 2003). As PLS is founded on soft modeling philosophy by Falk & Miller (1992), multiple indices are used to evaluate the model as opposed to one fixed index. These fit indices include: r-squared, average variance explained, averaged variance accounted for (AVA), regression weights and loadings (O'Cass, 2000). After ensuring the reliability and validity of the scales and combining the scales into composite measures, PLS is used to test the interaction between the new constructs and the contribution in relation to Business Performance, Professional Competence and Job Satisfaction. PLS is a powerful tool for analyzing structural equation models involving multiple constructs and multiple indicators.

Figure 4.4.2. Empirical results showing the direct influence of the four IM Mix factors towards Business Performance.



(**** = $P < 0.001$, *** = $P < 0.010$, ** = $P < 0.050$, t -value in parentheses)

The results indicate that Endowed Leadership (0.272, p -value < 0.001) and Proficiently Trained (0.237, p -value < 0.001) are significantly related constructs to Business Performance, while Reward Savvy did not have any significant relationship to Business Performance. Although the overall relationship between IM and Business Performance was significantly related at 0.494, it must be understood that Reward Savvy and Coherent Communication made no contribution to the overall relationship. Further discussion on the role of Reward Savvy and Coherent Communication in IM Mix will be provided in the next chapter. Endowed Leadership had the highest contribution in the overall interaction between IM Mix factor and Job Satisfaction. Below is a summary of Figure 4.4.2. in terms of the relationship between the IM Mix factors and Business Performance.

1. Reward Savvy has a path coefficient of 0.046, and Coherent Communication's path coefficient is 0.100 which are not significant with Business Performance.
2. Reward Savvy (0.046) was not significant mainly because the respondents were predominantly concerned about manufacturing issues (due to their involvement in production). Therefore it is possible that they were not too concerned about Business Performance.
3. Coherent Communication (0.100) also has a low coefficient because the questions are more related to production deadlines and not to overall Business Performance. This is indicated in the area of limitations.
4. Respondents' perception towards Proficiently Trained has a significantly positive coefficient of 0.237 with p -value < 0.001 . The employees posited that they had been well trained to perform their utmost which in turn would have bolstered overall Business Performance.
5. Endowed Leadership had a positive path coefficient of 0.272 with p -value < 0.001 . The respondents' reassurance from their leaders providing positive directions in terms of solving issues and problems could have contributed to this significant relationship. This sub construct of IM has the highest path coefficient suggesting that leaders had set employees on a path towards better Business Performance.

4.4.3. IM Mix, Professional Competence and Job Satisfaction.

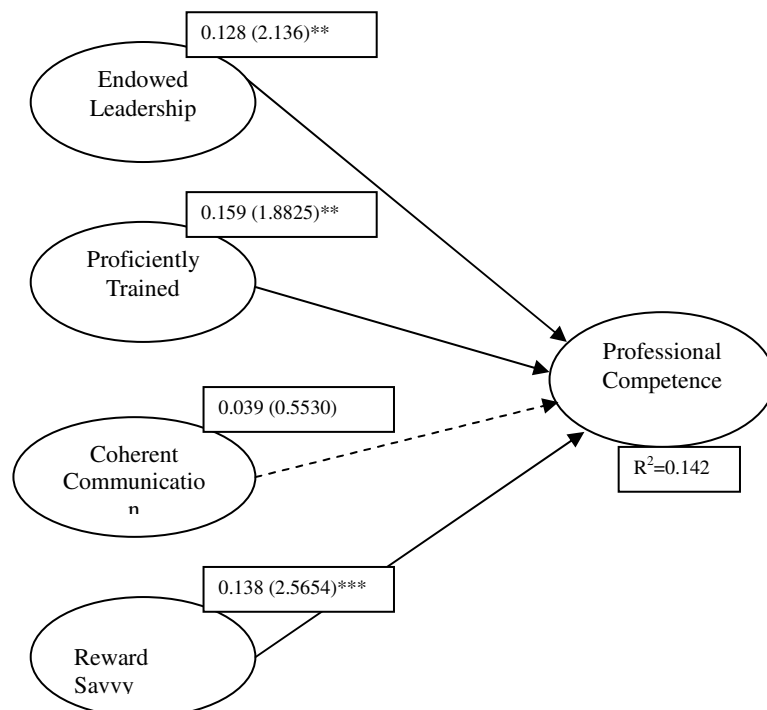
Although H2 and H3 indicate a significantly positive correlation between IM Mix and Professional Competence ($r = 0.353$, p -value < 0.001) and Job Satisfaction ($r = 0.553$, p -value < 0.001), they do not provide evidence of the relationship between specific IM mix components. The next section will discuss the interaction between IM Mix components and Professional Competence followed by a discussion of the interaction between IM Mix and Job Satisfaction.

The results reveal a positive correlation between IM Mix and Professional Competence which supports the validity of H2. A significant positive correlation was also found between IM Mix and Job Satisfaction which supports the validity of H3.

Below is a summary of Figure 4.4.3 in terms of the relationship between the IM Mix factors and Professional Competence.

1. The Coherent Communication factor was not significant mainly due to lack of consultation with employees regarding their tasks. Since production staff are directed to take orders from superiors, there is usually no apparent need for them to communicate with others, thus creating a non significant path coefficient.
2. Respondents are satisfied with the Endowed Leadership aspect of IM and this provides evidence that good leadership motivates the employee to become more professionally competent.
3. The Reward Savvy aspect of IM provides employees with the sense of pride to perform competently in the tasks delegated to them. The reward incentive motivates them to be more professional in their role.
4. By observing the empirical results of Proficiently Trained one can predict that employees have a sense that adequate training within an organization could assist them to better to carry out their tasks in a professional manner.

Figure 4.4.3.
Empirical results showing the direct influence of
the four IM Mix factors towards Professional Competence.

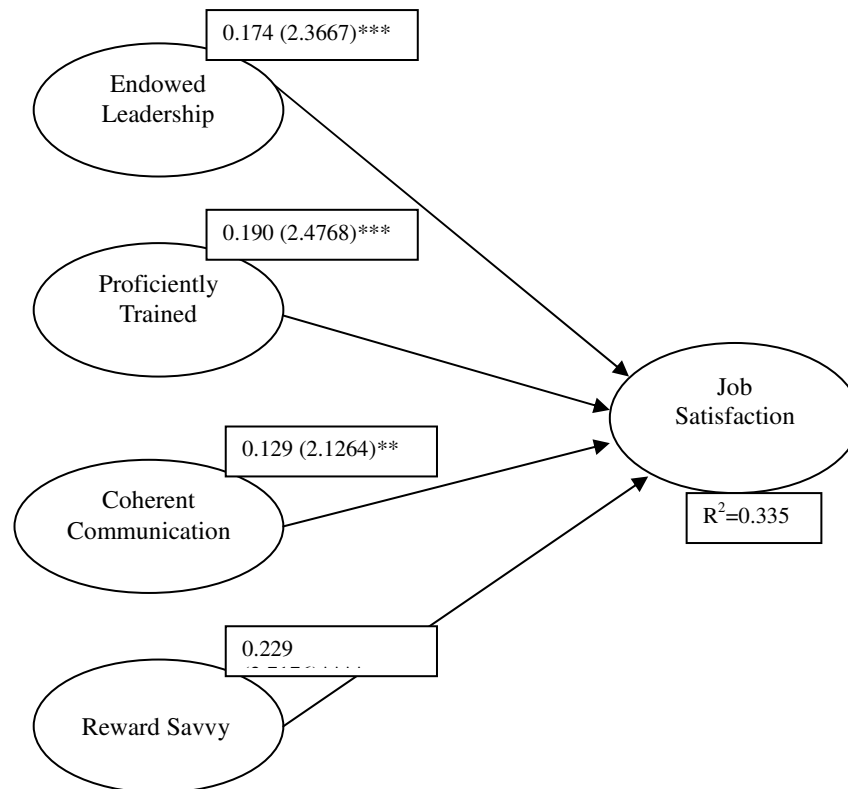


(**** = $P < 0.001$, *** = $P < 0.010$, ** = $P < 0.050$, t -value in parentheses)

4.4.4. Factors of IM Mix and Job Satisfaction.

When comparing IM Mix to Job Satisfaction the value of $r = 0.553$ indicated a significant relationship between IM Mix and Job Satisfaction. However, after separating the factors of IM Mix (Figure 4.4.4) the numbers do not show high path coefficients.

