

**The Effect of Internal Marketing on Customer
Orientation of Employees: the case of Selected Star
Hotels in Addis Ababa**

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Declaration:

I, the undersigned student, hereby declare that, this research thesis is my original work, which has not been presented for a masters degree in this/elsewhere university. All sources of materials used for this study have been fully acknowledged.

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Confirmation:

This research work is conducted under my supervision and fulfills all requirements of research standard of the program. I hereby approve the submission of this research thesis.

Advisor's name: _____

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of Employees: the case of Selected Star Hotels in Addis
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Abstract

In the organization of services like hotel as the factors that can be important to improving quality of services, one is internal marketing. An Internal marketing activities in the development of an important organization is creating customer oriented employees. The main aim of internal marketing is having the knowledge of the internal and external customers and removing the obstacles in the way to value and quality of services. The purpose of this research is to investigate the effect of internal marketing on employee's customer orientation in star hotels which are found in Addis Ababa. The study is conducted with the objective of answering four basic questions i.e. to investigate the effect of motivation, empowerment, communication and training & development on customer orientation. In this research the researcher follows a deductive approach. This research is a descriptive and explanatory type of research. A quantitative method was used, whereby questionnaire was distributed to the employees of star hotels that are selected for the study. The effect of internal marketing on customer orientation was analyzed using bivariate correlation and standard multiple regression. This study used IBM SPSS software to conduct a bivariate correlation and standard multiple regression procedures to answer the basic research questions. The result indicates that all selected dimensions of internal marketing have positive and significant relation with customer orientation. Therefore, the hotels are recommended to consider implementing internal marketing principles to increase customer orientation of employees as it is one of the competitive advantages of an organization to remain competitive in such dynamic, ambiguous and turbulent business environment.

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CHAPTER ONE

INTRODUCTION

This chapter contains background of the study, statement of the problem, research question, research objectives, and significance of the study, scope, and definition of terms.

1.1 Background of the Study

According to Zeithaml, Bitner, & Gremler, (1996) a service is any act or performance, one party can offer to another that is essentially intangible and does not result in the ownership of anything its production may or may not be tied to a physical product. Service includes all economic activities whose output is not a physical product or construction, consumed at the time it is produced and provides added value in forms (such as convenience, amusement, timeliness, comfort and health) that are essentially intangible and it concerns of its first purchaser. Service marketing occupies three types of marketing: External Marketing, Internal Marketing and Interactive Marketing. They stated that in the service industries, internal marketing is regarded as a method of improving service quality for customers.

Berry and Gronorooos (1980s) are the one who introduce internal marketing concept for the first time, in the heart of the internal marketing this point is that employees, domestic market within an organization. Every organization has a market that is an internal customers and Distributors that internal security needs of the internal customers for the success is necessary (Poor, Akhlaq and Akhavan, 2013).

The internal marketing (IM) concept was first proposed in the mid 1970s as a way of achieving consistent service quality – a major problem in the services area. Its basic premise was ‘to have satisfied customers, the firm must also have satisfied employees’ and that this could be best achieved by treating employees as customers, i.e. by applying the principles of marketing to job design and employee motivation (Ahmed and Rafiq, 2002). It has been shown that any type of organization can use internal marketing to facilitate the implementation of its external marketing strategy or any other organizational strategies.

The perspective of internal marketing is seeing and treating employees as internal customers. This implies that through internal marketing, company’s offer employee’s product that satisfies their needs while they contribute toward attaining the objectives of the organization.

According to Poor, Akhlaq & Akhavan (2013) the main aim of internal marketing knowledge of the internal and external customers and removing the obstacles in the way to value and quality of services is part of an organization. Employees of the Organization as an internal customer, play a significant role as a representative of the company in the eyes of the customers. Therefore, attracting, development, incitement and improving quality and quantity capabilities, producing value, constantly enhance services to them and raising the quality of work as a product and their participation in the process to help management, the organization to provide the high level of quality products and services that leads to increase the level of satisfaction in the external customers to the organization (Khodabash and Gorgani, 2010).

The satisfaction and retention of quality employees is an essential component of organizational effort and has been linked to organizational success. The issue of quality employees has received much attention in organizations due to high costs associated with them especially in services sectors (Shabbir and Salaria, 2014).

Gronroos (1981) argued that the purpose of internal marketing is to motivate employees towards service mindedness and customer oriented performance, using a variety of traditional marketing activities internally in a coordinated way. Internal marketing processes or activities are found in most of the functions which have an impact on the service mindedness and customer consciousness of employees.

