



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**PREVALENCE OF INTERNAL MARKETING AS  
STRATEGY IMPLEMENTATION TOOL IN SELECTED  
ETHIOPIAN COMMERCIAL BANKS**

**BY**

**TEWAHIDO TAFESSE**

**FEBRUARY 2014  
ADDIS ABABA, ETHIOPIA**

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ID NO. SGS/0038/2004B**

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## **List of Abbreviations**

IMP	Internal Marketing Practice
Int. Mkt.	Internal Market
Orgcom.	Organizational commitment
Cust_orinte.	Customer Orientation

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## **Abstract**

*Strategy implementation requires motivated and committed human resource. Internal marketing is defined as treating employees as a customer and the job as a product using marketing like approach. The objective of the study is examining adoption and implementation of internal marketing practices as a strategic tool to implement the formulated strategy and to see the impact of internal marketing on enhancing employee attitude organizational commitment and customer orientation in four last entrants of the Ethiopian banking industry. A quantitative, descriptive and correlational research approach is used to find out the appropriate answers of the research questions. Considering the mean score of the measurement variables, employees of the banks perceived that though the banks have a very good internal communication, they are very weak in internal information generation and the responsiveness to internal market which resulted in weak internal marketing practice. The banks found to have weak commitment & engagement and low attitude to their organization. The customer orientation of the banks is also found to be weak. This shows that internal marketing has not been communicated and established amongst employees in the way that enable employees to have commitment & engagement and high attitude to their organization and customer orientation. Based on the regression analysis, the major findings of this study is that internal marketing practice have a positive impact on enhancing employee attitude organizational commitment and customer orientation of the banking sector. The researcher suggested that managers need to focus on internal marketing programs to achieve and sustain a strategic objective in the market. Managers should also involve the empowerment practice to increase motivation, consider that the human power is the greatest resource, and concentrate on trying to instill a customer orientation amongst their employees.*

**Key terms:** *Customer orientation, Employee attitude, Internal marketing, Organizational commitment, Strategy implementation,*

## **CHAPTER ONE INTRODUCTION**

### **1.1 AN OVERVIEW**

Work and pay are factors mostly visible and agreed by both sides and are the small part of the total employee-employer relationship. According to (Shruthi, and Hemanth , 2012), an actual but unwritten expectations of an employee or workforce towards the employer is explained by the term 'Psychological Contract'. Influences on employee and employer affecting perceptions, mostly invisible or misunderstood by the other side are the big part of the iceberg hidden under the water which includes factors like recognition, status, respect benefits from employee expectation side and effort, performance, commitment, innovation from employer's expectation side. Employees react to perceived employer's contract breach by reducing their commitment to the organization and lowering their trust in the employer (Coyle-Shapiro and Kessler, 2000, Robinson and Rousseau, 1914 cited in Coyle-Shapiro, J., & Kessler, I, 2002). The effect of such a reaction will be detrimental to the successes of an organization. This fact shows that the relationship between employee & employer often goes beyond pure economic exchange and involve social exchange.

Gestures and commitments from an employer such as recognition, approval, respect, and supports, which employees perceive a sign of the organization care about their well-being and values their contribution, may have significant values in motivating employees towards achievement of organizational objective. Less regard to these vital internal issues and focusing only on external part of marketing and technical internal activities has a negative effect in execution of company's strategy.

This paper singled out internal marketing as a tool to fulfill the expectation of employees as an internal customer in a way to harness their efforts towards the implementation of

strategy of a service giving organization and tried to see the extent to which the selected Ethiopian commercial banks are using this tool for the execution of their strategy. Assessing relevant literatures on strategic management, articles and books on internal marketing and other relevant literature in human resource management, this paper examined the relevance of using internal marketing as a main tool to achieve organizational objective. The paper also tried to see the effect of internal marketing on employee's attitude, organizational commitment and customer orientation which is assumed to lead to successful implementation of strategic plan among the selected banks.

## **1.2 BACKGROUND OF THE STUDY**

Firms today face an increasingly competitive, deregulated business environment and global market. These trends may determine the way business will be handled. Thus the need for an aggressive proactive approach towards increasing and maintaining profit is evident.

In the current legal and economic environment, commercial banks face challenges coming out of national bank regulation, competition and new technology. In liberalized environment with increasing competition private banks are bringing out innovative products and competing for clients and competent employees. In addition to being the motivating factor, this situation forces companies to work on preparation of strategic plan and management of its implementation. Effective strategy implementation requires proper communication and aligning employees' competency development plans, and their personal goals and incentives, with strategic objectives (Kaplan and Norton, 2005).

Customer satisfaction plays an important role in enhancing customer loyalty. The low level of responsiveness and empathy to customers observed in sample of Ethiopian private banks indicates inferior performance of these banks in those dimensions of service quality (Shanka, 2012).

Internal marketing is understood as treating employees as internal customer and the job as internal product. In an endeavor to satisfy customers, especially in marketing of service,

focusing on employee is vital since what the customer buys is the labor of the employee (Rafiq and Ahmed, 2000).

Most of the activities of strategy implementation involve the deployment and effective use of resources especially human resource. As every other resource is managed and handled by the human resource, treating employee as a customer will help harness employees' effort towards the execution of the strategy. Therefore, one can say that internal marketing is the main tool in strategic management.

### **1.3 STATEMENT OF THE PROBLEM**

The increasingly competitive and deregulated business environment faced by the Ethiopian banking industry presuppose the importance of formulating and implementing strategy that can enable banks win customer loyalty and meet objective. The fact that employee needs, are satisfied as the internal customers, implies that a business would be in a better position to deliver the quality service to satisfy external customers. This is based on the assumption that fulfilling employee needs enhances employee motivation and retention, and as a result of higher degree of employee satisfaction, there is a higher possibility of generating external satisfaction and loyalty leading to the achievement of organizational objective (Mishra, 2010).

Ethiopian service sectors including banks are using the common Marketing communication mix elements viz. advertising and personal selling which are found to be moderately effective in providing information, creating awareness, and changing attitude where as ineffective in building company image and enforcing brand loyalty (Potluri, 2008).

Besides, inferior performance is observed in Ethiopian commercial banks in some important dimensions of service quality like responsiveness and empathy to customers (Shanka, 2012). This may be due to the lack of internal marketing within the bank system. Therefore, investigating the extent to which selected private commercial banks are using

internal marketing approach as a tool for execution of their strategic plan and its impact on the satisfaction of employees and customer needs is of interest to the researcher.

#### **1.4 RESEARCH QUESTIONS**

The paper tried to answer the following research questions.

1. What is the extent of use of internal marketing practices among the selected banks?
2. What is the effect of internal marketing practices on employee's attitude, organizational commitment and customer orientation which is assumed to lead to successful implementation of strategic plan among the selected banks?

#### **1.5 OBJECTIVES OF THE STUDY**

##### **1.5.1 General Objective**

The aim of this research is to make efforts to examine adoption and implementation of Internal marketing concept and practices as a strategic tool to implement the formulated strategy in selected Ethiopian commercial banks.

##### **1.5.2 Specific Objectives.**

The specific objectives of the study is to examine the extent of use of internal marketing practices among the selected banks the effect of these internal marketing practices on employee's attitude, organizational commitment and customer orientation.

#### **1.6. RESEARCH HYPOTHESIS**

In light of the objectives articulated above, the following hypotheses are investigated:

Hypothesis 1:  $H_0: r = 0$ . IMP doesn't have a positive impact on employee's attitude.

$H_1: r \neq 0$ . IMP must have a positive impact on employee's attitude.

Hypothesis 2:  $H_0: r = 0$ . IMP doesn't have a positive impact on organizational commitments.

$H_1: r \neq 0$ . IMP must have a positive impact on organizational commitments.

Hypothesis 3:  $H_0: r = 0$ . IMP doesn't have a positive impact on customer orientation.

$H_1: r \neq 0$ . IMP must have a positive impact on customer orientation.

### **1.7 SIGNIFICANCE OF THE STUDY**

This study will be useful to the management of banks in that it indicates the vital link between strategy formulation and execution to be internal marketing and recommends a better way to achieve organizational objective thorough the use of internal marketing which also leads to productive and sustainable positive relationship of management with workers and target customers.

It generates greater awareness among organizations working on marketing of service on the importance of having a proper and practical internal marketing framework as a vehicle to organizational effectiveness. It also provides useful knowledge on factors that might have impact and contribute to the successful adoption of internal marketing.

### **1.8 SCOPE OF THE STUDY**

The study covers the cases of the four last entrants of the banking industry. This group of banks include Abay Bank s.c, Addis International Bank s.c , Dehub Global bank s.c , Enat Bank s.c. . As these banks are the last entrants of the Ethiopian banking industry, competition in attracting clients from their already established relationships with existing banks is believed to be of special concern to them. Therefore, best service through motivated employees is assumed to be their prime concern to meet the objective of attracting and retaining clients.

In this paper the use of internal marketing as one of the tools for implementation of the formulated strategy is the researcher's prime concern. It is also be delimited to examination of extent of adaptation of internal marketing as a tool for strategy execution in head office/ main branches of the selected banks located in Addis Ababa.

## 1.9 LIMITATION OF THE STUDY

The study is not without limitations, which, however, future research can address. Limitations of the study include the time and cost issues which forced the researcher for convenience sampling and may not give results with greater generalizability to other pear and government banks. The study was based on a small sample being the employees of the main branches of the selected banks. Implementation of strategy also requires techniques and instruments other than internal marketing which is not covered in this paper.

## 1.10 DEFINITION OF KEY TERMS

**Internal marketing:** The term internal marketing is understood as a marketing like approach in treating employees as internal customer and the job as internal product(Rafiq and Ahmed, 2000).

**Customer orientation:** Customer orientation is defined as "the sufficient understanding of one's target buyers to be able to create superior value for them continuously" (Narver and Slater, 1990). Usually, this term is described as an organizational culture that stresses the customer as the focal point of strategic planning and execution (Deshpandé, Farley, and Webster 1993; Jaworski, Kohli, and Sahay 2000; Steinman, Deshpandé, and Farley 2000) cited in (Brady and Cronin Jr, 2001).

**Organizational commitment:** It is psychological state that binds the individual to the organization (i.e. makes turnover less likely) (Allen & Meyer 1990) cited in (Bashir and Ismail 2008).

**Strategy implementation:** Strategy implementation often is called the "action stage" of strategic management. Implementing strategy means mobilizing employees and managers to put formulated strategies into action. Often considered to be the most difficult stage in strategic management, strategy implementation requires personal discipline, commitment, and sacrifice (David, 2011).

### **1.11 ORGANIZATION OF THE PAPER**

The paper began its first chapter by introducing how strategy execution is could be linked to elements of internal marketing and with detail conceptual backgrounds of all constructs of variables followed by the problem statement, objective, hypothesis, significance and scope of the study . Chapter two has discussed the appropriate literature related to the problem just described. It also explored empirical and theoretical literatures in the area of strategic management focusing on the implementation stage of the process and tried to relate the internal marketing concept to the elements of strategy execution. Chapter three described and discussed the research methodology selected to respond to the problem in great detail. Chapter four tried to present and analyze the data collected using the methodology described in chapter three. This paper is finalized with chapter five which contained a summary and conclusions drawn from the data presented in chapter four, and concluded with recommendations drawn from the data in this study and presented recommendations for future research.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. THEORETICAL LITERATURE**

Here in this part, after having an overview of strategy implementation under the introduction part, the researcher will try to see the nature of strategy implementation and the role of leadership in implementation process.