Figure 4.4.4.
Empirical results showing the direct influence of
the each of the four IM Mix factors towards Job Satisfaction.



(**** = $P < 0.001$, *** = $P < 0.010$, ** = $P < 0.050$, t -value in parentheses)

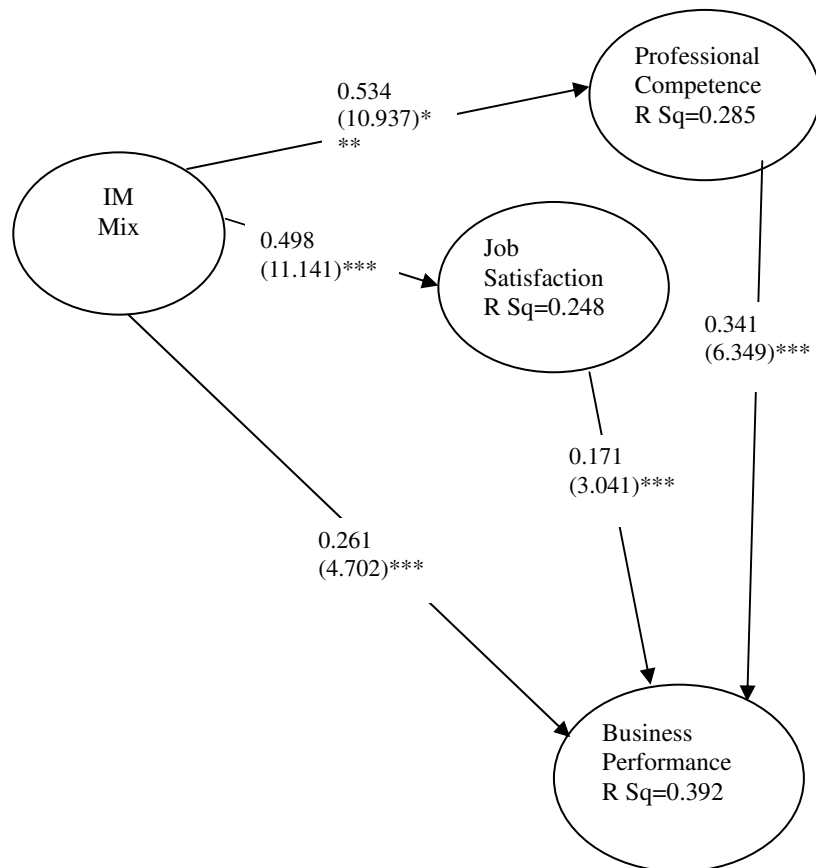
Below is a summary of Figure 4.4.4 in terms of the relationship between the IM Mix factors and Job Satisfaction.

1. All four items show significant relationship to Job Satisfaction.
2. Reward Savvy seems to have the highest level of correlation with Job Satisfaction (0.229 with p -value < 0.001). This could be due to production

staff being enticed by the rewards which tend to lead to higher Job Satisfaction.

3. Effective leadership provided to respondents relevant to their issues or concerns may have contributed to Endowed Leadership having a significant positive relationship with Job Satisfaction (0.174 with p -value < 0.01).
4. The better employees are trained, the better their sense of Job Satisfaction. This is demonstrated by a significant positive coefficient of 0.190 with p -value < 0.01 between Proficiently Trained and Job Satisfaction.
5. The significant positive relationship between Coherent Communication and Job Satisfaction (0.174 with p -value < 0.05) provided evidence that staff perform better when there is adequate communication. This relationship shows a more satisfied workforce.

Figure 4.4.5.
Empirical results showing the influence of
Professional Competence and Job Satisfaction towards Business Performance.



(**** = $P < 0.001$, *** = $P < 0.010$, ** = $P < 0.050$, t -value in parentheses)

Figure 4.4.5. is a summary of the relationships between IM Mix, Job Satisfaction, Business Performance and Professional Competence.

1. Both items show significant relationship between IM Mix factors towards Business Performance and to Job Satisfaction.
2. IM Mix significantly influences Professional Competence (0.534 with p -value < 0.05) and Business Performance (0.341 with p -value < 0.05).
3. IM Mix significantly influences Job Satisfaction (0.498 with p -value < 0.05) and Business Performance (0.172 with p -value < 0.05).
4. That professional competence shows a higher score indicates that it is important to firstly acquire job skills in order to attain job satisfaction.

In summary, the results show that IM Mix positively influences Business Performance, Professional Competence and Job Satisfaction. Positive Business Performance is characterized by increased awareness of timely delivery, cost control and efficiency as measured in the survey. Thus, the analysis supports the hypothesis that the practice of IM Mix, especially the investment in the development of staff, could lead to employee satisfaction in the Textile and Clothing industry in Guangdong, China. Because the Textile and Clothing industry is highly labor-intensive, employee Professional Competence and efficiency will result in improving customer satisfaction and productivity, thus increasing the business' competitive edge.

The results reveals a positive correlation between IM Mix and Professional Competence which support the validity of H2. A significant positive correlation was also found between IM Mix and Job Satisfaction which supports the validity of H3 while IM Mix factors influence Professional Competence and Job Satisfaction towards Business Performance in the positive direction.

The purpose of IM is ultimately to create a team of customer-conscious employees. By using development schemes and other IM Mix components, an ordinary employee can become a competent worker who is customer-conscious. It also creates a service culture by encouraging employees to use a variety of methods to become experts in their field who have both a business-oriented mindset and a customer-oriented attitude

(Gronroos, 1990). Changing employees' mindset to accept and support the organization's values, goals and vision should be beneficial to both employees and the organization as a whole.

4.5. Conclusion

Chapter Four discussed the results of this research project and the implications for employees of the textile industry in Guangdong, China. The theoretical framework was also reintroduced to allow a thorough discussion of its relationship to the results. Varey (1995:43) proposes using TQM (Total Quality Management) as a tool to provide better services. He argues that it is important to induce the employees to use IM as a tool to influence Business Performance, since it can be used as a meter for the quality of service. Furthermore, it is a tool that is not difficult to use. The results of this study suggests that employees are the most important resource in the Textile and Clothing industry; the productivity and quality of garments are primarily determined by them. IM Mix helps to achieve the employee's Professional Competence and Job Satisfaction, and upgrades the entire performance of the enterprise. Therefore, management should be aggressively engaged in IM to arrive at a synergy of satisfied employees and upgraded organizational performance.

The empirical research provides strong support for all the hypotheses; all the data proves the conceptual framework of this research that IM Mix has a positive effect on Professional Competence and Job Satisfaction and Business Performance. Satisfied and competent employees will make a better impression on customers, benefiting the organization as a whole. The project results suggest that both Professional Competence and Job Satisfaction are important factors that influence the company's Business Performance. In the Textile and Clothing industry, employees' Professional Competence can be improved by refining the company's training practices. Employee Job Satisfaction can be improved by further developing the company's Reward Savvy, Endowed Leadership, Coherent Communication, and Proficiently Trained. This study indicates that application of IM in the Textile and Clothing industry will result in increased Business Performance.

On the basis of these findings, all hypothesized correlations were proven to be correct. These results are consistent with previous research done by Ahmed et al. (2003) in Malaysia. The findings of this study show that attracting, training and retaining qualified employees are of primary concern. Any organization should include these components in their strategy for success. Management should emphasize customer-consciousness and sales-mindedness among the employees. In addition, management should recognize that staff empowerment and training of the front line personnel have an immediate effect on customer satisfaction.