Customer orientation is the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and thus, continuous superior performance for the business (Narver and Slater, 1990). Customer orientation is the sufficient understanding of one's target buyer to be able to create superior value for them continuously.

According to Guzzoni (2005) a major cause of poor perceived service is the gap between what a firm promises about a service and what it actually delivers. Customer-employee interaction provides organization with quality marketing opportunity. However, organizations which want to take advantage of this marketing opportunity must use Internal marketing as a tool to develop customer oriented employees. Customer orientation is a function of different factors. Among those factors, satisfaction of employees with the provision of motivation, empowerment, communication and trainings provided by the hotels was studied in this research.

Hotel is one of a service-oriented and very competitive industry that depends heavily on clients' services and customer satisfaction for survival (Nawora and Uzoamaka, 2017). Researchers have

argued that the hotel industry is unique compared to other service industries, as it provides a home environment for commercial purposes. Studies on internal marketing have over the years sought to demonstrate the relevance of internal marketing in the management of employees of the hotel industry (Brammah, 2016). The competition in the hotel industry is increasing rapidly and it's forcing the industry to consider new strategies to gain a competitive advantage (Enkhmandakh, Ghaffari and Song, 2014).

According to Talabi (2015) the hotel business is arguably the most lucrative business within the hospitality industry. This is proven by the astronomical growth rate of the industry. However, in the recent years, the industry has witnessed a high level of competitions which makes hotel owners and managers search for new ways of ensuring success in their business voyages by applying different strategies to yield high occupancy rate of their hotel rooms and concomitantly provides them with good returns on their investment.

The hotel industry is currently a multi-billion dollar industry in the world employing millions of people. The services that are given in the industry are vital for the development of the industry by creating adequate hospitality to tourists or business people that may visit a certain country. For a country to exploit this resource, it needs to have highly qualified and up-to the standard hotel facilities and impeccable service. Impeccable service can be obtained from satisfied employees in the industry. The hotel industry in Ethiopia has been developing very fast, but there is still a big room for improvement when it comes to the quality of service. (Capital Newspaper June 25, 2012, as cited by Mulugeta, 2016).

The hotel industry plays a significant role in the economic development of Ethiopia. Apart from its significant contributions to the national GDP, the industry provides gainful employment for hundreds and thousands of Ethiopians. The reason for the high growth of demand for hotels in Ethiopia is Due to Ethiopia is a tourist destination country; especially Addis Ababa a fastest growing regional economic center and the capital of Ethiopia. It's a home to the African Union, the Economic Commission for Africa, foreign missions, regional NGO's and the UN Conference Center and also due to its regional political status Addis is often referred as the political capital of Africa. Also Ethiopian Airlines has become a major demand driver, servicing 101 destinations from Bole International Airport.

1.2 Statement of the Problem

Nowadays internal marketing has been recognized as a strategy for market orientation. The related studies in this ground reveal that internal marketing activities improve organizations competitiveness through influence and creating of motivation in employees and enhance competences (Ahamed and Rafiq, 2004). Internal marketing concept holds that the employees are the first market of any company (Alhakimi and Alhariri, 2014).

Research has shown that service organizations should not only concentrate on external marketing but should focus on internal and interactive marketing since the employees play the main role in the service (Chung-Cheng and Hung, 2008). Without being actively promoted internal marketing can have a negative effort on the service quality, which can result in reduced customer satisfaction and profitability (Enkhmandakh, et al. 2014).

The rationale of this study is based on the internal marketing concept which lies in efforts to progress quality of services to deliver consistently high quality service through employee job satisfaction and customer orientation (Ahmad and Rafiq, 2000).