##### **2.1.1. Introduction**

As defined by Hitt, Ireland, and Hoskisson (2011), a strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage. A set of decisions and actions that result in the formulation, implementation and control of plans designed to achieve an organization's vision, mission, strategy and strategic objectives is understood as strategic management (Pearce & Robinson 2007) cited in (Jooste & Fourie, 2009). Once strategies have been agreed on, the next step is implementation. Strategy implementation is a very important part of the strategic management process. It is not uncommon for strategic plans to be formulated periodically, and to fail to achieve the objective therein.

Strategy implementation requires to deals with both macro and micro organizational issues. Macro issues include technology, reward systems, decision processes, and structure whereas micro-organizational issues include organization culture and resistance to change (Strategy, n.d). From this, one can see that the major decisive factor in strategy implementation is the work force who is responsible for manipulation of technology, decision process and is a source of anticipated resistance and culture. As Wheelen and Hunger (2012) put it, strategy implementation will take the involvement of a much more diverse set of people than those who formulate it and therefore every operational manager

down to the first-line supervisor and every employee is involved in some way in the implementation of corporate, business, and functional strategies. Wheelen and Hunger also states that those who are crucial to successful strategy implementation may not participate in the development of the corporate and even business strategy which might lead to a lot of resistance and foot-dragging and therefore, involving people from all organizational levels in the formulation and implementation of strategy tends to be very important.

### **2.1.2. The nature of strategy implementation**

It is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation). David (2011) put the nature of strategy implementation in the following way:

Strategy implementation is managing forces during the action; Strategy implementation focuses on efficiency; Strategy implementation is primarily an operational process; Strategy implementation requires special motivation and leadership skills; Strategy implementation requires coordination among many individuals.

Strategy execution (implementation) is the result of day to day decisions made by employees based on the information they have and their own self interest and the most fundamental ways executive can use to influence such actions are identified to be clarifying decision rights, designing information flows, aligning motivators and making changes to structure (Nailson Martin, and Powers, 2008).

It is thus obvious that strategy implementation is a key challenge for today's organizations. There are many (soft, hard and mixed) factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control (Li , Guohui, and Eppler , 2008).

The article (Strategy implementation, n.d) listed some basic causes for strategy implementation failure. Some of them are poor coordination within management, lack of understanding of the strategy and lack of enthusiasm among employees, managers' styles

and tactics which undermines employee enthusiasm about the strategy, insufficient processes employed to advance the collaboration between different operating and functional groups, lack of measurement of progress. The most significant aspect of the obstacles listed above is the fact that it consists predominantly stumbling blocks within the human system.

### **2.1.3. The role of leadership**

According to David (2011), good leaders establish good relationship with subordinates, empathize with their needs and concerns, set a good example, and are trustworthy and fair. David also confirms the fact that democratic behavior on the part of leader's results in more positive attitudes toward change and higher productivity than autocratic behavior as suggested by researches. Hitt et. al, (2011) defines Strategic leadership as the ability to anticipate, envision, maintain flexibility, and empowers others to create strategic change as necessary and says strategic leaders must learn how to effectively influence human behavior, often in uncertain environments. The ability to attract and then manage human capital may be the most critical of the strategic leader's skills. As Drucker (1986) put it:

.....For leadership is not magnetic personality—that can just as well be demagoguery. It is not “making friends and influencing people”—that is flattery. Leadership is the lifting of a man's vision to higher sights, the raising of a man's performance to a higher standard, the building of a man's personality beyond its normal limitations. Nothing better prepares the ground for such leadership than a spirit of management that confirms in the day-to-day practices of the organization strict principles of conduct and responsibility, high standards of performance, and respect for the individual and his work.

Lack of leadership and specifically strategic leadership in organization has been identified as one of the major barriers to effective strategy implementation. Strategic leadership is also viewed as a key driver to effective strategy implementation (Jooste & Fourie, 2009). Leaders need to ensure the new strategy is equipped with proper resources, understood by all, and people are motivated to adopt the new strategy.

Employees must have the right skills, the right understanding of strategic goals, and the motivation to attain such goals.

It is necessary to determine the best design of formal processes that gain the trust of the employees and boost their levels of engagement. Employees must feel they can confidently and proudly pursue the strategies the company has chosen to implement (AMA, 2007).

Successful strategy implementation hinges upon managers' ability to motivate employees, which is more of an art than a science and the challenge of implementation is to stimulate managers and employees throughout an organization to work with pride and enthusiasm toward achieving stated objectives (David, 2011). David also defines Motivation as the process of influencing people to accomplish specific objectives. He says that, motivation explains why some people work hard and others do not.

The strategic-management process can impose major changes on individuals and processes. Almost any change in structure, technology, people, or strategies has the potential to disrupt comfortable interaction patterns and people may resist change (David 2011). Also here the human aspect comes to picture. According to David, resistance to change can be considered the single greatest threat to successful strategy implementation. Resistance regularly occurs in organizations in the form of sabotaging production machines, absenteeism, filing unfounded grievances, and an unwillingness to cooperate. Some means and skill of handling this problem is mandatory to make the implementation process smooth.

Jooste & Fourie (2009) states that strategy implementation is more likely to be effective with a participative style of managerial behavior. Employees should be invited to participate in the process of change and in the details of transition; participation allows everyone to give opinions, to feel a part of the change process, and to identify their own self-interests regarding the recommended change.

Besides, as implicit resistance efforts such as loss of motivation to work are more subtle and more difficult to recognize, Employees' attitudes and motivation to organizational change should not be neglected. And therefore some motivation or incentive to change is required. (Kuyvenhoven, and Buss, n.d)

## **2.2. RELATED THEORIES**

Here the researcher will try to review theories that enable to relate strategy implementation to the issue of dealing with human resource which will direct us to use of internal marketing as a strategic tool in strategy implementation process.

### **2.2.1. The Resource-Based View (RBV)**

RBV is one of the substantial theories of strategic management. It suggests that the resources possessed by a firm are the primary determinants of its performance. Managing strategically, according to the RBV, involves developing and exploiting a firm's unique resources and capabilities, and continually maintaining and strengthening those resources (Akio, 2005). The Resource-Based View approach to competitive advantage contends that internal resources are more important for a firm than external factors in achieving and sustaining competitive advantage (David, 2011). David also said that internal resources can be grouped into three categories: physical resources, human resources, and organizational resources.

According to (Penrose, 1959) cited in (Akio, 2005), it is never resources per se that are the inputs in the production process, but only the 'services' that the resource can render. Penrose further explained that, the services gained from resources are determined by the way in which they are used and exactly the same resources when used in different ways provide a different service. This implies that the way we handle the resources matter most. Applying this to the context of using human resources, which includes all employees' training, experience, intelligence, knowledge, skills, and abilities in an organization (considered as intangible assets), the way we handle this resource determines the effectiveness of handling other resources (Martí and María, 2003).

Compared to tangible resources, intangible resources are a superior source of core competencies and the capacity to manage human intellect is fast becoming the critical executive skill of the age because intangible resources are less visible and more difficult for competitors to understand, purchase, imitate, or substitute (Hitt et. al, 2011).

Human being is one of the most important natural resource. In business, human being has got vital importance and without which nothing can happen. Many experts of HR called them as soul of business activities and mentioned in the asset side of balance sheet (Mane, 2010). Hence, every company has to think about this valuable resource which is also responsible for handling other resources and should work towards using it in a profitable way. Within the strategic management literature, the RBV has helped to put "people" (or a firm's human resources) on the radar screen and unarguably, significant attention in the strategy literature within the RBV paradigm has focused on knowledge competence and the skills of the employees who comprise the competence (Wright, Dunford, and Snell, 2001). Thus while the external opportunity set is almost the same for every firm, the competence they acquire from resources makes each firm different. RBV literatures also stresses the importance of intangible resources (which are difficult for competitors to acquire and imitate) as the key to sustainability and real source of competitive power.

### **2.2.2. Social exchange and psychological contract**

The relationship between an employer and an employee is typically guided by formal agreements, but there is another contract that can be even more important called the psychological contract which is the informal understanding of the relationship between an employer and employee. By nature, psychological contract is generally unspoken and dependent on the interpretation of all parties (Shruthi and Hemanth, 2012). Managing this part of the agreement is relatively difficult as dealing with varied nature the interpretation involved. as Shruthi, and Hemanth explained, it represents the notion of 'relationship' or 'trust' or 'understanding' which can exist for one or a number of employees, instead of a tangible piece of paper or legal document which might be different from one employee to another. Work and pay are factors mostly visible and agreed by both sides and are the small part of the total employee employer relationship and is the tip of the iceberg.

A violation occurs when one party in a relationship perceives another to have failed to fulfill promised obligations since contracts emerge under assumptions of good faith and fair dealing (MacNeil, 1985) cited in (Shruthi and Hemanth, 2012).

Therefore, the leadership of the organization should make sure that such negative perception should either be avoided or highly minimized in order for the enthusiastic effort of employees to be harnessed towards implementation of company's strategic objective. This can be done through proper maintenance of internal business environment.



*Figure 1 Psychological Contracts 'Iceberg' Model*

Source (Shruthi and Hemanth , 2012)

### **2.2.3. Internal marketing**

Marketing is define as an exchange process and as a result of the same, any exchange between two parties, be it church and its members, politician and voters, and employer and employee, business and its customers can theoretically be brought under the marketing umbrella (Kotler,1967). It's clear that organizations should increase their focus on meeting customer needs. They also need to go beyond simply recognizing the importance of customer focus since customer focus without the enthusiastic involvement of the company's work force may be exercise in futility. And therefore, internal marketing is the panacea for harnessing employee's effort towards customer focus.

Internal marketing can simply be defined as viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization (Berry and Parasuraman, 1991) cited in (Saad, Ahmed, and Rafiq, 2002). Although internal marketing is a concept in evolution, one of the most comprehensive definitions, which emerged from a synthesis of the most internal marketing important contributions over recent years, is proposed by Ahmed and Rafiq.

Rafiq and Ahmed (2000), widely defines Internal marketing as a planned effort using marketing like approach to overcome organizational resistance to change and to align , motivate and inter-functionally coordinate and integrate employees toward the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees.

Internal marketing, in its currently accepted concept, is a philosophy for managing the organization's human resources based on a marketing perspective (George and Grönroos, 1989) cited in (Saad et. al, 2002). The growing strategic importance of internal marketing in business management is well documented.

The above definition by Rafiq and Ahmed constitutes the five elements of internal marketing they have indicated in their important work on the concept in 2000. The five elements are:

1. Employee motivation and satisfaction
2. Customer orientation and satisfaction
3. Inter-functional coordination and integration
4. Marketing like approach to the above
5. Implementation of specific corporate or functional strategies

As we have seen in RBV of strategic management literature, these elements tuned towards handling the most important resource- the work force. As Penrose in (Akio, 2005) explained, the services gained from resources are determined by the way in which they are used. One can see that participative style of leadership, motivation, effective communication and coordination, developing sound organizational climate conducive to change, which are suggested by strategic management literatures can be fulfilled through the above mentioned elements.

Rafiq and Ahmed have also determined three stages of developing the internal marketing in institution, as reviewed below:

1. Employees satisfaction stage: which is characterized by focusing on employee's motivation and achieving their satisfaction, to improve and develop the provided services quality to customers
2. Customer orientation stage: it is the second stage in the development of internal marketing concept, which begins by focusing on importance of interaction concept between employees and customers, as a result of customer's needs and requirements.
3. Strategic application and change management; this stage concentrated on the notion that internal marketing is the motive or the engine to implement organization strategy. It refers here to the necessity of employees' involvement in objectives and strategies setting, because they are responsible to achieve these objectives and implementing such strategies as well. It is presented as a mechanism for reducing departmental isolation and interdepartmental frictions as well as overcoming resistance to change.