Traditional marketing focuses on satisfying external costumers whereas IM satisfies both external and internal customers (employees). IM essentially treats the employees as customers whose positive experiences can result in improving Business Performance.

The objective of management is to create an environment which enhances customer-consciousness, sales-mindedness, and motivation amongst the employees. Within the theoretical framework, two variables that affect the organization's Business Performance are Professional Competence and Job Satisfaction. IM Mix can stimulate Professional Competence and Job Satisfaction and in turn improve Business Performance. The empirical research results support all the hypotheses; Professional Competence and Job Satisfaction both have positive impacts on Business Performance. While similar research in the future is suggested, there are positive correlations amongst all the concepts defined in the hypothetical model of the study.

Table 4.5.
Summary of hypothesis testing

	Hypothesis	Statistical Test	p-value	Outcome
H1	There is a positive correlation between IM Mix and Business Performance.	Correlation	$r = 0.494$ $P < 0.01$	Support
H2	There is a positive correlation between IM Mix and Professional Competence.	Correlation	$r = 0.353$, $P < 0.01$	Support
H3	There is a positive correlation between IM Mix and Job Satisfaction.	Correlation	$r = 0.553$, $P < 0.01$	Support
H4	There is a positive correlation between Professional Competence and Business Performance.	Correlation	$r = 0.171$, $P < 0.01$	Support
H5	There is a positive correlation between Job Satisfaction and Business Performance.	Correlation	$r = 0.341$, $P < 0.01$	Support

Chapter 5: Conclusion

5.1. Introduction

In this study a new IM implementation framework was proposed and evaluated. The proposed concept of IM with a set of controllable measures inside the organization can be used to influence employee Professional Competence and Job Satisfaction. A particular feature of the model is that the IM Mix factors can be used as a method to influence employee Professional Competence and Job Satisfaction in an organization which in turn improves Business Performance. The purpose of this study was to determine the correlations between IM Mix, Professional Competence, Job Satisfaction and ultimately, Business Performance. A survey conducted in five factories in the Guangdong province of China revealed significant and positive correlations between IM Mix and Business Performance. A conclusion can thus be drawn that IM in the textile and clothing industry in Guangdong, China may be crucial to improving overall Business Performance. Practical implications of the research regarding theory and practice, as well as the limitations of the study, will be covered in this chapter. Propositions for future research will also be presented.

5.2. Conclusions about Hypotheses

This chapter will present conclusions from the present empirical study, the results of which verify the hypotheses developed in this thesis.

Hypothesis 1: There is a significant positive relation between IM Mix and Business Performance.

A previous study (Ahmed et al., 2003) had found strong correlations between IM Mix and Business Performance. They concluded that the relationship between IM Mix and organizational competency variables was the result of statistically significant effects of moderators (Marketing-like philosophy $B = 3.066$, $t = 34.160$, $P = < 0.001$; Marketing-like tools $B = 2.561$, $t = 47.451$, $P = < 0.001$, Ahmed et al., 2003 p.1232), while the present study in China views the relationship of IM Mix factors in a more direct model without moderator and

mediator effects.

In this research, H1 outlines a linear positive association between the IM Mix and Business Performance. The correlations carried out revealed that there are strong correlations between IM Mix and Business Performance. As shown in Chapter Four, the significant and positive relationship between these two variables is confirmed.

Hypothesis 2: There is a significant correlation between IM Mix and Professional Competence.

In Table 4.4, significant and positive results were found between IM Mix and Professional Competence. This result is consistent with existing literature.

Hypothesis 3: There is a significant positive correlation between IM Mix and Job Satisfaction.

IM Mix positively correlates with the level of Job Satisfaction. As displayed in Table 4.4, the results ($r = 0.553$, $p < .001$) support IM Mix as having a positive correlation with Job Satisfaction. This finding confirms that the implementation of IM guided tools such as Endowed Leadership, Proficiently Trained, Coherent Communication and Reward Savvy, could have a positive impact on employee Job Satisfaction. The more an organization is guided by an IM philosophy, the more employees are satisfied with their jobs, which in turn positively impacts Business Performance.

Hypothesis 4: There is a significant positive correlation between Professional Competence and Business Performance.

In Table 4.4.5. significant and positive results were found between IM Mix and Professional Competence. IM Mix significantly influences Professional Competence (0.534 with p -value < 0.05) and Business Performance (0.341 with p -value < 0.05).

Hypothesis 5: There is a significant positive correlation between Job Satisfaction and Business Performance.

In Table 4.4, significant and positive results were found between IM Mix and Job Satisfaction. IM Mix significantly influences Job Satisfaction (0.498 with p -value < 0.05) and Business Performance (0.172 with p -value < 0.05). This result is consistent with existing literature.

Verification of Hypotheses

Statistically significant correlations were found between IM Mix, Professional Competence, Job Satisfaction and Business Performance. The results are consistent with published literature. It is clear that IM Mix influences Professional Competence and Job Satisfaction, which in turn significantly affect Business Performance.

The study establishes that application of IM Mix results in better Professional Competence, Job Satisfaction and Business Performance. The findings highlight that Professional Competence along with Job Satisfaction are critical factors associated with greater Business Performance. The empirical research provides strong support for the hypothesized model; all major hypotheses were supported. In particular, the Job Satisfaction variable is established as a reliable measure for Business Performance. The importance of IM in this model shows its applicability to the textile and clothing industry in Guangdong, China.

Endowed Leadership and Proficiently Trained have a significant positive impact on Business Performance, while Coherent Communication and Reward Savvy did not show significant effects on Business Performance as this study already discussed in Chapter 4. This finding could be further investigated as to the detailed reasons and solution.

The results from the empirical analyses strongly support all five hypotheses. The correlations between the variables as defined in the hypothetical model are positive and significant.

5.3. Implications for Theory and Practice

This study is the first and only empirical study on IM in the context of the textile and

clothing industry in Guangdong, China. The research is an extension of the research of Ahmed et al., (2003) in Malaysia. The contributions of this study to management theory and its implications for practical management application will be discussed.

5.3.1. Implications for the Theory

A literature review and empirical, positivist research form the bases for this study. The results analyzed using the Statistical Package for the Social Science (SPSS) and Partial Least Squares (PLS) are highly significant and would be a suitable reference for subsequent research on topics linked to IM. The findings of the study showed significant correlations between IM and Professional Competence, Job Satisfaction and Business Performance. It is suggested that more research is needed to develop a more thorough theoretical understanding of the relationships between these organizational variables and IM Mix.

The hypothesized model illustrating the relationship of IM to Job Satisfaction, Professional Competence and Business Performance could also be a valuable reference in subsequent studies on IM. Although this research presented the importance of IM in the textile and clothing industry in Guangdong, China, the research might also be a useful reference for IM studies in other fields and regions.

5.3.2. Organization Policy and Managerial Implications

Organization Policy

The empirical findings have several important managerial implications. Firstly, IM not only influences Professional Competence and Job Satisfaction, it also affects Business Performance. Therefore, it will be necessary to explicitly design and institute various organizational policies such as internal communication, strategic reward, training, and advancement opportunities to develop a system that will facilitate IM. Training will improve employee Professional Competence, while internal communication will help solve management issues and in turn increase Job Satisfaction.

Managerial Implications.

Employees are the most important resource in labor-intensive industry, primarily because employees deliver the products to the customers. Additionally, the employees, whilst delivering the products, are crucial in achieving customer satisfaction, thus improving the overall performance of the organization. Therefore, management should aggressively engage in IM to achieve Job Satisfaction, Professional Competence and to improve overall Business Performance. Managers should develop a more comprehensive system that will enhance IM programs; the starting focus should be employee Job Satisfaction, Proficiently Trained, Coherent Communication, Reward Savvy and Endowed Leadership.