A lot of researches have been conducted in the traditional marketing such as service marketing especially in service quality and customers satisfaction (to mention some of the researches “the impact of service quality on customer loyalty in the hotel industry assessment of international chain hotels in Addis Ababa” by Desbell Mengesha in 2014, “service quality and customer satisfaction the case of four star hotels in Addis Ababa” by Selam Negussie in 2014, “the effect of service quality on customer satisfaction on selected four star hotels in Addis Ababa” by Beniam Tadele in 2016). Generally majority of the researches in this area are concentrated/around on external customers and factors that contributed to organization profitability in the external market. Although a lot of researches conducted in the internal marketing field of study in our continent Africa and around the world, very few studies have been conducted regarding the internal marketing and internal customers (employees) in Ethiopia. Therefore there is a gap in literature on the subject in terms of the Ethiopian context especially in the hotel industry. The current study will be focus on obtaining a better understanding of internal marketing as a predictor of employee’s customer orientation within an Ethiopian hotel industry context. Kotler (2000) said that internal marketing is more important than the traditional external marketing. That is because employees are also consumers, where the organization has to take care of its employees and build organization value for every member to follow. Employees are the most significant asset of a

company and lack of efficient ones create several problems for the hotels in the current increasingly competitive hotel industry. It becomes clear that successful marketing can only be implemented if the firm is involved not only in external but also in internal marketing. The internal marketing concept holds that the organization's personnel are the first market of a company.

1.3 Research Question

1.3.1 Main Research Question

Does internal marketing have an effect on customer orientation of employees in hotel industry?

1.3.2 Sub Research Questions

1. To What extent motivation has an effect on customer orientation of hotel employees?
2. Does empowerment has an effect on customer orientation of hotel employees?
3. Does communication has an effect on customer orientation of hotel employees?
4. To what extent training& development has an effect on customer orientation of hotel employees?

1.4 Aim and Objectives

1.4.1 Aim of the Study

The main objective of this study is in order to investigate the effect of internal marketing on customer orientation of employees in the hotel industry.

1.4.2 Objectives of the Study

- To investigate the effect of motivation on customer orientation of hotel employees.
- To examine the effect of empowerment on customer orientation of hotel employees.
- To analyze the effect of communication on customer orientation of hotel employees.
- To investigate the effect training& development on customer orientation of hotel employees.

1.5 Significant of the Study

This study will add to the body of knowledge in the internal marketing field by explaining the relationship between internal marketing and customer orientation of employees. It explains how implementing internal marketing strategies in the hotel industry is very important to improve employees customer orientation so as to benefit both the company and the employee.

1.6 Scope of the Study

This study covers theories of internal marketing and customer orientation. It focuses only on the four significant dimensions of internal marketing that are motivation, training & development, empowerment and communication to see how they can affect customer orientation of employees. It did not cover other internal marketing dimensions such as reward, job security, compensation and trust in management. The study also did not cover other factor that can be affected by internal marketing such as organization commitment, employee's loyalty, organization performance and customer satisfaction. The study was conducted only on the hotel industry excluding all other service giving and manufacturing industries. From target wise it only focused on the employees of the star hotels. The study geographically covered hotels that are found in Addis Ababa because of its geographic convenience and majority of the star hotels are found there.

1.7 Organization of the study

This research is organized in to five chapters. Chapter one contains background of the study, statement of the problem, research question, research objectives, significance of the study, and scope of the study. Chapter two covers the related literature review relevant to the study consisting both the theoretical review & empirical finding from other authors and also consists the conceptual framework and hypothesis of the study. Chapter three discusses the methodology that was employed in the study, including description of the study area, research approach, research design, population & sample, data source & type, data collection procedure, Ethical consideration and data analysis. Chapter four contains analysis and discussion of results of the research. The final chapter contains summary, conclusion and recommendation of the research.

1.8 Definition of Terms

Internal Marketing: - A planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees (Ahmed and Rafiq, 2002).

Customer Orientation: - Is considering customer needs and wishes throughout the organization. It's the principle of readiness to meet and respond promptly to customers' needs and wants (Narver and Slater, 1990).

Motivation: - is defined by Turner (1995) as “voluntary uses of high-level self-regulated learning strategies, such as paying attention, connection, planning, and monitoring”. According to Broussard and Garrison (2004) motivation is “the attribute that moves us to do or not to do something”. Motivation is the act of working hard to achieve organizational goals in a way that this endeavors lead to satisfying some of personal needs (Robins, 1998). It is something that energized individuals to take action and which is concerned with the choice the individual make as part of their goal oriented behavior.

Empowerment: - Empowerment has been described as a venue to enable employees make decisions (Bowen & Lawler, 1992) and as a personal experience where individuals take responsibility for their own actions (Pastor, 1996). Empowerment is giving power to employees to make decision. It’s a form of freedom in which employee takes decisions to ensure maximum satisfaction to customers.