As articulated in strategic management literatures, successful strategy implementation hinges upon managers' ability to motivate employees, which is more, an art than a science and the challenge of implementation is to stimulate managers and employees throughout an organization to work with pride and enthusiasm toward achieving stated objectives (David, 2011). As Strategy implementation is the administration and execution of the strategic plan, most of the activities of strategy implementation involve the above elements as a tool. Thus, one can understand that, the work of Internal marketing is not only focusing on employee's motivation and achieving their satisfaction but also on importance of interaction among employees and between employees and customers based on customer's needs and requirements as an the engine to implement organization strategy. If, for example, a core banking system or any other IT facility fails within a bank and the service is delayed, the quality of the service which they perceive is likely to be less. But if the back office operations were running well, this problem will not happen. This shows that the back office employees have equal importance to front office employees. Here also we can see that front office employees are customers for the back office employees. Internal marketing will concentrate on these processes. Employment security, extensive training, higher-than-industry-average salary, empowerment and communication are indicated as elements of internal marketing (Farias, 2010). The importance of communications as a motivational device within the internal marketing campaign has also been identified by several authors (Lings and Roger F, 1998).

### **2.3. EMPIRICAL LITERATURE**

The benefit that an organization can draw from application of internal marketing tools is evidenced by many research works. Kotler (1967) identified internal marketing as a building of customer orientation built through education and motivation of primary level employees. As explained by Liao (2013), Organization members with organizational commitment recognize the organization's objectives, beliefs, and are willing to put efforts for the organizations with willingness to stay loyal to the organization and continue to serve the organization.

Customer orientation means to provide long-term, thoughtful services from the perspective of the customer's needs and pursue an idea of customer value maximization with commitment to improve customer satisfaction (Chang, 2006; Lee, 2011) cited in (Liao, 2013).

Mohammadi, Hashemi, and Moradi (2012) on their study made to see the effects of internal marketing on customer orientation in food & drug distribution companies of Kermanshah province in Iran, confirms that there is a significantly positive relationship between internal marketing and customer orientation within distribution companies. They also confirm in their study that there is a significantly positive correlation between internal marketing and organization commitment, positive correlation between organizational commitment and customer orientation is also observed within distribution companies. Liao (2013) confirmed Based on the statistical analysis on KARS company that internal marketing helped staff job satisfaction, organizational commitment and internal service quality, which will lead to customer-orientation.

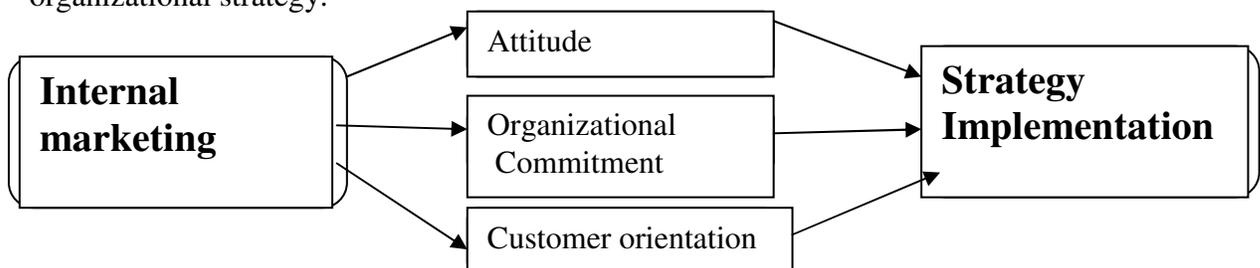
Motivating employees to make them understand and agree on a strategic plan, effective communication, participative and inspirational leadership styles are some of the components of internal marketing. The benefits of applying such internal marketing practices are evidenced in research works. In his empirical study on gaming industry, Schaap (2006) confirms with almost absolute certainty that the better an employee understands the objectives of the company's current strategic plan, the more committed that employee will be to the success of the company's strategic plan. There also exists a positive relationship between companies having success in achieving their financial and/or strategic performance targets, and a senior-level leader's style of leadership being inspirational to others. Employees who understand and agree with the company's strategic plan found to most likely have a higher commitment to the firm's success than employees who do not know or agree with it. Isfahani, Yarali, and Kazemi (2012 ) confirms the direct, positive and strong effect of internal marketing components on staff happiness in the Case study made on Influence of Internal Marketing on Employee Happiness: Nilou Tile Company, Isfahan.

Shamma, (n.d), in the case study exploring internal marketing application in Egypt indicates that International companies such as Southwest, Apple, Dell and Ritz-Carlton, and local companies such as Raya, Mobinil, Eva Pharma and Vodafone Egypt were identified to be successful in applying various internal marketing practices in their organizations. The followings are some of the internal marketing tools implemented by organizations who have successfully applied internal marketing. rewards, extensive training, career development, open communication and employment security, the employee of the year competition, one of the highest compensation, empowering employees to think of ways to realize this mission, considers their employees as co-owners, employees are given the chance to question top management through their annual “management pay up day”, has an internal communications function, financial loans, discounts in special outlets, educational assistance, an internal corporate communications channel, where any employee can send any complaint or report unethical practices anonymously. Further, employees can present new ideas on products and services, send complaints and concerns.

While reviewing prior works, to the knowledge of the researcher, research work on the extent of use and positive effect of internal marketing in motivating employees for strategy implementation in Ethiopian commercial banks is nonexistent. Therefore, this study will fill the knowledge gap in this regard.

#### 2.4. CONCEPTUAL FRAMEWORK

Being a philosophy of managing the organization’s human resources based on a marketing perspective, the prevalence of planned and properly implemented internal marketing can positively affect the motivation, organizational commitment and customer orientation of a service giving organization which resulted in efficient implementation of the formulated organizational strategy.



## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODS**

#### ***3.1 INTRODUCTION***

The purpose of this research is to examine adoption of Internal marketing practices as a strategic tool to implement the formulated strategy and see the effect of these internal marketing practices on, attitude, organizational commitment and customer orientation. This chapter deals with the research design and methodology of the study. It includes the research design, source of data, data collection instruments, sampling techniques and methods of data analysis, and data quality assurance of the study.

#### ***3.2 RESEARCH DESIGN & SOURCE OF DATA***

Here, as attempts were made to describe and explain conditions of the present concerning specified constructs by using many subjects and questionnaires, a quantitative, descriptive approach is adopted. A correlational research approach is also used to find answers for the research questions concerning the relationship between internal marketing and other constructs. The research is also observational in investigating the extent of adaptation of internal marketing. The data were gathered from sample of employees of selected banks as a source. The research is focused on the last four private commercial banks based on the assumption that being late entrant in the industry, these banks will and should be more concerned about attracting clients using different strategic approaches.

#### ***3.3 DATA GATHERING TOOLS AND SAMPLING TECHNIQUE***

The total number of banks in Addis Ababa is 19 in number. Among these, the study covered the cases of the last 4 banks which are the last entrant to the banking industry. These groups of banks include Abay Bank s.c, Addis International Bank s.c, Dehub Global bank s.c, and Enat Bank s.c. As these banks are the last entrants of the Ethiopian banking

industry, it is assumed that competition in attracting clients from their already established relationships with existing banks is of special concern to them and assumed to focus on having motivated employee who can excel in customer service delivery and win the interest of clients to come to the banks. In this research, statistical population includes all the staff of the selected banks.

In selecting the research subjects, due to time and cost constraints, non-probability convenience sampling technique is used for primary data collection from the employees of selected banks to check an overall perception of the employees toward internal marketing, organizational commitment, customer orientation and the attitude they have towards their job. All the staff of the main branches' of the selected banks is used as a sample for primary data collection. From 54 staff of the main branches of the selected banks (the sample of the study), a total of 50 respondents were able to respond to the survey.

Data is collected through closed ended questionnaires in the form of likert's five scales ranging from strongly disagree (1) to strongly agree (5) will be used. The responses gathered form employees and customers is further analyzed. The reason why questionnaire is used to collect data is:

1. It takes less time to fill up a questionnaire. It is also a common way of collecting information. Besides it is considered to be the most appropriate method to collect data for this study.
2. Personal interview is not considered due to the shortage of time and cost.
3. The data gathered through questionnaire is easy to analyze

### ***3.4 MEASUREMENT OF VARIABLES***

The researcher measured **internal marketing** by replicating the internal marketing orientation measurement by Lings and Greenley (2005). The instrument consists of three dimensions:

1. Internal Information Generation (formal and Informal), which includes identifying the benefits employees seek from their jobs, what they are prepared to give up to get these, and what competitors are offering in terms of alternative employment.
2. Internal Communications, which is the means by which organizations transfer information from one entity to another i.e. disseminate information
3. Responsiveness to the Internal Market which involves responding to the information generated about the wants and needs of employees

Variables to measure **organizational commitment** and **customer orientation** are adopted from the works of (Kyriazopoulos, Panagiotis., Yannacopoulos, Denis., Spyridakos, Athanasios., Siskos, Yannis and Grigoroudis, Evangelos, 2007) and (Camp, 1993). Five-point Likert-type scale measuring instrument will be developed to measure the variables under each constructs. The measurement is conducted on the following research constructs.

- Internal marketing, using 26 variables.
- Employee attitude, using 6 variables.
- Organizational commitment, using 7 variables.
- Customer orientation, using 9 variables.

### ***3.5 METHOD OF DATA ANALYSIS***

In order to ascertain the quality of the questionnaires used in the research, the researcher conducted a reliability check. Cronbach's alpha is calculated for each scale to test the reliability and the degree to which the items are dealing similar concept and exhibited desirable levels of internal consistency. After collecting the data, the mean and standard deviation for each variable is be computed and the researcher used mean score for each of the dimensions of **internal marketing, Attitude, organizational commitment & customer orientation** to see their prevalence. Pearson's Correlation analysis is also used to find out the relationship between the research variables. The research is directed towards testing the hypothesis indicated on chapter one of this paper. The researcher used descriptive correlations, and regressions to test the strength of associations between

the studied variables. The Statistical Package for Social Science (SPSS) software (Version\_20.0) is employed to analyze the data collected from the actual survey.

### **3.6 ETHICAL CONSIDERATION**

Permission was granted by the concerned authority of each bank to conduct the survey based on the support letter from my university. Each participant was approached about participation in the study, in which they had voluntary Participation. They were informed about the study and willingly filled the questionnaire. The anonymity of participants was protected by numerically coding each returned questionnaire and keeping the responses confidential. Research findings are purely the result of analysis of the collected data without trimming and cooking. There is no intentional unacknowledged use or incorporation of any other person's work in, or as a basis for, my thesis.

## **CHAPTER FOUR RESULTS AND DISCUSSION**

### **4.1. INTRODUCTION**

This chapter discussed the findings obtained from the primary instrument used in the study. It present, analyze and interpret the findings. The findings are presented according to the method used to analyze the data. The results were done as per the following research objectives:

1. To examine the extent of use of internal marketing practices among the selected banks
2. The effect of these internal marketing practices on employee's attitude, organizational commitment and customer orientation.

The study covers the cases of banks which are the last entrants of the Ethiopian banking industry. This group of banks includes Abay Bank S.C Addis International Bank S.C, Debub Global bank S.C, and Enat Bank S.C. As competition in attracting clients from their already established relationships with existing banks is believed to be of special concern to these banks, best service through motivated employees is assumed to be their prime concern to meet the objective of attracting and retaining clients. Therefore, and internal marketing is assumed to be considered as one of the tools for implementation of the formulated strategy.