The comparison between research in Malaysia by Ahmed et al. (2003) and this research follows. Firstly both demonstrated the importance of developing organizational competencies to improve business performance. Secondly, both conducted research in Manufacturing – the present study was performed in China in the textile industry while the Malaysian research focused less specifically on industry in general. Thirdly, Ahmed et al. tested mediator variables and moderator effects while the research in China considered only the simple relationship between four IM Mix factors towards three outcome factors. Fifthly, both reports indicated that Job Satisfaction does not receive strong support when compared to Job Competence.

In terms of IM, all managers and the company as a whole should attempt to achieve Job Satisfaction and Professional Competence in order to enhance Business Performance in the long run.

5.4. Limitations

The empirical results offer insight into the unique importance of IM in the textile and clothing industry in Guangdong, China and provide an understanding of the critical roles of both Professional Competence and Job Satisfaction for Business Performance. Nonetheless, the limitations of the findings must be discussed.

Firstly, as this study was conducted in the textile and clothing industry in Guangdong, China, the sample represents a cross-section of a relatively small number of businesses

and it would be useful to obtain a broader and wider sampling from more factories. Since the respondents' perceptions, attitudes and behaviors are influenced by culture, there are several possible problems related to cross-national or cross-cultural research. It would also be relevant to test whether the existing IM model can be generalized to be applicable to other countries. Replication of this study on a wider scale with other national cultures and environments is essential before generalizing the findings. The possibility of the existence of biases in the responses, such as social desirability, acquiescence and leniency effects must be acknowledged. Despite assurances of confidentiality, employees in Guangdong, China, are likely to be more conscious of job security as compared to employees in other regions, which might produce systemic biases in their responses. Whilst taking these factors into consideration, there is no reason to believe that the theoretical relationships explored by the Guangdong sample would be so dissimilar as to render the findings of this study regarding IM Mix and Business Performance unreliable.

Secondly, cross-sectional data was used in this study. A timeline for the correlation between IM and Business Performance cannot be determined. Prior to conducting this study, the three dependent variables in the IM Mix Model -- Job Satisfaction, Professional Competence and Business Performance -- were not evaluated. Rather than the results being interpreted as proof of a causal relationship, they may lend support for a prior causal scheme. Future studies should evaluate and establish the baseline prior to conducting research. More insight into probable causation would be provided upon the development of a time-series database and testing of IM in association with performance evaluated within a longitudinal framework.

Thirdly, to enhance understanding of Business Performance in the service sector, potential variables such as strategy/structure fit, strategy implementation effectiveness and other strategic variables (e.g. IM or innovation orientation) should be included in subsequent research efforts.

Fourthly, the high response rate could be due to the distribution of the questionnaires by middle management. The method of distribution might also have similarly influenced the high scores received in this research. Further research in the future would be necessary to prove or refute this possibility.

Finally, it is difficult to approach good manufacturers in China for cooperation with research; established companies are not willing to allow interviews during regular work hours as it interrupts their operations. A qualified research assistant may be difficult to recruit, and as the Chinese business culture often discourages employees from expressing opinions frankly, a bias might be expressed in the results. The timeline during which research was conducted was short. Although more research might preclude or reduce bias, the amount of time allotted for this study produced fairly representative and more importantly, relevant results. The DBA course work and the systematic methods provided a good background for dealing with these difficulties.

5.5. Directions for Future Research

Although the findings of this study are significant for IM in the textile and clothing industry in Guangdong, China, the level of Business Performance could be influenced by existing interactions with other variables. To confirm the reliability of these observations, future research should be performed in different settings or cultural contexts to ascertain the unaffected impact of IM on Business Performance. Both the IM and Business Performance constructs require further theoretical and empirical refinement. This study provides a benchmark for future research in this field, and, unlike other broad studies on the subject, it has found that IM activities have been undertaken in practice. This study represents an attempt to build and test a conceptual framework for IM; the findings presented are therefore indicative rather than conclusive. This study also offers suggestions for future research and several key factors beyond the scope of this study pose opportunities for future research.

Firstly, this study was confined to only five factories in two cities in Guangdong, China; any generalizations to other sectors of the textile and clothing industry, even that of the entire province must be done with caution. Further elaboration of the IM construct might provide an opportunity for additional research that could extend IM beyond service firms and public sectors to manufacturing sectors.

Secondly, it would be useful to assess the degree to which the IM model developed in this study could be generalized to other contexts, such as in marketing in the

manufacturing sectors. With further research, it can be expected that a more comprehensive conceptual framework related to IM will be developed.

Thirdly, although the results of this study provide support for IM Mix as a positive influence on Business Performance, it is essential to note that Business Performance is a multidimensional construct that may be characterized by a number of factors including effectiveness, efficiency and adaptability (Walker and Ruekert, 1987). Therefore, it would be useful to explore the complexities of the relationships between IM Mix and alternative dimensions of Business Performance in future studies.

Fourthly, the determinants (i.e. antecedents) of IM Mix require both theoretical and empirical investigation. If IM is to be implemented, managers and those in leadership positions must be familiar with the ways in which they can become instrumental in shaping IM Mix in their organizations.

Fifthly, the variables in the study could be applied repeatedly in examining other nations' textile industries.

Sixthly, only four components of the IM Mix are presented; Reward Savvy, Coherent Communication, Proficiently Trained and Endowed Leadership. These four components directly and indirectly influence the other variables. However, based on review of the IM literature and the elements of an organizational influence system, IM Mix can be made up of many more elements that were not often mentioned in the study, i.e., organizational structure, physical environment, incentive systems, empowerment, and operational/process changes.

Finally, this analysis focuses primarily on the textile and clothing industry. In order to provide a deeper understanding for entrepreneurs, more research should be done in other industries where IM may be relevant, such as in the electronics and building industries.

5.6. Recommendations to Manufacturers.

Not all enterprises are successful and this can be revealed using various indicators.

Lyden and Klengale (2000) have specified some indications of declining organizational health. These are declining profits, reduction in productivity, increased absenteeism, less open communications, the existence of unethical behavior, low levels of motivation and morale, lack of goal setting, the lack of support from employees, lack of concern for the reputation of the organization, lack of mentoring, lack of development and training programs, lack of trust among employees, etc. Lynden and Klengale (2000) further suggest some methods to help improve organizational health: employee participation, staff morale, institutional reputation, ethics, recognition of employee contributions, alignment of the company and the individual's goals, development opportunities, resource utilization, etc. Most of these corrective items are similar to the elements of the IM Mix.

Programs are important when changing an organization to exhibit the aforementioned characteristics of a healthy organization. Often, organizations experience difficulties such a refusal to implement change, misdirected internal focus, lack of credibility, breaking of promises, lack of skill building, lack of resources, lack of discipline, lack of strategy, misuse of metrics, tendency to overreact, lack of motivation for improvement, and power politics (Kitchen and Daly, 2002). Organizations can successfully institute changes with careful consideration and a thorough understanding of the direction of change. As it is important for a manufacturer to use IM, particularly in Guangdong, China, skillful handling is required to institute IM changes in the organization.

5.7. Summary of the Overall Contributions

The result shows a positive relationship between IM and Professional Competence, Job Satisfaction and Business Performance. This research indicates a future path for continued investigation. Furthermore, this research makes the following contributions.

1. IM is important in China's textile industry.
2. The results show a positive relationship between IM and key variables, and
3. Further research is suggested following the same lines in China or in similar

industries elsewhere.

Table 5.7 summarizes the overall contributions made by this study in relation to both this exploratory study and also its contribution to the already existing literature more specifically.