Communication: - According to Naude (2002), Communication is a vital prerequisite for a well-functioning IMO culture. Without people being able or prepared to communicate with each other, there will be no inter-departmental or inter functional co-ordination. According to Dwyer (2005) communication is defined as the process whereby people within an organization give and receive messages. It is any process whereby decisional premises are transmitted from one member of organization to others and take place upward, down ward and laterally throughout the organization.

Training and development: - Abiodun (1999) define Training as a systematic development of the knowledge, skills and attitudes required by employees to perform adequately on a given task or job (Abiodun, 1999, as cited by Saleem, 2011). According to Divyaranjani and Rajasekar (2014) training is the process of enhancing knowledge developing skills and changing attitudes of people so that they are effective in their work responsibilities and development is a step process and day to day growth where the people define the problem and the plan for the future.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter consist the related literature review relevant to the study consisting both the theoretical review & empirical finding from other authors and also consists the conceptual framework and hypothesis of the study.

2.2 Theoretical Review

For the service to succeed, the three types of marketing; external marketing, interactive marketing and internal marketing must be effectively conducted (Enkhmandakh, et al. 2014). On the right side of the service marketing triangle is the external marketing, where the company gives promises to the external customers and set up their expectation. At this stage the companies must keep the promise, otherwise the customers would be dissatisfied. On the base of the triangle is interactive marketing, where employees and customers interact with each other. Unless employees are able and willing to deliver the service promised in the external marketing the customers would be disappointed. The left side of the triangle is internal marketing, where employees are trained and given skills and tools to enable the employees to provide the promised service. If the internal marketing is not well managed by the companies, the whole triangle will fail. The service marketing triangle gives a better understanding of the importance of internal marketing and crucial role played by internal customers i.e. the employees.

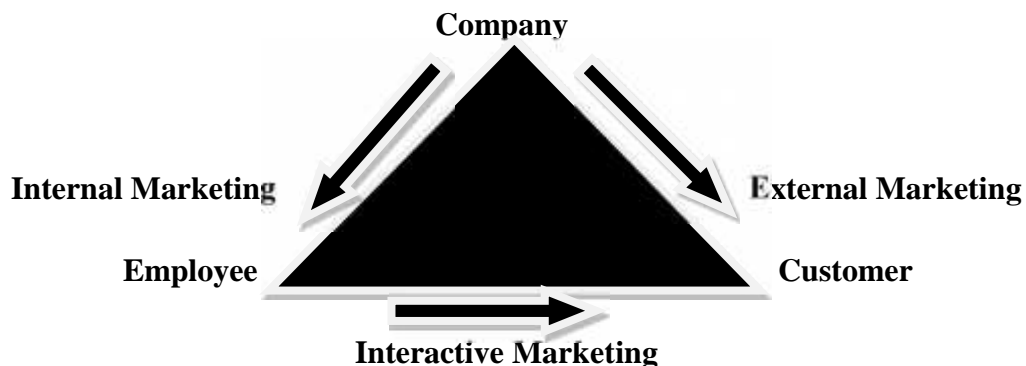


Figure 2.1 source: “service marketing” Zeithaml, and Bitner, 2000

2.2.1 Internal Marketing

The concept of internal marketing originally emerged from the service marketing literature (Berry and Parasuraman, 1992). Initially a critical organizational concern was to get everyone in the organization involved in service encounters, resulting in the improvement of customer-employee interaction. The internal marketing concept holds that the organization's employees are the first market of the company (Alhakimi and Alhariry, 2014).

Internal marketing is defined as treating both employees and customers with equal importance through proactive programs in order to achieve the objectives of the organization (Woodruffe, 1995). Grönroos (1981) defined internal marketing as the behavior of selling a corporation to its internal customers (employees) under the principle that highly satisfied employees will help create a market-oriented and customer-centered corporation. The concept of internal marketing is viewed "employees as customers", so internal customers need to have their needs satisfied (Berry, 1981). Internal marketing is also defined as "The planned use of communication actions to systematically influence the knowledge, attitudes and behaviors' of current employees" by Stauss and Hoffman (2000).

Nwor and Uzoamoka, (2017) define as "Internal marketing means applying the philosophy and practices of marketing to the people who serve the external customer so that the best possible people can be employed and retained and they will do the best work possible". Internal marketing is an approach which considers employees as internal customers of the organization and states that the organization will be in a better situation for offering services to external customers by satisfying needs of its internal customers. Indeed, internal marketing re-emphasizes the point that human resources of the organization should be considered as the most valuable property of the organization (Papasolomou, 2002).