In this research, statistical population includes all the staff of the selected banks. In selecting the research subjects, due to time and cost constraints, all the staff of the main branches' of the selected banks are used as a sample for primary data collection to check

an overall perception of the employees toward internal marketing, organizational commitment, customer orientation and the attitude they have towards their job.

#### 4.2. DESCRIPTION OF THE SAMPLE

From 54 staff of the main branches of the selected banks, a total of 50 respondents were able to respond to the survey. The response rate was 93%. The table below summarizes characteristics of the respondents. As shown in table-1, majority of the respondents were of age 20-30 years making 52%, followed by 31-40 years making 30%. Those who are aged 41-50 make 16% and only 2% of are above 50 years of age. The results showed that 82% of the respondents were below the age of 41 years hence a bigger number of youth involved in work. We can also see employees holding a professional position as the highest number of respondents with a percentage of 42% followed by clerical employees making 36% . Managers and supervisors constitute 22% of the respondents.

**Table 1- Respondents by age and position**

Position of Respondents	Age of Respondents									
	20-30		31-40		41-50		>51		Total	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Clerical</b>	14	77.8%	3	16.7%	1	5.6%	0	0.0%	18	36%
<b>Professional</b>	10	47.6%	9	42.9%	2	9.5%	0	0.0%	21	42%
<b>Supervisory</b>	2	25.0%	2	25.0%	4	50.0%	0	0.0%	8	16%
<b>managerial</b>	0	0.0%	1	33.3%	1	33.3%	1	33.3%	3	6%
<b>Raw total</b>	26	52.0%	15	30.0%	8	16.0%	1	2.0%	50	100.0%

*Source: Compiled from survey data, December 2013*

As shown in table-2, the majority the respondents (50%) who were included in the research sample have been working in the banking industry for 6 years and above. 26 % from 6 years to 10 Years and 24 % above 11 Years. This provides an extra layer of assurance that they are aware of the way their institutions operate, their culture and philosophy in relation to the banking industry.

Besides, the majority being young and professional, the employees are believed to be more sensitive and reactive for the kind of treatment they receive from the management.

**Table 2 Respondents by experience**

Respondents Experience	
Experience	Percent
<b>2 Years to 5 Years</b>	<b>38 %</b>
<b>6 Years to 10 Years</b>	<b>26 %</b>
<b>11Years and above</b>	<b>24 %</b>
<b>Missing</b>	<b>12%</b>
<b>Total</b>	<b>100%</b>

*Source: Compiled from spss output, December 2013*

The diversity of opinions is believed to be entertained since the sample is well composed of different sexes, organizational status, service years and professional levels. As shown in table-3, 72% of the respondents are BA holders. Diploma holders and second degree holders are also part of the respondents in proportion of 20.8% and 6.2 % respectively.

**Table 3 Respondents by sex and educational status**

Sex	Educational Status							
	Diploma		BA		MA & Above		Total	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
<b>Female</b>	7	35.0%	12	60.0%	1	5.0%	20	41.7%
<b>Male</b>	3	10.7%	23	82.1%	2	7.1%	28	58.3%
<b>Raw total</b>	10	20.8%	35	72.9%	3	6.2%	48	100.0%

*Source: Compiled from survey data, December 2013*

### 4.3. DATA ANALYSIS

#### 4.3.1. Reliability

Based on the literature review, the questionnaire consists of all variables of the constructs Internal marketing, Employee’s attitude, Organizational Commitment and Customer orientation were prepared and measured on 5-point likert scale ranging from “strongly agree” (coded 5) to “strongly disagree” (coded 1). All items were positively worded.

Internal marketing was measured using 26 measurement variables; Employee’s attitude was measured using 6 measurement variables. Organizational Commitment and Customer orientation are also measured using 7 and 9 measurement variables, respectively.

SPSS (Version\_20.0) software was used for the statistical analysis. Data were entered in SPSS software. The instrument coefficient alpha was computed separately for each dimension to measure the reliability and internal consistency. The Cronbach’s alpha value of the whole instrument was 0.906. Table 4 shows that the Cronbach’s values for all constructs ranged from 0.64 to 0.834 which are considered acceptable.

**Table 4 Reliability as per cronbach's alpha**

Constructs	Number of variables	Cronbach’s $\alpha$
<b>Internal marketing</b>	<b>26</b>	<b>0.834</b>
<b>Employee’s attitude</b>	<b>6</b>	<b>0.643</b>
<b>Organizational Commitment</b>	<b>7</b>	<b>0.806</b>
<b>Customer orientation</b>	<b>9</b>	<b>0.767</b>
<b>Overall measurement</b>	<b>48</b>	<b>0.906</b>

*Source: Survey data SPSS output*

Nunnally (1967) recommends that the values of alpha ranging from  $\alpha = 0.50$  \_  $0.60$  are considered to be sufficient (cited in Abdul-Halim and Che-Ha 2009). Only Attitude has  $\alpha = 0.643$ . Otherwise, Cronbach’s values for all other constructs and the overall measurement of coefficient alpha are relatively high. Therefore, the values of Cronbach’s alpha in this

study indicates that the scales used in the instrument are adequate and suitable for the main study.

**4.3.2. The prevalence of internal Marketing and other measuring constructs**

The mean score of the measurement variables are used to measure the four constructs. In table 5, the following internal marketing constructs identified as internal marketing sub dimensions. These are: internal communication, internal information generation, and Responsiveness to internal market.

The mean and standard deviation of the internal marketing dimensions indicates that employees of the banks perceived that the banks consider internal communication as very important ( $M= 4.7, SD= 0.889$ ). On the other hand, banks are very weak in internal information generation ( $M= 2.588, SD= 0.714$ ) and the responsiveness to internal market ( $M= 2.632, SD= 0.509$ ) which are the vital part of internal marketing. Likewise, as we can see in table 6, the overall prevalence of internal marketing in the banks is very weak ( $M= 2.724, SD= 0.453$ ).

**Table 5 Mean and standard deviation of IMP variables**

IMP Variable	N	Mean	Std. Deviation
Internal communication	50	4.7520	.88922
Internal info. generation	50	2.5880	.71418
Responsiveness to int. Mkt	50	2.6320	.50888
Valid N (list wise)	50		

*Source: Survey data SPSS output*

According to the observed data, the employees in the selected banks seem to have weak commitment and engagement and low attitude to their organization. The customer orientation of the banks is also found to be weak.

**Table 6 Mean and standard deviation of study constructs**

Study Construct	N	Mean	Std. Deviation
Attitude	50	2.9634	.64444
customer orientation	50	2.9136	.58264
internal marketing practice	50	2.7240	.45340
Organizational commitment	50	2.7430	.72501
Valid N (list wise)	50		

*Source: Survey data SPSS output December 2013*

### 4.3.3. Pearson Correlation Test

Pearson correlation analysis was conducted, using SPSS (Version\_20.0) in order to determine the relationships between Constructs. Table 7 summarizes the descriptive statistics and analysis results. The sign of the Pearson correlation coefficient indicates the direction of the relationship, and its absolute value indicates the strength. In this study, correlation coefficients represent the nature of the relationship between constructs, whereby a coefficient of above 0.8 represents a strong relationship, a coefficient of between 0.5 and 0.8 represent a moderate relationship, and a coefficient below 0.5 represent a weak relationship (Devore & Peck, 1993)

As can be seen in table 7, Correlation analysis results show that there is a positive and significant correlation among the constructs. The correlation between internal marketing and customer orientation is relatively weak ( $r = 0.408$ ,  $n = 50$ ,  $p \leq 0.01$ ) however it is positive and significant; a positive moderate correlation exists between internal marketing and organizational commitment ( $r = 0.536$ ,  $n = 50$ ,  $p \leq 0.01$ ) and a positive moderate correlation is found between internal marketing and employee attitude ( $r = 0.519$ ,  $n = 50$ ,  $p \leq 0.01$ ). The results indicate that internal marketing has a significant positive correlation with employee attitude, organizational commitment and customer orientation. We can also see that internal marketing practices have relatively strong correlation with organizational commitment and employee attitude.

**Table 7 Correlation (Zero order matrix N=50)**

	<b>Internal Marketing</b>	<b>Employee Attitude</b>	<b>Organizational Commitment</b>	<b>Customer Orientation</b>
<b>Internal Marketing</b>	1.00			
<b>Employee Attitude</b>	.519**	1.00		
<b>Organizational Commitment</b>	.536**	.579**	1.00	
<b>Customer Orientation</b>	.408**	.584**	.579**	1.00

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

*Source: Survey data SPSS output*

#### **4.3.4. Hypotheses testing**

##### **4.3.4.1. Regression analysis**

In the model, IMP is used as independent (explanatory) variable while employee’s attitude, organizational commitment and customer orientation are used as dependent (regressed) variables. The following three working hypothesis were formulated.

Hypothesis 1:  $H_0: r = 0$ . IMP doesn’t have a positive impact on employee’s attitude.

$H_1: r \neq 0$ . IMP must have a positive impact on employee’s attitude.

Hypothesis 2:  $H_0: r = 0$ . IMP doesn’t have a positive impact on organizational commitments.

$H_1: r \neq 0$ . IMP must have a positive impact on organizational commitments.

Hypothesis 3:  $H_0: r = 0$ . IMP doesn’t have a positive impact on customer orientation.

$H_1: r \neq 0$ . IMP must have a positive impact on customer orientation.

Each of the research Hypotheses developed was tested through regression analysis to explore the relationship between the predictor variable (internal marketing) and other dependent variables through the following model.

$$Y_1 = \beta_{01} + \beta_1 X + \varepsilon_1$$

$$Y_2 = \beta_{02} + \beta_2 X + \varepsilon_2$$

$$Y_3 = \beta_{03} + \beta_3 X + \varepsilon_3$$

Where:

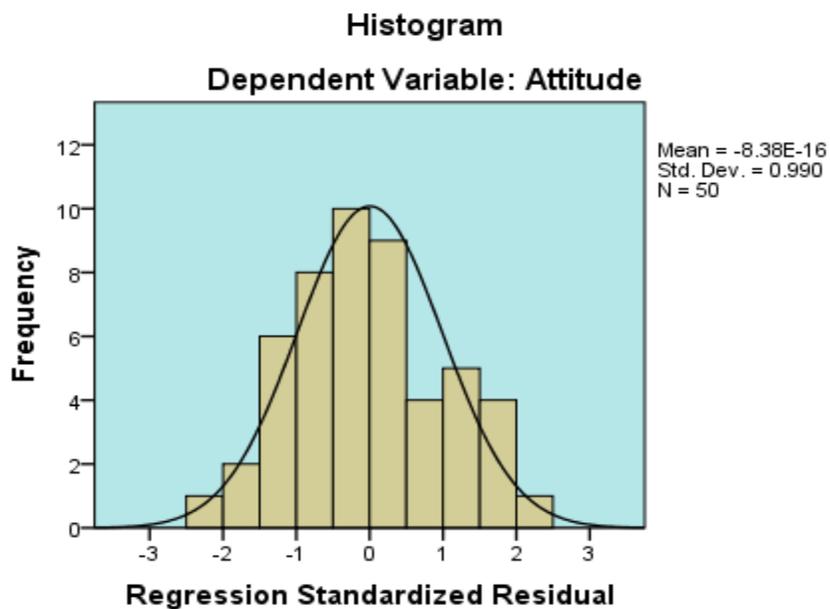
$Y_1$ ,  $Y_2$  and  $Y_3$  represent the mean scores obtained for employee attitude, organizational commitment and customer orientation respectively on the criterion variables and  $X$  is predictor variable which is internal marketing.