Table 5.7.
Summary of the Overall Contributions

Area	Contribution of the current study	Contribution to the literature
Ahmed et al., 2003:1237	Encourage the use of IM concept in the textile and clothing industry to develop employees' positive attitude toward the company.	Indication by Ahmed et al. that future research needs to be replicated in order to address some of the limitations, a benchmark for future research.
Erramilli, 1990; Shostack, 1987; Patterson & Cicic, 1995	Set up model to use IM in the textile and clothing industry in China.	Future studies should examine the effect of IM Mix on Business Performance across different service categories.
Avolie, Sosik, Jung & Berson, 2003	Leadership is significant to all three variables.	Leadership significantly correlates to Job Satisfaction, Professional Competence and Business Performance
George & Gronroos, 1989	IM and competence	A significant positive correlation between IM and Professional Competence.
Walker & Ruekert, 1987.	Test the IM effect on Business Performance.	Alternative dimensions of Business Performance

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APPENDIX A

QUESTIONNAIRE (ENGLISH)

Questionnaire for the survey of

The Importance of Internal Marketing in the Textile Industry (Guangdong, China)

	Strongly Disagree	Disagree	No Comment	Agree	Strongly Agree
1. Our company offers employees a vision that they can believe in	1	2	3	4	5
2. We are informed about how we are rewarded	1	2	3	4	5
3. We are informed about why we are rewarded	1	2	3	4	5
4. Our reward system is linked to our business goals	1	2	3	4	5
5. The company measure and reward employee performance that contributes most to our organization's vision	1	2	3	4	5
6. In our organization, those employees who provide excellent service are rewarded for their efforts	1	2	3	4	5
7. The performance measurement and reward systems encourage employees to work together	1	2	3	4	5
8. Our company provides employees training to perform their service roles	1	2	3	4	5
9. The company provides enough training and education to realize the organization's vision	1	2	3	4	5
10. The company treats training and development of employees as an investment rather than a cost	1	2	3	4	5
11. Skill and knowledge development of employees happens as an ongoing process in our company	1	2	3	4	5
12. The company give employees a reason on why we should do things and not just how to do things	1	2	3	4	5
13. Our company communicates to employees the importance of their jobs	1	2	3	4	5
14. Our company place considerable emphasis in this on communication with us	1	2	3	4	5
15. I am willing to offer suggestions of improvement to my superior	1	2	3	4	5
16. I believe that our leadership possesses the moral ability to move the company and its employees towards the right direction	1	2	3	4	5
17. I believe that our leadership possesses intellectual ability to move the company and its employees towards the right direction	1	2	3	4	5
18. Our strategic leadership puts emphasis on path finding and culture -building to bridge the gap between strategy formulation and strategy implementation	1	2	3	4	5
19. Managers take action quickly to correct employee problems.	1	2	3	4	5
20. I have knowledge and/or experience to perform the required tasks	1	2	3	4	5
21. I can use the existing resources effectively	1	2	3	4	5
22. I am glad to provide qualified service required by the external customers	1	2	3	4	5
23. This organization has the flexibility to accommodate the differing needs of employees	1	2	3	4	5
24. I am proud to tell people where I work	1	2	3	4	5
25. Overall, my job experience has been excellent here in the company	1	2	3	4	5
26. I care about the development vision of our company and always consider and act according to our company's strategy	1	2	3	4	5
27. I consider on time delivery is very important to our customers and our own	1	2	3	4	5
28. I think cost control should be responsibility of everyone in the company	1	2	3	4	5
29. When I work, I really exert myself to the fullest	1	2	3	4	5
30. When there's a job to be done, I devote all my energy to getting it done	1	2	3	4	5

Questionnaire No: _____

Gender: _____

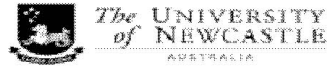
Age: _____

Department: _____

From which Province _____

APPENDIX B

QUESTIONNAIRE (CHINESE)



The University of Newcastle
Faculty of Business and Law
University Drive
Callaghan NSW Australia 2308

“内市务营销在中国广东纺织制衣业的重要性”调查问卷：

	非常 不讚成	不讚成	不知道	讚成	非常 讚成
1. 我们公司给员工一个值得信赖的前景	1	2	3	4	5
2. 我们知道我们公司的薪酬方式	1	2	3	4	5
3. 我们知道我们得到薪酬的原因	1	2	3	4	5
4. 我们公司的薪酬制度是与公司的商业目标相结合的	1	2	3	4	5
5. 我们公司根据员工对企业前景贡献的多少来进行测评，奖励	1	2	3	4	5
6. 在我们公司，提供优质服务的员工会因付出的努力而被奖励	1	2	3	4	5
7. 我们公司的薪酬考核体系是为了鼓励员工更团结地一起工作	1	2	3	4	5
8. 我们公司给予培训让员工来做好服务的角色	1	2	3	4	5
9. 我们公司提供足够的教育和培训来实现公司的发展前景	1	2	3	4	5
10. 我们公司把员工的培训和发展当作是投资，而不是负担	1	2	3	4	5
11. 员工知识和能力的提高在我们公司是一个持续的过程	1	2	3	4	5
12. 公司给予员工一个理由说明“为何他们需要去做”而并不单单“怎么做”	1	2	3	4	5
13. 公司告知员工他们工作的重要性	1	2	3	4	5
14. 我们公司非常重视与员工之间的沟通	1	2	3	4	5
15. 我乐于向上司提出改善性意见	1	2	3	4	5
16. 我相信有我们的领导层有精神感染力来使公司和员工向正确方向前进	1	2	3	4	5
17. 我相信我们的领导层有足够的才智来使公司和员工向正确的方向前进	1	2	3	4	5
18. 我们的决策领导层着重于寻找方法和企业文化建设来落实公司的发展战略	1	2	3	4	5
19. 当员工遇到问题时，管理层能迅速解决	1	2	3	4	5
20. 我有知识和经验来完成被要求完成的任务	1	2	3	4	5
21. 我能有效利用现有资源	1	2	3	4	5
22. 我高兴我可以提供合乎顾客需求的高质量工作和服务	1	2	3	4	5
23. 公司有弹性地适应员工不同的需要	1	2	3	4	5
24. 我很自豪于告诉别人我在哪里工作	1	2	3	4	5
25. 总的来说，我在本公司的经历是非常好的	1	2	3	4	5
26. 我关注公司发展前景，总是从公司发展的大局来思考和做事	1	2	3	4	5
27. 我非常重视按时交货对于客户及我们公司的极端重要性	1	2	3	4	5
28. 我认为成本控制是公司里每一个人的责任	1	2	3	4	5
29. 工作时，我竭尽全力来争取完美	1	2	3	4	5
30. 当有工作要完成时，我会尽力完成	1	2	3	4	5

问卷编号：_____

性别：_____ 年龄_____

部门：_____ 籍贯_____

APPENDIX C

ETHIC APPROVAL LETTER

FACULTY OF BUSINESS AND LAW

Bernadette Ni Beirné
Research Ethics Committee

The University of Newcastle
University Drive
Callaghan NSW 2308

Telephone: 02 4921 6499
Facsimile: 02 4921 6918

Email: Bus-Law-Ethics@newcastle.edu.au
Website: www.newcastle.edu.au/faculty/bus-law

11 January 2006

Application submitted by: Mr LAI, Jacob
Title: *The importance of internal marketing in textile industry*
(Guangdong, China)
Application Number: BL/HKMA/3:05

Dear Jacob ,

Thank you for your application for ethics clearance which was considered by the Faculty Research Ethics Committee.

I am pleased to advise that your project has been **approved**. The approval number: **Bus-Law/HKMA/3:05A** should be inserted in the space provided in the complaints clause usually situated at the end of the consent form or information sheet/s.

Should you require further information, please contact me by telephone on 02 4921 6449 or by writing or email at the addresses above.