- The parameters  $\beta_{01}$ ,  $\beta_{02}$ ,  $\beta_{03}$  and  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  are constants describing the functional relationship in the population.
- The values of  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  identifies the change along the  $Y$  scale expected for every unit changed in fixed values of  $X$ .
- The values of  $\beta_{01}$ ,  $\beta_{02}$ ,  $\beta_{03}$  identify the constant (the intercept or the place on the  $Y$  axis through which the straight line passes. It is the value of  $Y$  when  $X = 0$ ).
- $\Sigma$  (Epsilon) represents an error component for each individual. The portion of  $Y$  score that cannot be accounted for by its systematic relationship with values of  $X$ .

The validity of regression analysis depends on certain assumptions which are usually made about the data and the model. The accuracy of the analysis and the conclusions derived from an analysis depends crucially on the validity of these assumptions (Chatterjee & Hadi, 2006) cited in (Daoud, 2013). The assumptions are indicated to be:

- The relationship between the predictor variable and the response variable is linear in nature (-the assumption of linearity).
- For each population denoted by values of variable X, the distribution of Y values is normal. For the current data, what this means is that for each theoretical value internal marketing the distribution for employee attitude, organizational commitment and customer orientation respectively is normally distributed.
- Independent variables do not interact with each other
- Independent variables are uncorrelated with each other (the assumption of absence of multicolliniarity)
- The assumption of homoscedasticity (homogeneity of variance (errors)). For each population denoted by values of the variable X, the variances of these populations are equal. This assumption often goes by the name of homoscedasticity.

Following the above considerations suggested by different scholars a multiple regression analysis (standard and stepwise procedures) was conducted to identify the predictor (IV) which has the most significant contribution in achieving competitive advantage. The response variables (DVs) were regressed on the independent variable of internal marketing.



*Figure 2 Normality test for DV attitude*

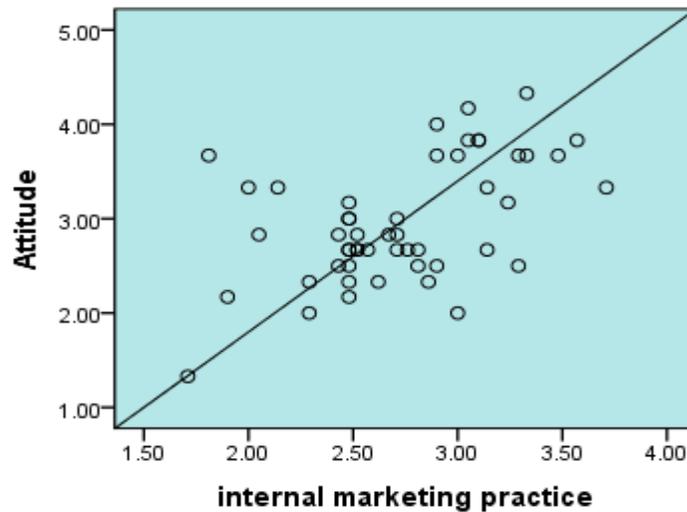


Figure 3 Linearity test for DV attitude

Verifying assumptions in a simple linear regression often involves the use of graphical techniques. Some assumptions such as linearity can be easily checked through scatter plot before one conducts the actual regression. In this regard, disregarding the outliers, attitude and internal marketing have more or less linear relationship. Other assumptions, such as homoscedasticity and independence of errors are often confirmed or disconfirmed through various types of residual analyses following the regression procedure.

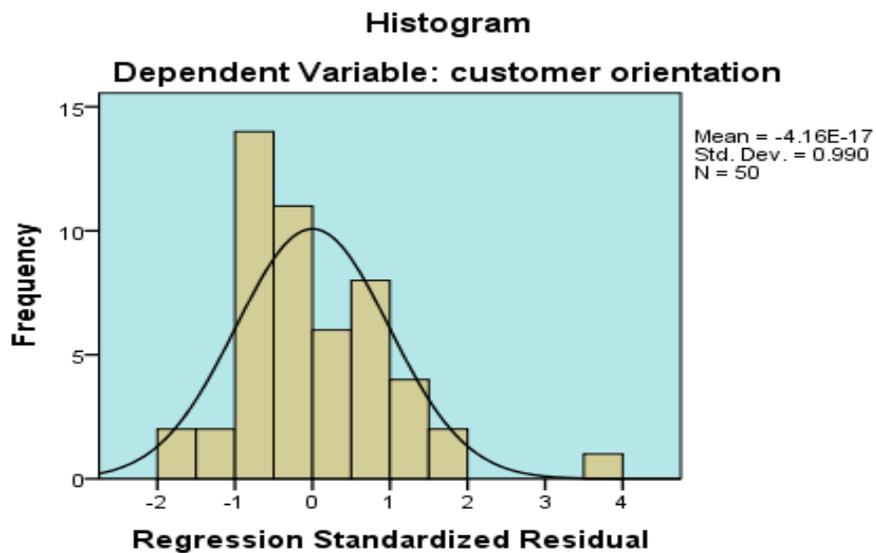


Figure 4 Normality test for DV Customer orientation

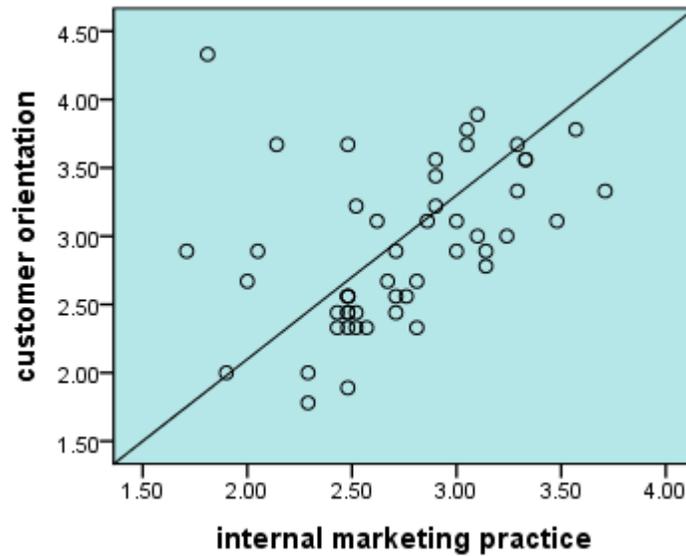
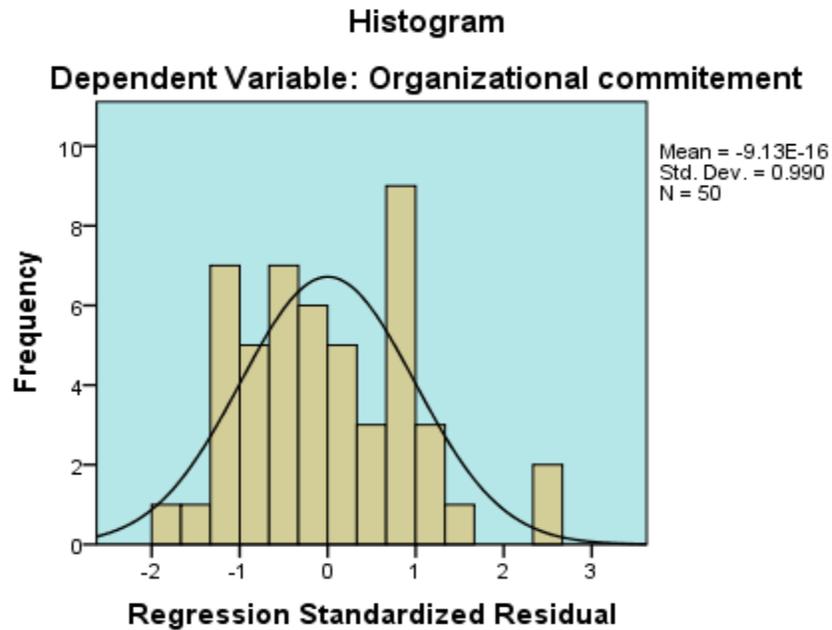


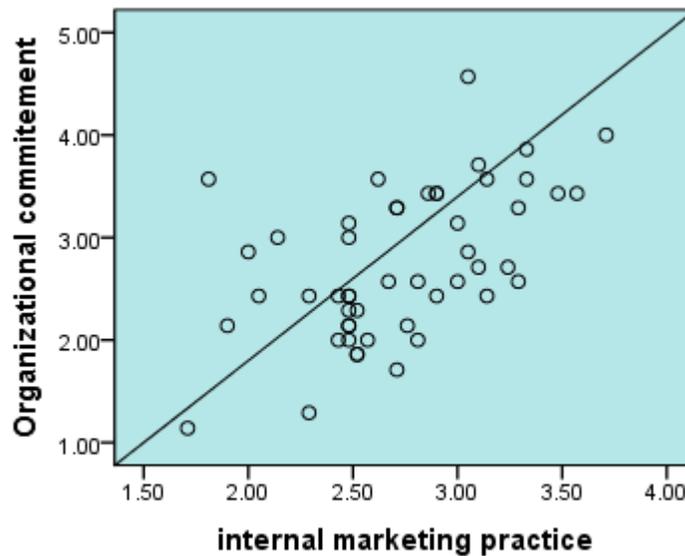
Figure 5 Linearity test for DV Customer orientation

As can be seen from the plot, the relationship between X and Y variables appears to be more or less linear, which satisfies the first assumption of linearity. One can also see that for each value of X the distributions of Y (i.e., the conditional distributions); though not identical or exactly normal by any means, do not appear to signal any major problems with normality or homoscedasticity.

The scatter plot reveals a linear relationship between *DV and IV*: for a given value of *IV*, the predicted value of *DV* will fall on a line. The plot further reveals that the variation in *DV* about the predicted value is about the same (can lie between parallel lines) regardless of the value of *IV* except some outliers which can be disregarded. Statistically, this is referred to as homoscedasticity. The researcher sees no reason to not proceed with the regression. We could see by visual test that these assumptions of normality, linearity, and homoscedasticity are moderately fulfilled when a scatter plot of the data is produced and also through an examination of residuals (normality of errors). See the three figures (figure-1, figure-2, and figure-3). The assumption about independent variables is no more the worry of the researcher as there is only one independent variable.



*Figure 6 Normality test for DV Organizational commitment*



*Figure 7 Linearity test for DV Organizational commitment*

Using the regression analysis the researcher has determined whether or not there is a relationship between the independent variable and the dependent variable by examining the significance of the regression in the ANOVA table. Regression coefficients R, showing

relationships between independent variables and the dependent variable and adjusted R<sup>2</sup> explaining the change of the independent variables on the dependent variables were investigated. The results of regression are shown in Table 8.

The regression table predicts the measures of association of dependent variables with independent variables. Table 8 predicts results in that 26.9 percent of the observed variance in employees attitude is explained by internal marketing, also the values (beta = .519, p = .000, and t = 4.206) supports that H1 is accepted, as there is a significant linear impact of internal marketing on employees attitude. Second measure of association is also predicted by observing the relationship of internal marketing and organizational commitment, where 28.8 percent of the observed variability in organizational commitment is explained by internal marketing with beta = .536, p = .000, and t = 4.404. These values also grant acceptance of H2. This regression table also depicts that 16.6 percent variability in customer orientation is explained by internal marketing with supporting values of beta = .408, t = 3.09, and p = .003, which puts H3 on safe side as well.

**Table 8 Regression analysis of Constructs**

<b>Constructs</b>	<b>Coefficients</b>	<b>Beta</b>	<b>t-value</b>	<b>p-value</b>	<b>R2</b>	<b>Adjusted R2</b>
<b>Attitude</b>	.954 .738	.519	4.206	.000	.269	.254
<b>Organizational commitment</b>	.406 .858	.536	4.404	.000	.288	.273
<b>Customer orientation</b>	1.487 .524	.408	3.092	.003	.166	.149

*Source: Derived from Regression output of SPSS and ANOVA table.*

The direction of the relationship is based on the sign of the  $\beta$  coefficient for the independent variable. Since all the coefficients are positive, there is a direct positive relationship between IMP and dependent variables. The model indicates that the least-

squares line touches the ordinate axis at a value of employee attitude = 0.954. This means that:

$$\hat{Y}_1 (\text{employee's attitude}) = 0.954 + 0.738(\text{Internal marketing practice})$$

The  $\beta$  coefficient (0.738) represents the amount of change in the dependent variable(employee attitude) for a one-unit average score change in the independent variable(internal marketing). In this case, for every one average score increase in the scale of IMP, we would predict that the magnitude of score of employee attitude would change 0.738. Accordingly the list-square estimators for the three equations are:

$$\hat{Y}_1 (\text{Attitude}) = 0.954 + 0.738(\text{IMP})$$

$$\hat{Y}_2 (\text{Orgcom}) = 0.406 + 0.858(\text{IMP})$$

$$\hat{Y}_3 (\text{Cust_orinte}) = 1.487 + 0.524(\text{IMP})$$

#### **4.4. DISCUSSION**

This paper is aimed to examine the impact of internal marketing through its three dimensions; (Internal Information Generation (about Employees and their need), Communications system and Responsiveness to the need of the Internal Market) on Employee's attitude, Organizational Commitment and Customer orientation in the selected commercial banks in Ethiopia. Three pair of null and alternative hypotheses were tested and all the alternative hypotheses are accepted. Internal marketing is found to have a positive and significant impact on all the three dependent variables.

##### **4.4.1. Internal marketing and employee attitude**

The current study suggested that internal marketing practice have an impact on enhancing employee attitude of the banking sector. The findings of the study are consistent with the previous studies which was confirmed by Isfahani, Yarali, and Kazemi (2012 ) about the direct, positive and strong effect of internal marketing components on staff happiness.

It is assumed that positive attitude towards work and greater organizational commitment increases job satisfaction which in return enhances performance of the individual (Linz, 2002). The meta-analysis done by Riketta, (2008) provides some support for effects of job attitudes on performance. This implies that the positive attitude which can be enhanced by the application of internal marketing practice increases performance which is the other side of strategy implementation.

#### **4.4.2. Internal marketing and organizational Commitment**

The results of the study revealed that internal marketing has a significant impact on organizational commitment. The findings of this study is consistent with the previous studies by Mohammadi, Hashemi, and Moradi, (2012) that confirms the existence of significantly positive correlation between internal marketing and organizational commitment. The researcher argues on the basis of results that the commitment of employees will be achieved when organization become committed on Internal Information Generation (about Employees and their need), have efficient Internal Communications system and became responsive to the need of the Internal Market. Studies also show that committed employees provide excellent service to their customers, tend to be more aware about customers needs and wants, and concerned with organization profitability. The importance of communications as a motivational device within the internal marketing campaign has also been identified by several authors (Lings and Roger F, 1998). Commitment is a force that binds an individual to a course of action that is of relevance to a particular target (Meyer & Herscovitch, 2001, p. 301) cited in (Smith, 2009). Commitment is an important consideration that emerges from the strategic management literature and these literatures support the view that commitment is strongly relevant to strategy implementation. Commitment clearly holds promise for explaining strategy implementation and demonstrates relatedness to motivation (Smith, 2009). Therefore, one can conclude that internal marketing is a means to facilitate implementation through increasing organizational commitment.

#### **4.4.3. Internal marketing and customer orientation**

The results also supported that internal marketing has a significant impact on customer orientation. The findings of the study are consistent with the previous studies, which had confirmed that there is a significantly positive relationship between internal marketing and customer orientation within distribution companies (Mohammadi, Hashemi, and Moradi, 2012). Studies suggest that internal marketing can enhance the awareness of employees regarding their customers. Rafiq and Ahmed (2000), as he determines three stages of developing the internal marketing, put customer orientation in the second stage emphasizing importance of interaction concept between employees and customers.

In service oriented business where customers are demanding, the link between a customer orientation and performance is stronger and the effect of a customer orientation on performance is Positive and significant and therefore customer orientation leads stronger firm performance (Zhou, K. Z, Brown J. R, Dev, C. S and Agarwal, S., 2007)

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 SUMMARY OF FINDINGS**

This study covers the cases of banks which are the last entrants of the Ethiopian banking industry which includes Abay Bank S.C Addis International Bank S.C, Debub Global bank S.C, and Enat Bank S.C. in examining adoption and implementation of Internal marketing concept and practices as a strategic tool to implement the formulated strategy. All the staff of the main branches' of the selected banks are used as a sample to check an overall perception of the employees toward internal marketing, organizational commitment, customer orientation and the attitude they have towards their job. Based on the literature review, the questionnaire consists of all variables of the constructs mentioned above were prepared and measured on 5-point likert scale.

SPSS (Version\_20.0) software was used for the statistical analysis. The instrument coefficient alpha was computed separately for each dimension. The Cronbach's alpha value of the whole instrument is found to be 0.906. The mean score of the measurement variables are used to measure the four constructs. Accordingly, the mean and standard deviation of the internal marketing dimensions indicates that employees of the banks perceived that the banks consider internal communication as very important (M= 4.7, SD= 0.889). On the other hand, banks are very weak in internal information generation (M= 2.588, SD= 0.714) and the responsiveness to internal market (M= 2.632, SD= 0.509) which are the vital part of internal marketing. Likewise, the overall prevalence of internal marketing in the banks is found to be very weak (M= 2.724, SD= 0.453). According to the observed data, the employees in the selected banks seem to have weak commitment and engagement and low attitude to their organization. The customer orientation of the banks is also found to be weak.

Correlation analysis results show that there is a positive and significant correlation among the constructs. The results indicated that internal marketing has a significant positive correlation with employee attitude, organizational commitment and customer orientation. We can also see that internal marketing practices have relatively strong correlation with organizational commitment and employee attitude.

The results of regression analysis showed that 25.4 percent of the observed variance in employees attitude is explained by internal marketing, also the values (beta = .519,  $p = .000$ , and  $t = 4.206$ ) supports that H1 (IMP must have a positive impact on employee's attitude) is accepted, as there is a significant linear impact of internal marketing on employees attitude. Second measure of association is also predicted by observing the relationship of internal marketing and organizational commitment, where 27.3 percent of the observed variability in organizational commitment is explained by internal marketing with beta = .536,  $p = .000$ , and  $t = 4.404$ . These values also grant acceptance of H2. (IMP must have a positive impact on organizational commitments) This regression table also depicts that 14.9 percent variability in customer orientation is explained by internal marketing with supporting values of beta = .408,  $t = 3.09$ , and  $p = .003$ , which puts H3 (IMP must have a positive impact on customer orientation) on safe side as well.

This shows that internal marketing practice have an impact on enhancing employee attitude of the banking sector. This implies that the positive attitude which can be enhanced by the application of internal marketing practice increases performance which is the other side of strategy implementation. The study also revealed that internal marketing has a significant impact on organizational commitment. The researcher argues on the basis of results that the commitment of employees will be achieved when organization become committed on Internal Information Generation (about Employees and their need), have efficient Internal Communications system and became responsive to the need of the Internal Market. Therefore, one can conclude that internal marketing is a means to facilitate implementation through increasing organizational commitment. The other major finding is that internal marketing has a significant impact on customer orientation.

## 5.2 CONCLUSION

The major findings of this study is that internal marketing practice have a positive impact on enhancing employee attitude organizational commitment and customer orientation of the banking sector, Banks should work to have efficient Internal Communications system and became responsive to the need of the Internal Market

The survey results indicated that the selected banks are not using the concepts of Internal Marketing as the employees of the banks perceived that despite consideration internal communication as very important, banks are very weak in internal information generation and the responsiveness to internal market which are the vital part of internal marketing. This weak prevalence of internal marketing leads employees in the selected banks to have weak commitment and engagement and low attitude to their organization. The customer orientation of the banks is also found to be weak.

This shows that Internal Marketing has not been communicated and established amongst employees in the way that enable employees to have commitment and engagement and high attitude to their organization and customer orientation.

In general, Employees, as internal customers, have a crucial role in the maintenance of organizational activities in such a manner to get the advantage of competition. Employees will have organizational commitment if their wishes and requirements are supplied and in return their performance will increase, which will contribute to realize the organization objectives. Therefore, internal marketing applications should be taken into consideration in order to increase organizational commitment levels and job performances of employees. Internal marketing factors and their influence on employee performance and organizational commitment have been tested in this research. Research results illustrate that all factors related to internal marketing have a significant effect on employee performance and organizational commitment. These results are similar to the results of previous researches.

### 5.3 RECOMMENDATIONS

The service industry is a crucial challenge for managers to handle due to involvement of human element in delivering the optimal services. After a detailed analysis of the study, the researcher suggested that managers need to focus on internal marketing programs to achieve and sustain a strategic objective in the market. This can be done through consideration internal communication as very important, internal information generation and the responsiveness to internal market. Response to internal market should emphasize on satisfying the needs and wants of their employees to attract and retain customers. This will help in implementation of strategic plan and improve performance of banks. Results also suggested to managers that they should put more focus on establishing loyal relationship with their employees by motivating them and making them realize that they are the asset of the firm, but amazingly this type of motivation is lacking in the banking industry as it is seen in prevalence of low attitude which needs a serious attention of managers.

It would be a great influence on the employees if the managers set an annual certificate of “the employee of the year” that would encourage them to do their best. Managers also have to communicate with their subordinates effectively in order to make them satisfied about their jobs. So, in order to achieve employees’ satisfaction managers have to make regular meetings with the employees to hear their opinions and feedbacks about the job and take what they say into consideration. Managers have to facilitate the process of generalization of rules and regulations so that every employee can know the up-to-date rules once they are announced. Managers and decision makers have to focus on developing the different skills in the employees and encourage them to be creative and discover their abilities by assigning them in training courses that suit each employee skills or his/her interest.

Managers should also involve the empowerment practice, because it is proved that when the employees are participants in the decision making process they provide a much better service to customers. The managers have the choice to encourage the employees in making decisions in cases where the decision made is simple and a routine decision not a major

one, but this small participation can have a great satisfactory results from the employees toward their jobs and eventually the satisfaction of the customers.

Taking into consideration that the human power is the greatest resource, decision makers and managers have to give motivation their full focus and attention in turning their employees into their most reliable and permanent asset. A manager must acknowledge that his/her employees are the most important asset they have in order to have a distinctive output- whether it is a tangible product or an intangible service- and costs of investing in this asset will always be for the benefit of the organization. However, giving the employees sense of achievement, providing them with new opportunities for advancement and promotions are key motivator that creates positive job attitudes as identified by Herzberg, Mausner, & Snyderman, (1959).

Managers should also concentrate on trying to instill a customer orientation amongst their employees which should help them to determine how to deliver demonstrably higher quality services than competitors. Perhaps exploring the possibility of incorporating this element into employee incentive schemes might lead to fruitful results. Furthermore, how an organization manages its internal marketing practices may have implications on how its customers are handled and strategic objectives are met.

#### **5.4 FUTURE RESEARCH**

Future research should apply the study's model on larger sample taken from different branches. The sample also included only the main branches in Addis Ababa so all the respondents of the questionnaire were only from one culture. But it would be a great accomplishment if a future a study tested respondents whom belonged to different cultures from outlying branches and included all the Governments bank. This study took three dimensions of internal marketing, future research can adopt more and different dimensions such as; leadership, human resources management.