Yours sincerely

Bernadette Ni Beirné
Research Ethics Committee

cc: Dr Siva Muthaly

APPENDIX D

**INFORMATION LETTER
(INVITATION TO PARTICIPATE)**

Appendix



The UNIVERSITY
of NEWCASTLE
AUSTRALIA

The University of Newcastle
Faculty of Business and Law

University Drive
Callaghan NSW Australia 2308

如需要进一步信息请联系:

Professor: Siva Muthaly PhD

Email: siva.muthaly@newcastle.edu.au

Tel: 613 9214 5835

Information letter 調查介紹函: “內市務營銷在中國廣東紡織制衣業的重要性” The Importance of Internal Marketing in the Textile Industry (Guangdong, China)

尊敬的被邀參加者,

我是 賴廷玠 (Jacob Lai), 在澳洲紐卡素大學工商管理博士班學習, 我正在進行一個有關“內市務營銷在中國廣東紡織制衣業的重要性”的研究。作為研究的一部份, 本人希望你可以參予這項極有意義的研究調查。

如果你同意參加, 你將會被要求:

1. 允許賴廷玠先生在你的制衣廠, 向貴工廠的員工發放調查問卷。
2. 讓員工利用 30 分鐘完成調查問卷並放入問卷箱。

以下為本次研究的簡單介紹:

『內市務營銷 (Internal marketing) 的想法強調一個機構在對外行銷前應先安排合適人員, 加以培訓, 令內部員工有共同理念和默契, 使他們認同公司的目標與使命, 從而使員工可以自覺地提供優質服務給客戶, 令企業成功! 內市務營銷強調溝通的重要性, 曾在多個行業和大企業取得成果。本次研究針對內市務營銷在中國成衣工業中的影響展開調查, 以探究內市務營銷在中國成衣行業中的應用與效果。』

參與是完全自願的。如果你決定撤出調查, 你能隨時撤出, 而且不會有任何不利。被收集的所有數據將會被安全地儲存, 而且數據一經分析, 所有的調查表將會被銷毀。沒有任何參與的個人或機構名稱在任何報告結果中被識別。如果你關心或想要知道這個研究的結果, 請向上述的住址聯絡我的導師 Professor Siva Muthaly。

謝謝你對此研究的關注。

Jacob Lai 賴廷玠
jtk.lai@gmail.com

投訴條款:

本項目已獲紐卡素大學的人文研究道德委員會的批准証書號: Bus-Law / HKMA / 3:05A

紐卡素大學希望如您對您參加此次研究項目的權力和對本項目的方法態度有任何抱怨或意見可隨時向研究人員反映。如果您需要獨立人士來處理控訴請與人文研究道德專員聯系。地址是: Research Office, the Chancellery, the University of Newcastle, University Drive, Callaghan NSW 2308, 電話: 02 49216333, 電郵: human-ethics@newcastle.edu.au

GUIDELINES: INITIAL APPLICATION FOR ETHICS APPROVAL FOR RESEARCH INVOLVING HUMANS
04/04/05



The University of Newcastle
Faculty of Business and Law

University Drive
Callaghan NSW Australia 2308

For further information Professor: Siva Muthaly PhD

Email: siva.muthaly@Newcastle.edu.au Tel: 613 9214 5885

INFORMATION LETTER

Project Title: The importance of Internal marketing in the textile industry (Guangdong, China)

Dear potential participant,

I am Jacob Lai at The University of Newcastle, Australia undertaking a DBA degree supervised by Professor Siva Muthaly. As part of my studies, I am conducting a research project titled "The importance of internal marketing in the textile industry". You are invited to take part in this research project which examines how important the internal marketing in textile industry (Guangdong, China).

I would like to invite you to participate in this project, if you agree to participate, you will ask to:

1. Allow Mr. Jacob Lai to distribute questionnaire to employees in your factory.
2. Let the employee takes 30 minutes to fill out the questionnaire and drop it in a collection box.

『 Internal marketing holds that the organization's personnel is the first market of a company and the objective of using this concept is to obtain motivated and customer-conscious personnel at every level so that the company can better match the requirement of the customer and thus do better in return. (George, 1990), this research is to find out the importance of IM in textile industry in Guangdong, China 』

Participation is entirely voluntary; you and your employee can withdraw from the project at any time and will be no disadvantage if you decide not to complete the survey. All information collected will be confidential. All information gathered from the survey will be stored securely and once the information has been analysed all questionnaires will be destroyed. At no time will any individual be identified in any reports resulting from this study. If you have any concerns or would like to know the outcome of this project, please contact my supervisor Professor Siva Muthaly at the above address. Thank you for considering this invitation.

Jacob Lai,
DBA researcher,
University of Newcastle
Tel: (852) 9020 4333
Jtk.lai@gmail.com

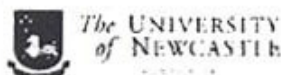
Complaints Clause: This project has been approved by the University's Human Research Ethics Committee, **approval No. Bus-Law / HKMA / 3:05A** Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Human Research Ethics Officer, Research Office, the Chancellor, the University of Newcastle, University Drive, Callaghan NSW 2308, telephone 02 49216333, email Human-Ethics@newcastle.edu.au.

APPENDIX E

PARTICIPATE CONSENT FORM

Part B – Participant Consent form.

1. Panyu Tanzhou Fungyu Garment Co Ltd.



The University of Newcastle
Faculty of Business and Law
University Drive
Callaghan NSW Australia 2308

Professor: Siva Muthaly PhD

Tel: 613 9214 5885

Email: siva.muthaly@Newcastle.edu.au

PARTICIPANT CONSENT FORM

Project Title: The Importance of Internal Marketing in the Textile Industry (Guangdong, China)

I 陳永祥 have read the information on the in the research project **The Importance of Internal Marketing in the Textile Industry (Guangdong, China)**, which is to be conducted by JACOB LAI from the University of Newcastle, Australia.

I agree to voluntarily participate in this research project and give my consent to let my employees participate in the research. I understand that the project will be conducted as described in the Information statement, a copy of which I have retained.

I understand employees' personal information will remain confidential to the researcher. I understand I can withdraw from the project at any time, without penalty, and do not have to give any reason for withdrawal.

I agree to

1. Allow Mr. Jacob Lai distribute questionnaire to employees of my factory.
2. Let the employees take 30 minute to fill the questionnaire and drop in a collection box.

I understand the participants are fully anonymous and they can withdraw any time at there wish, I understand that all information collected will remain confidential to the researchers. All information gathered from the research will be stored securely and once the information has been analyzed the transcripts will be destroyed. My identity will not be revealed without consent to anyone other than investigator/s conducting the project. Further, I have had the opportunity to have questions answered to my satisfaction.

Print Name : _____

Organization: Panyu Tanzhou Fungyu Garment Factory

Signature: 陳永祥

Date: 2005年4月

This project has been approved by the University's Human Research Ethics Committee, approval No. Bus-Law / HKMA / 3:05A

Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Human Research Ethics Officer, Research Office, the Chancellor, the University of Newcastle, University Drive, Callaghan NSW 2308, telephone 02 49216333, email, Human-Ethics@newcastle.edu.au.

(本信函乃為許可賴廷珩先生在貴廠開展“內務營銷在中國廣東紡織制衣業的重要性”的調查。)

2. Jinli Garment Factory



The UNIVERSITY
of NEWCASTLE

The University of Newcastle
Faculty of Business and Law

University Drive
Callaghan NSW Australia 2308

如需要进一步信息请联系:

Professor: Siva Muthaly PhD

Tel: 613 9214 5885

Email: siva.muthaly@newcastle.com.au

探訪同意書

題目: 內市務營銷在中國廣東紡織制衣業的重要性

The Importance of Internal Marketing in the Textile Industry (Guangdong, China)

本人 王冠權 已經閱讀了澳洲紐卡素大學的賴廷珩先生所從事約題為《內市務營銷在中國廣東紡織制衣業的重要性》的有關資料。

本人同意自願地同意讓公司員工接受探訪, 本人理解本研究項目將按由本人所持有的有關項目資料的內容進行。

本人理解所有職員的個人資料將對探訪者保密。本人理解本人可在任何時候, 不受任何懲罰並無需提供任何理由的情況下撤出本研究項目。

本人同意:

1. 允許賴廷珩先生在您的制衣廠, 向貴工廠的員工發放調查問卷。
2. 讓員工利用 30 分鐘完成調查問卷並放入問卷箱。

本人理解所有資料搜集後的資訊內容將由研究者秘密保存, 所有搜集的資訊內容都將保密。所有訪問中累積的資訊將被安全妥善地儲存, 在該資訊一經分析研究後, 所有手稿將被毀除。除了本項目研究人員外, 本人的身份在未獲得本人同意的情况下不可向任何人透露。本人如有任何問題都將得到滿意的答復。

姓名: 王冠權

公司: 東莞石碣金麗制衣廠

簽名: 王冠權

日期: _____

本項目已獲紐卡素大學的人文研究道德委員會的批准証書號: Bus-Law / HKMA / 3:05A

紐卡素大學希望如您對您參加此次研究項目的權力和對本項目的方法態度有任何抱怨或意見可隨時向研究人員反

映。如果您需要獨立人士來處理控訴請與人文研究道德專員聯系。地

University of Newcastle, University Drive, Callaghan NSW 2308. 電話:

電郵 Human-Ethics@newcastle.edu.au.

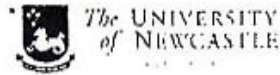


金麗制衣廠
JINLI GARMENT FACTORY

王冠權 辦公室主任
STEPHEN WONG

TEL/電話: 0769-6633515 中國廣東省東莞市石碣鎮水南海濱工業區
FAX/傳真: 0769-6633517 Seabeach Industrial Area, Shui Nan, Shi Jie Town,
P.C./郵編: 523306 Dong Guan, Guangdong Province, China
E-MAIL: JINLIAN@PUB.DGNET.GD.CN

3. Shui Pany Garment & Knitting Fty Ltd



The University of Newcastle
Faculty of Business and Law
University Drive
Callaghan NSW 2308 Australia

如需進一步信息請联系:

Professor: Siva Muthaly PhD

Tel: 613 9214 5885

Email: siva.muthaly@newcastle.com.au

探訪同意書

題目: 內市務營銷在中國廣東紡織制衣業的重要性

The Importance of Internal Marketing in the Textile Industry (Guangdong, China)

本人 李麗新 已經閱讀了澳洲紐卡素大學的賴廷珩先生所從事的研究《內市務營銷在中國廣東紡織制衣業的重要性》的有關資訊。

本人同意自願地同意讓公司員工接受探訪。本人理解本研究項目將按由本人所持有的有關項目資訊的內容進行。

本人理解所有職員的個人資料將對探訪者保密。本人理解本人可在任何時候, 不受任何懲罰並無需提供任何理由的情況下撤出本研究項目。

本人同意:

1. 允許賴廷珩先生在您的制衣廠, 向貴工廠的員工發放調查問卷。
2. 讓員工利用 30 分鐘完成調查問卷並放入問卷箱。

本人理解所有資料搜集後的資訊內容將由研究者秘密保存, 所有搜集的資訊內容都將保密, 所有訪問中累積的資訊將被安全妥善地儲存。在該資訊一經分析研究後, 所有手稿將被毀除。除了本項目研究人員外, 本人的身份在未獲得本人同意的情況下不可向任何人透露。本人如有任何問題都將得到滿意的答復。

姓名: 李麗新
公司: 瑞鵬製衣廠有限公司
簽名: 李麗新
日期: 2011.10.21

本項目已獲紐卡素大學的人文研究道德委員會的批准證書號: Bus-Law / HKMA / 3:05A

紐卡素大學希望如您對您參加此次研究項目的權力和對本項目的方法態度有任何抱怨或意見可隨時向研究人員反映。如果您需要獨立人士來處理投訴請與人文研究道德專員聯系。地址:

University of Newcastle, University Drive, Callaghan NSW 2308, 電話:
電郵 Human-Ethics@newcastle.edu.au

瑞鵬製衣廠有限公司
東莞寶麗製衣廠

李麗新

瑞鵬製衣廠有限公司
地址: 廣東省東莞市石碣鎮新洲村第一工業區
電話: (0769) 6323666 傳真: (0769) 6324666
手機: 137 1300 2452
郵箱: 523268
電子郵件: x.n.lee@ust.com.hk

4. Paklayton Garment Co. Ltd.



The UNIVERSITY
of NEWCASTLE

The University of Newcastle
Faculty of Business and Law

University Drive
Callaghan NSW Australia 2308

如需要进一步信息请联系:

Professor: Siva Muthaly PhD

Tel: 613 9214 5885

Email: siva.muthaly@Newcastle.com.au

探訪同意書

題目: 內市務營銷在中國廣東紡織制衣業的重要性

The Importance of Internal Marketing in the Textile Industry (Guangdong, China)

本人 劉先程 已經閱讀了澳洲紐卡素大學的胡廷瑜先生所從事的題為《內市務營銷在中國廣東紡織制衣業的重要性》的有關資訊。

本人同意自願地同意讓公司員工接受探訪, 本人理解本研究項目將按由本人所持有的有關項目資訊的內容進行。

本人理解所有職員的個人資料將對探訪者保密。本人理解本人可在任何時候, 不受任何懲罰並無需提供任何理由的情況下撤出本研究項目。

本人同意:

1. 允許胡廷瑜先生在您的制衣廠, 向貴工廠的員工發放調查問卷。
2. 讓員工利用 30 分鐘完成調查問卷並放入問卷箱。

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姓名: 劉先程

公司: 柏德來制衣

簽名: 劉先程

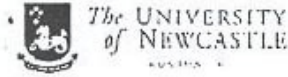
日期: _____



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紐卡素大學希望如您對您參加此次研究項目的權力和對本項目的方法態度有任何抱怨或意見可隨時向研究人員反映。如果您需要獨立人士來處理投訴請與人文研究道德專員聯系。地址是: Research Office, the Chancellery, the University of Newcastle, University Drive, Callaghan NSW 2308, 電話: 02 49216333, 電郵 Human-Ethics@newcastle.edu.au.

5. Verde Garment Manufacture Ltd.



The University of Newcastle
Faculty of Business and Law
University Drive
Callaghan NSW Australia 2308

如需要进一步信息请联系:

Professor: Siva Muthaly PhD

Tel: 613 9214 5885

Email: siva.muthaly@Newcastle.coom.au

探訪同意書

題目: 內市務營銷在中國廣東紡織制衣業的重要性

The Importance of Internal Marketing in the Textile Industry (Guangdong, China)

本人 Vicor 已經閱讀了澳洲紐卡素大學的賴廷珩先生所從事的題為《內市務營銷在中國廣東紡織制衣業的重要性》的有關資訊。

本人同意自願地同意讓公司員工接受探訪，本人理解本研究項目將按由本人所持有的有關項目資訊的內容進行。

本人理解所有職員的個人隱私將對探訪者保密。本人理解本人可在任何時候，不受任何懲罰並無需提供任何理由的情況下撤出本研究項目。

本人同意:

1. 允許賴廷珩先生在您的制衣廠，向貴工廠的員工發放調查問卷。
2. 讓員工利用 30 分鐘完成調查問卷並放入問卷箱。

本人理解所有資料搜集後的資訊內容將由研究者秘密保存，所有搜集的資訊內容都將保密。所有訪問中累積的資訊將被安全妥善地儲存，在該資訊一經分析研究後，所有手稿將被毀除。除了本項目研究人員外，本人的身份在未獲得本人同意的情況下不可向任何人透露。本人如有任何問題都將得到滿意的答復。

姓名: Vicor

公司: Verde Garment Manufacture Ltd.