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## **APPENDIX 1**

### **QUESTIONNAIRE**

**St. Mary's University  
School of Graduate Studies  
MBA Program**

Dear respondent,

This is a questionnaire designed to collect data to examine adoption and implementation of Internal marketing concept and practices as a strategic tool to implement the formulated strategy in selected Ethiopian commercial banks and the effect of these internal marketing practices on employee's attitude, organizational commitment and customer orientation. The data will be used as an input for a thesis in a partial fulfillment of Masters of Business Administration. Your genuine response is solely used for academic purpose only and the data will be treated as most confidential.

The researcher would be thankful if you could return the questionnaire as soon as possible and would like to thank you in advance for lending your time and effort to fill the questionnaire.

## Part I General Information

Please indicate your response by using tick mark (✓) according to your choice.

1. Gender?    Female                       Male
2. Age?                      20-30                       31-40                       41-50                       >51
3. Educational status?  
                    College Diploma     First Degree                       Second Degree and above
4. Work experience (in years)
5. Position you are working on  
                    Managerial     supervisory     professional     clerical

## Part II Basic information

Please indicate your response by using tick mark (✓) according to your choice.

**Key:**    SA = Strongly Agree                      A = Agree                      N = Neutral                      D = Disagree  
                    SD = Strongly Disagree

SA= 5                      A = 4                      N = 3                      D =2                      SD =1

	<b>Likert's Rating Scale</b>				
<b>INTERNAL MARKETING PRACTICE</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
<b>Internal Information Generation (about Employees and their need)</b>					
<ul style="list-style-type: none"> <li>• Management tries to find out what employees want from the company in the form of survey.</li> </ul>					
<ul style="list-style-type: none"> <li>• Management tries to find out employees' real feelings about their jobs in different occasions.</li> </ul>					
<ul style="list-style-type: none"> <li>• Management meets with employees in a certain interval to find out what expectations they have of their jobs for the future.</li> </ul>					
<ul style="list-style-type: none"> <li>• Management interacts directly with employees to find out how to make them more satisfied.</li> </ul>					
<ul style="list-style-type: none"> <li>• Management takes idea from employees about making the work process smooth and efficient</li> </ul>					
<b>Internal Communications:</b>					
<ul style="list-style-type: none"> <li>• Management regularly meets with all staff to report about issues relating to the whole organization.</li> </ul>					
<ul style="list-style-type: none"> <li>• Management gives feed back to employees about progress in target achievement</li> </ul>					
<ul style="list-style-type: none"> <li>• Management communicates organization's vision in an inspiring way to employees</li> </ul>					
<ul style="list-style-type: none"> <li>• Our bank communicates to employees the importance of the services roles</li> </ul>					
<ul style="list-style-type: none"> <li>• The bank teaches its employees why they have to perform a function rather than simply dictating them how to do it</li> </ul>					
<ul style="list-style-type: none"> <li>• I am told promptly when there is a change in policy, rules, or regulations that affects me.</li> </ul>					
<b>Responsiveness to the Internal Market</b>					
<ul style="list-style-type: none"> <li>• The organization uses information that was collected from its employees in order to improve their jobs and develop strategies</li> </ul>					
<ul style="list-style-type: none"> <li>• When management find out that employees are unhappy with a supervision or management, it takes corrective action.</li> </ul>					
<ul style="list-style-type: none"> <li>• Management makes changes when employee feedback indicates that they are genuinely dissatisfied with the status quo.</li> </ul>					

<ul style="list-style-type: none"> <li>• Employer makes sure that all employees are happy in their jobs</li> </ul>					
<ul style="list-style-type: none"> <li>• In our bank , those employees who provide excellent service are rewarded for their efforts</li> </ul>					
<ul style="list-style-type: none"> <li>• Our performance measurement and reward systems encourage employees to work together as a team.</li> </ul>					
<ul style="list-style-type: none"> <li>• Skill and knowledge development of employees happens as an ongoing process in our organization</li> </ul>					
<ul style="list-style-type: none"> <li>• Management at this bank is flexible enough to make changes when necessary and follows Participative style</li> </ul>					
<ul style="list-style-type: none"> <li>• The bank is Excellent in compensation scheme , employee of the year competition and educational assistance</li> </ul>					
<ul style="list-style-type: none"> <li>• Employees are given the chance to question top management</li> </ul>					
<b>ATTITUDE</b>					
<ul style="list-style-type: none"> <li>• I believe that the bank is genuinely concerned with the welfare of all its employees and recognizes the importance of its employees</li> </ul>					
<ul style="list-style-type: none"> <li>• The bank treats all employees in a way that demonstrates that they are valued</li> </ul>					
<ul style="list-style-type: none"> <li>• As a staff I am generally happy working here and the atmosphere is positive.</li> </ul>					
<ul style="list-style-type: none"> <li>• The bank deserves my extra effort when the bank need me to</li> </ul>					
<ul style="list-style-type: none"> <li>• I am happy to cooperate beyond and out of duties and willing to help out.</li> </ul>					
<ul style="list-style-type: none"> <li>• I am willing to harness my behavior to be consistent with the image that the Bank wishes to develop.</li> </ul>					
<b>ORGANIZATIONAL COMITMENT</b>					
<ul style="list-style-type: none"> <li>• I would be happy to stay with the bank until the end of my career</li> </ul>					
<ul style="list-style-type: none"> <li>• My work at the bank is an interesting discussion topic with people outside the bank</li> </ul>					
<ul style="list-style-type: none"> <li>• I view the bank’s problems that I deal with at work as my own</li> </ul>					
<ul style="list-style-type: none"> <li>• I do feel as a member of the bank’s “family” and I am emotionally attached to the bank</li> </ul>					
<ul style="list-style-type: none"> <li>• The bank and its objectives have become my personal concerns</li> </ul>					
<ul style="list-style-type: none"> <li>• The fact that I am still with the bank is a matter of choice as well as need.</li> </ul>					

<ul style="list-style-type: none"> <li>I think that my greatest worry in regards to leaving the bank is not the fear of absence of alternative but the comfort and emotional attachment I have with the bank</li> </ul>					
<b>CUSTOMER ORIENTATION</b>					
<ul style="list-style-type: none"> <li>In our bank, Customer service is the key factor that differentiates the bank from its competitors</li> </ul>					
<ul style="list-style-type: none"> <li>The bank emphasized on the friendliness of the staff to customers</li> </ul>					
<ul style="list-style-type: none"> <li>There is a regular customer satisfaction survey</li> </ul>					
<ul style="list-style-type: none"> <li>Employees are encouraged to interact directly to customers, learn the feeling how to serve them better and report to management</li> </ul>					
<ul style="list-style-type: none"> <li>The bank has an arrangement to meet with customers at least once a year to find out the feedback about services they are receiving and they will need in the future.</li> </ul>					
<ul style="list-style-type: none"> <li>The management usually Sit with employees to discuss what the business and service goals are, for trying to be better at what you do, working on how to reduce complaints in the business.</li> </ul>					
<ul style="list-style-type: none"> <li>The bank Set clear service goals (collective and individual) to provide tangible targets including handling calls in standard professional manner.</li> </ul>					
<ul style="list-style-type: none"> <li>The management never tolerates individuals who do not follow the service standard and do not allow them to tarnish the efforts of others indefinitely.</li> </ul>					
<ul style="list-style-type: none"> <li>The bank has effective feedback mechanisms, for capturing complaints, and for gathering general satisfaction data.</li> </ul>					

## APPENDIX 2

### SPSS ANALYSIS OUTPUTS

#### I) DEMOGRAPHIC INFORMATION

[DataSet1] C:\Users\Tewahido\Desktop\spss form of data.sav

#### Statistics

		Gender Gender of the respondent	Education Educational status	Age Age of the respondent	Position Position of the repondent
N	Valid	48	50	50	50
	Missing	2	0	0	0

#### Frequency Table

##### Gender Gender of the respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
	0	20	40.0	41.7	41.7
Valid	1	28	56.0	58.3	100.0
	Total	48	96.0	100.0	
Missing	99	2	4.0		
	Total	50	100.0		

##### Education Educational status

		Frequency	Percent	Valid Percent	Cumulative Percent
	1	10	20.0	20.0	20.0
Valid	2	36	72.0	72.0	92.0
	3	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

**Age Age of the respondent**

	Frequency	Percent	Valid Percent	Cumulative Percent
1	26	52.0	52.0	52.0
2	15	30.0	30.0	82.0
Valid 3	8	16.0	16.0	98.0
4	1	2.0	2.0	100.0
Total	50	100.0	100.0	

**Statistics**

Position Position of the repondent

N	Valid	50
	Missing	0

**Position Position of the repondent**

	Frequency	Percent	Valid Percent	Cumulative Percent
1 clerica	18	36.0	36.0	36.0
2 Professional	21	42.0	42.0	78.0
Valid 3 Supervisory	8	16.0	16.0	94.0
4 managerial	3	6.0	6.0	100.0
Total	50	100.0	100.0	

**Frequencies**

[DataSet1] C:\Users\Tewahido\Desktop\spss form of data.sav

**Statistics**

experiance Work experiance

N	Valid	44
	Missing	6
Mean		8.34
Median		7.00
Mode		4
Std. Deviation		6.646
Range		33

## II. Reliability

### Internal marketing

[DataSet1] C:\Users\Tewahido\Desktop\my thesis analysis\Tewahido-thesis analysis\SPSS scale form data.sav

**Case Processing Summary**

		N	%
Cases	Valid	48	96.0
	Excluded <sup>a</sup>	2	4.0
	Total	50	100.0

**Reliability Statistics**

Cronbach's Alpha	N of Items
.834	21

a. Listwise deletion based on all variables in the procedure.

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q06_needsurvey	54.71	83.956	.503	.822
Q07_feelingsurvey	54.79	85.402	.507	.823
Q08_meetingemploye	54.44	80.081	.676	.813
Q09_interactionwithemp	54.73	82.627	.583	.819
Q10_employeeidea	54.58	83.142	.506	.822
Q11_reporttostaff	54.79	85.956	.423	.826
Q12_progressreport	54.31	85.794	.390	.828
Q13_visioncommunication	54.27	85.351	.393	.827
Q14_communicateservicerol e	53.85	88.723	.255	.833
Q15_wayofinstructing	54.29	87.530	.326	.830
Q16_awarenessofpolicy	54.13	93.686	-.048	.848
Q17_informationuse	54.46	86.126	.412	.827
Q18_worksforhapyness	54.79	86.807	.397	.827
Q19_correctiveaction	54.96	87.360	.425	.827
Q20_makesurehapiness	54.98	81.383	.630	.816
Q21_awardgoodjob	54.40	90.159	.160	.837
Q22_encourageteamwork	54.75	84.660	.504	.823
Q23_skilldevelopment	54.02	85.808	.403	.827
Q24_flexibleparticipativestyl e	54.58	84.291	.403	.827
Q25_excellentcompensation	54.67	87.759	.259	.834
Q26_quetioningmgt	54.50	85.064	.389	.828

## Employee Attitude

[DataSet1] C:\Users\Tewahido\Desktop\my thesis analysis\Tewahido-thesis analysis\SPSS scale form data.sav

### Scale: ALL VARIABLES

#### Case Processing Summary

		N	%
Cases	Valid	50	100.0
	Excluded <sup>a</sup>	0	.0
	Total	50	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.643	6

#### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q27_concernforwelfare	15.14	10.082	.307	.627
Q28_valueforemployees	15.10	10.541	.363	.604
Q29_happyworkingwith	15.22	10.053	.379	.597
Q30_deserveextraeffort	14.90	10.663	.340	.611
Q31_cooperationbeyondduty	14.46	9.070	.447	.569
Q32_consistentbehaviour	14.18	9.906	.408	.587