簽名: Vicor

日期: 2005



本項目已獲紐卡素大學的人文研究道德委員會的批准証書號: Bus-Law / HKMA / 3:05A

紐卡素大學希望如您對您參加此次研究項目的權力和對本項目的方法態度有任何抱怨或意見可隨時向研究人員反

映。如果您需要獨立人士來處理控訴請與人文研究道德專員聯系。地址是: Research Office, the Chancellery, the

University of Newcastle, University Drive, Callaghan NSW 2308, 電話: 02 49216333,

電郵 Human-Ethics@newcastle.edu.au.

APPENDIX F

TRANSLATION VERIFICATION
FROM HKMA



THE HONG KONG MANAGEMENT ASSOCIATION

FAIRMONT HOUSE, 14TH FLOOR,
8 COTTON TREE DRIVE, CENTRAL HONG KONG

TEL: 2526 6516

INTERNET: <http://www.hkma.org.hk>

E MAIL: hkma@hkma.org.hk

香港管理專業協會

香港中環紅棉路八號
八樓

Circular No
通告第

DBA304 Ethics-Applications

Date
日期 6 December 2005

Translation Verification

This serves to confirm that the attached Chinese copy of questionnaires submitted by Mr LAI Jacob, (student no.3035181:), is a true and accurate translation of the English version.

Should you have any queries, please feel free to contact Helen Li of the local Newcastle DBA Secretariat of the Hong Kong Management Association on (852) 27748585 or by email at helenli@hkma.org.hk.

APPENDIX G

EXPERT TEAM

Appendix G- Expert Team

Ms Carol Tuchow

Currently a senior manager with Hiway Garment Group. Born in 1979, Ms. Tuchow joined the garment industries when she was only 19. After gaining some executive experiences, she went back to school and later graduated from Guangdong Foreign Trade University. She subsequently obtained furthered her knowledge by pursuing her Master's Degree in Engineering from University of Sydney Technology. She is very keen in the reformation of the existing garment factories.

Johnny Wu

Mr. Johnny Wu, currently a Merchandising Manager with Perfecta Garment Ltd. Mr. Wu was born in 1948 and has 30 years of working experience as senior manager in the garment industry, and has held several senior executive posts with various garment factories overseas. He is an expert in the operation of garment factories, and has a very good understanding of the employees' state of mind, as well as customers' needs. Mr. Wu is particularly knowledgeable in business administration.

Elaine Lo, Ms. Elaine Lo was born in 1954. She has 30 years of executive experiences in the textile industry and is recognized to be an expert in clothing production in the industry. Her expert knowledge in the production line and human resources distribution has enabled her to consistently exceed her company's expectation.

Mr. Eric Ng Mr. Eric Ng, General Manager in Fung Yu Garment Ltd. Born in 1948, Mr. Ng has more than 40 years of executive experience in the garment industry. He had been senior executive staff of several textile companies overseas, and is interested in the improvement of product execution.

Mr. Willow Lau,

Mr. Willow Lau, currently pursuing his Master's degree in Wah Nan University, is an expert in SPSS analysis.

Mr. Chiu Kin-Kwok, an assistant to the superintendent of Guangdong University. He holds a BBA from Chung Shan University and is knowledgeable with Statistic program.

Meetings

The expert team met on three occasions for three times to provide comments for the research, especially on the formulation of the questionnaire.

1. The first meeting was held in Dec, 2005 to discuss whether certain areas should be included or omitted in the questionnaire. .
2. The second meeting was in Feb, 2006. The pretest was carried out during this meeting.
3. The third and last meeting was held in April, 2006 to discuss the pre-test result of the survey.

APPENDIX H

EMPLOYMENT IN TEXTILE AND CLOTHING

Employment in textile and clothing (thousands)

	1995	1996	1997	1998	1999	2000	2001	2002
Textiles								
Czech Republic	100	86	90	86	74	79	76	72
Poland*	159	153	146	128	108	97	88	N/A
Romania*	186	189	159	128	105	94	98	91
Turkey	N/A	N/A	N/A	N/A	N/A	471	493	584
Morocco*	70	70	70	71	69	70	N/A	N/A
Tunisia***	18	19	18	18	9	12	N/A	N/A
Mexico	187	184	198	240	263	269	317	N/A
China"	6730	6340	7302	5780	5109	4829	4775	N/A
Hong Kong, China*	59	48	41	33	31	27	27	25
India"	1579	1518	1529	1330	1283	1289	N/A	N/A
Indonesia*	N/A	N/A	N/A	595	638	662	679	N/A
Philippines**	56	53	54	N/A	N/A	N/A	N/A	N/A
Chinese Taipei*	161	155	154	154	154	154	142	135
Clothing								
Czech Republic	50	52	49	50	47	41	37	36
Poland*	240	260	254	259	225	211	194	N/A
Romania*	189	203	181	246	240	261	290	302
Turkey	N/A	N/A	N/A	N/A	N/A	487	468	501
Morocco*	102	106	117	122	127	135	N/A	N/A
Tunisia***	94	103	103	103	103	110	N/A	N/A
Mexico	476	486	525	740	723	760	681	N/A
China"	1750	1680	2439	2117	2027	2156	2027	N/A
Hong Kong, China*	80	64	53	44	40	36	30	23
India"	264	267	283	279	296	331	N/A	N/A
Indonesia*	N/A	N/A	N/A	349	436	485	462	N/A
Philippines**	143	154	154	N/A	N/A	N/A	N/A	N/A
Chinese Taipei*	114	107	103	101	96	93	86	80

Source: ILO (2004) and UNIDO, various issues.

* Data based on establishment surveys.

*** Data based on administrative records.

" ISIC revision 2 code for 1995, ISIC revision 3 for subsequent years.

" Data are from UNIDO.

Source from Nordas (2004), the global textile and clothing industry post the agreement on Textiles and Clothing.

APPENDIX I

SUPERVISOR CERTIFICATE AND APPROVAL

Research Higher Degree Thesis Examination Application Supervisor Certificate



The UNIVERSITY
of NEWCASTLE
AUSTRALIA

SECTION 1 – CANDIDATE TO COMPLETE THIS SECTION

I, Jacob Lai, student number C3035181, apply for examination of my thesis entitled
The Importance of Internal Marketing in the Textile Industry (Guangdong, China)
which I submit for the degree of Doctor of Business Administration in the School
of Newcastle Graduate School of Business, Faculty of Business & Law, The
University of Newcastle, Australia.

If applicable: My exhibition / performance is being held on (date)
At (location).

Signature: Jacob Lai. Date: August 29, 2006

SECTION 2 – PREVIOUS QUALIFICATIONS

Please list previous tertiary qualifications:

Higher Certificate in Fashion & Clothing Manufacturing, Hong Kong Polytechnic University. (1979)
Diploma in Marketing, The Chartered Institute of Marketing, U.K. (1992)
Master of Business Administration, University of East Asia, Macau. (1991)

SECTION 3 – THESIS COPIES (please tick)

- ☒ Please invite the examiners of my thesis to retain their copies on completion of the examination process if they so wish.
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After signature this application should be handed to your Principal Supervisor

SECTION 4 – PRINCIPAL SUPERVISOR TO COMPLETE THIS SECTION, OR SECTION 5 BELOW

I certify that to the best of my knowledge the work for this thesis has been carried out under conditions which comply with the Degree Rules and also with the University's policy on the supervision of research higher degree candidates stated in "Research Higher Degrees - Candidate's Guide".

In particular, I have read the final draft of the thesis before it was bound and inspected the bound thesis before it was submitted. In my opinion:

- (a) the candidate has completed all courses of study prescribed;
- (b) the submitted thesis meets the formal requirements of the University concerning typing and binding;
- (c) the thesis is of sufficient merit to warrant its examination;
- (d) the minimum requirements for enrolment at this University have been met (refer to Time Requirements in Degree Rules)

In making this certification, I do not in any way imply that the thesis is sufficient for the award of the degree.

Supervisor's Name (Please print): Dr. Siva Muthaly

Signature: 

...

Date: August 29, 2006