## Organizational Commitment

[DataSet1] C:\Users\Tewahido\Desktop\my thesis analysis\Tewahido-thesis analysis\SPSS scale form data.sav

#### Case Processing Summary

		N	%
Cases	Valid	50	100.0
	Excluded <sup>a</sup>	0	.0
	Total	50	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.806	7

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q33_stayforever	17.10	19.765	.481	.792
Q34_talkpositiveabout	16.52	21.520	.374	.808
Q35_banksproblemmine	16.14	20.490	.487	.790
Q36_feelingbanksfamily	16.18	19.865	.641	.768
Q37_bankobjectivemine	16.04	20.447	.451	.797
Q38_staywithchoice	16.18	17.375	.664	.757
Q39_confortandemotionalatt achment	17.04	17.264	.706	.748

## Customer Orientation

[DataSet1] C:\Users\Tewahido\Desktop\my thesis analysis\Tewahido-thesis analysis\SPSS scale form data.sav

## Scale: ALL VARIABLES

### Case Processing Summary

		N	%
Cases	Valid	50	100.0
	Excluded <sup>a</sup>	0	.0
	Total	50	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.767	9

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q40_cust.servicedistinguishingfactor	22.80	20.327	.433	.750
Q41_emphasistofriendliness	22.94	20.221	.637	.718
Q42_regularsatisfactionsurvey	23.82	22.477	.280	.771
Q43_interactandreporttomgt	23.20	22.408	.344	.760
Q44_regularcust.meeting	23.84	22.300	.347	.760
Q45_discussimprovementwithemp	23.74	20.196	.561	.727
Q46_clearservicegoal	23.54	20.335	.574	.726
Q47_zerotoleranceformishandling	23.68	21.202	.460	.744
Q48_effectivefeedbacksystem	23.80	21.429	.430	.748

**Overall Reliability**

[DataSet1] C:\Users\Tewahido\Desktop\my thesis analysis\Tewahido-thesis analysis\SPSS scale form data.sav

**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	48	96.0
	Excluded <sup>a</sup>	2	4.0
	Total	50	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.906	43

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
Q06_needsurvey	118.35	342.872	.503	.903
Q07_feelingsurvey	118.44	347.358	.448	.904
Q08_meetingemploye	118.08	336.631	.628	.901
Q09_interactionwithemp	118.37	342.793	.504	.903
Q10_employeeidea	118.23	339.372	.558	.902
Q11_reporttostaff	118.44	345.060	.477	.903
Q12_progressreport	117.96	352.807	.219	.906
Q13_visioncommunication	117.92	350.759	.261	.906
Q14_communicateservicerol e	117.50	351.277	.290	.906
Q15_wayofinstructing	117.94	345.336	.469	.903
Q16_awarenessofpolicy	117.77	360.393	.008	.909
Q17_informationuse	118.10	344.563	.493	.903
Q18_worksforhapyness	118.44	350.166	.343	.905
Q19_correctiveaction	118.60	355.989	.188	.906
Q20_makesurehapiness	118.62	336.324	.664	.901
Q21_awardgoodjob	118.04	354.211	.194	.907
Q22_encourageteamwork	118.40	343.223	.533	.903
Q23_skilldevelopment	117.67	348.227	.357	.905
Q24_flexibleparticipativestyl e	118.23	347.244	.320	.905
Q25_excellentcompensation	118.31	353.751	.181	.907
Q26_quetioningmgt	118.15	351.234	.237	.906
Q27_concernforwelfare	118.17	341.163	.485	.903
Q28_valueforemployees	118.17	342.865	.548	.903
Q29_happyworkingwith	118.29	344.509	.436	.904
Q30_deserveextraeffort	118.00	348.809	.350	.905
Q31_cooperationbeyounddu ty	117.56	341.443	.454	.904

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q32_cnsistentbehaviour	117.21	346.126	.418	.904
Q33_stayforever	118.83	334.099	.647	.901
Q34_talkpositiveabout	118.23	345.755	.416	.904
Q35_banksproblemmine	117.81	344.581	.444	.904
Q36_feelingbanksfamily	117.85	342.170	.566	.902
Q37_bankobjectivemine	117.75	345.894	.396	.904
Q38_staywithchoice	117.87	335.601	.566	.902
Q39_confortandemotionalatt achment	118.73	336.329	.542	.902
Q40_cust.servicedistinguishi ngfactor	117.27	343.734	.404	.904
Q41_emphasistofriendliness	117.44	349.570	.351	.905
Q42_regularsatisfactionssurv ey	118.27	351.648	.250	.906
Q43_interactandreoprptomgt	117.67	355.078	.173	.907
Q44_regularcust.meeting	118.33	351.461	.275	.906
Q45_discussimprovementwit hemp	118.19	338.028	.627	.901
Q46_clearservicegoal	118.02	341.595	.558	.902
Q47_zerotoleranceformisshan dling	118.15	351.702	.256	.906
Q48_effectivefeedbacksyste m	118.25	343.511	.490	.903

**III. PREVALENCE OF STUDY CONSTRUCTS**

[DataSet2] C:\Users\Tewahido\Desktop\start analysis\Construct analysis SSPSS.sav

**Descriptive Statistics**

	N	Mean	Std. Deviation
Attitude Attitude	50	2.9634	.64444
Cust_orint customer orientation	50	2.9136	.58264
IMP internal marketing practice	50	2.7240	.45340
Orgcom Organizational commitement	50	2.7430	.72501
Valid N (listwise)	50		

## IV. CORRELATION

[DataSet3] C:\Users\Tewahido\Desktop\my thesis analysis\Constract analysis SSPSS.sav

**Correlations**

		Attitude Attitude	Cust_orient customer orientation	IMP internal marketing practice	Orgcom Organizational commitement
Attitude Attitude	Pearson Correlation	1	.584**	.519**	.579**
	Sig. (2-tailed)		.000	.000	.000
	N	50	50	50	50
Cust_orient customer orientation	Pearson Correlation	.584**	1	.408**	.579**
	Sig. (2-tailed)	.000		.003	.000
	N	50	50	50	50
IMP internal marketing practice	Pearson Correlation	.519**	.408**	1	.536**
	Sig. (2-tailed)	.000	.003		.000
	N	50	50	50	50
Orgcom Organizational commitement	Pearson Correlation	.579**	.579**	.536**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	50	50	50	50

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

## V. REGRESSION ANALYSIS

[DataSet3] C:\Users\muluadam\Desktop\Tewahido-thesis analysis\Constract analysis SSPSS.sav

**Descriptive Statistics**

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Attitude Attitude	50	.116	.337	-.362	.662
Cust_orient customer orientation	50	.231	.337	-.567	.662
IMP internal marketing practice	50	-.066	.337	-.245	.662
Orgcom Organizational commitement	50	.129	.337	-.296	.662
Valid N (listwise)	50				

REGRESSION  
 /MISSING LISTWISE  
 /STATISTICS COEFF OUTS R ANOVA  
 /CRITERIA=PIN(.05) POUT(.10)  
 /NOORIGIN  
 /DEPENDENT Attitude  
 /METHOD=ENTER IMP.

## Regression

[DataSet3] C:\Users\muluadam\Desktop\Tewahido-thesis analysis\Construct analysis  
 SSPSS.sav

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	IMP internal marketing practice <sup>b</sup>		Enter

a. Dependent Variable: Attitude Attitude

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.519 <sup>a</sup>	.269	.254	.55659

a. Predictors: (Constant), IMP internal marketing practice

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.480	1	5.480	17.690	.000 <sup>b</sup>
	Residual	14.870	48	.310		
	Total	20.350	49			

a. Dependent Variable: Attitude Attitude

b. Predictors: (Constant), IMP internal marketing practice

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.954	.484		1.971	.055
	IMP internal marketing practice	.738	.175	.519	4.206	.000

a. Dependent Variable: Attitude Attitude

```

REGRESSION
/MISSING LISTWISE
/STATISTICS COEFF OUTS R ANOVA
/CRITERIA=PIN(.05) POUT(.10)
/NOORIGIN
/DEPENDENT Cust_orient
/METHOD=ENTER IMP
/SCATTERPLOT=(Cust_orient ,*ZPRED)
/RESIDUALS HISTOGRAM(ZRESID).

```

## Regression

[DataSet3] C:\Users\muluadam\Desktop\Tewahido-thesis analysis\Constract analysis SSPSS.sav

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	IMP internal marketing practice <sup>b</sup>		Enter

a. Dependent Variable: Cust\_orient customer orientation

b. All requested variables entered.

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.408 <sup>a</sup>	.166	.149	.53758

a. Predictors: (Constant), IMP internal marketing practice

b. Dependent Variable: Cust\_orient customer orientation

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.763	1	2.763	9.559	.003 <sup>b</sup>
	Residual	13.872	48	.289		
	Total	16.634	49			

a. Dependent Variable: Cust\_orient customer orientation

b. Predictors: (Constant), IMP internal marketing practice

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.487	.468		3.180	.003
	IMP internal marketing practice	.524	.169	.408	3.092	.003

a. Dependent Variable: Cust\_orient customer orientation

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.3826	3.4300	2.9136	.23744	50
Residual	-.90632	1.89506	.00000	.53207	50
Std. Predicted Value	-2.236	2.175	.000	1.000	50
Std. Residual	-1.686	3.525	.000	.990	50

a. Dependent Variable: Cust\_orient customer orientation

**REGRESSION**

```

/MISSING LISTWISE
/STATISTICS COEFF OUTS R ANOVA
/CRITERIA=PIN(.05) POUT(.10)
/NOORIGIN
/DEPENDENT Orgcom
/METHOD=ENTER IMP
/SCATTERPLOT=(Orgcom ,*ADJPRED)
/RESIDUALS HISTOGRAM(ZRESID).

```

**Regression**

[DataSet3] C:\Users\muluadam\Desktop\Tewahido-thesis analysis\Constract analysis SSPSS.sav

Model	Variables Entered	Variables Removed	Method
1	IMP internal marketing practice <sup>b</sup>		Enter

a. Dependent Variable: Orgcom Organizational commitment

b. All requested variables entered.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.536 <sup>a</sup>	.288	.273	.61819

a. Predictors: (Constant), IMP internal marketing practice

b. Dependent Variable: Orgcom Organizational commitment

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.413	1	7.413	19.398	.000 <sup>b</sup>
	Residual	18.344	48	.382		
	Total	25.757	49			

a. Dependent Variable: Orgcom Organizational commitment

b. Predictors: (Constant), IMP internal marketing practice

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.406	.538		.755	.454
	IMP internal marketing practice	.858	.195	.536	4.404	.000

a. Dependent Variable: Orgcom Organizational commitment

**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.8731	3.5889	2.7430	.38896	50
Std. Predicted Value	-2.236	2.175	.000	1.000	50
Standard Error of Predicted Value	.087	.216	.119	.035	50
Adjusted Predicted Value	1.7740	3.5346	2.7394	.39280	50
Residual	-1.08069	1.61109	.00000	.61185	50
Std. Residual	-1.748	2.606	.000	.990	50
Stud. Residual	-1.783	2.752	.003	1.013	50
Deleted Residual	-1.12419	1.79596	.00363	.64190	50
Stud. Deleted Residual	-1.826	2.967	.009	1.038	50
Mahal. Distance	.001	5.002	.980	1.276	50
Cook's Distance	.000	.434	.025	.064	50
Centered Leverage Value	.000	.102	.020	.026	50

a. Dependent Variable: Orgcom Organizational commitment

## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Ato Mesfin Lemma (Asst. Prof.), my thesis advisor. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name

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Signature & Date

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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Advisor

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Signature & Date