According to Ahmed and Rafiq (2002) Internal marketing requires the acceptance of marketing techniques and philosophy; customer orientation/market orientation; a participative approach to management; a strategic approach to human resource management (HRM) to ensure the alignment of HRM strategy with organizational strategy; & the co-ordination of all management activity to achieve customer or market orientation or customer/market-focused management.

The main aim of internal marketing knowledge of the internal and external customers and removing the obstacles in the way to value and quality of services is part of an organization.

Employees of the Organization as internal customers, play a role. Therefore attracting, development, incitement and improving quality and quantity capabilities, producing value, constantly enhance services to them and raising the quality of work as a product and their participation in the process to help management, the organization to provide the high level of quality products and services that leads to increase the level of satisfaction in the external customers to the organization. (Khodabash Gorgani, 2010). According to Bak (1995), internal marketing should be seen as a communication process of developing a customer conscious culture within the organization. Internal marketing requires the development of an integrated employee's activities program that introduces employees in to a work environment that is focused up on the goals of the organization.

Internal marketing as a philosophy should be seen as a customer oriented culture in which all employees understand the strategic intent and are motivated to participate in its implementation. There is a great deal of confusion in the literature as to exactly what internal marketing is, what it's supposed to do, how it's supposed to do it, and who is supposed to do it (Rafiq and Ahemed, 2000). According to them there does not exist a single unified concept of what is meant by internal marketing. They argued that there are three separate yet closely intertwined stands theoretically development of internal marketing conceptualization, namely an employee satisfaction phase, customer orientation phase, and a strategy implementation/change management phase.

In the early development phase of internal marketing, the majority of literature focused up on the issue of employee motivation and satisfaction. The major reason behind this was the fact that the roots of the internal marketing concept lie in efforts to improve service quality.

Berry(1981), defined internal marketing 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.” Internal marketing is based on the notion that “to have satisfied customers, the organization must also have satisfied employees.”

The focus on employee satisfaction within these new approaches to employee management can largely be attributed to the fact that in the marketing of service much of what customers buy is labor or human acts of performance.

Many have contributed to the enrichment of the internal marketing concept like the studies of Parasuraman, *et al* (1991). They measured Internal Marketing using seven dimensions: Compete for talent, Offer a vision and provide a purpose, Equip employees with skills and knowledge for their roles, Bring people together as a team, Leverage the freedom factor, Nurture achievement through measurements and rewards and Base job design decisions on research. Another author Varey and Lewis (1999) used three dimensions to measure internal marketing: Dissemination of information from all internal groups, Development of competence and Development of incentive and motivation systems. Also, Hogg *et al* (1998) measured internal marketing using: Communication, Staff training, Appraisal and feedback and Customer consciousness.

In another study about examining of service organizations in England, Ahmed and Rafiq (2003) have used factors like training of the human resources, empowerment, communications, team activities, and employees' participation in determining of the organization's perspective as the important factors in measuring of internal marketing.

Internal marketing is about applying traditional marketing inwards, focusing on the internal customers and suppliers of the internal market place, with the aim of improving internal market relationship, quality and customer service and ultimately corporate effectiveness (Saad *et al.*, 2002).

Ahmed and Rafiq (2002) explain that the concept of internal marketing followed three distinct, yet intertwined development phases, namely the employee satisfaction phase, the customer orientation phase and the strategy implementation/ change management phase. To discuss them in brief:

The first phase is employee satisfaction which they stated that the focus upon employee satisfaction within these new approaches to employee management can largely be attributed to the fact that in the marketing of services much of what customers buy is labor, or human acts of performance. Consequently, attraction of the best personnel, their retention and motivation becomes of critical importance. Attraction, retention and motivation of high quality staff is especially critical in situations where the quality of the service is the only real differentiating factor between competitors. This situation occurs most frequently in service environments in which customers are highly demanding of employees, coupled with employees who in turn hold high expectations from their jobs as sources of self-actualization and self-development.

The second major step in the development of the IM concept was undertaken by Christian Gronroos, whose starting point was the concern that because contact employees in services become involved in what he termed '*interactive marketing*' it is essential that they are responsive to customers' needs. Gronroos recognized that not only do buyer–seller interactions have an impact on purchasing and repeat purchasing decisions but also, crucially, that buyer–seller interaction provide a marketing opportunity for the organization. To take advantage of these opportunities requires *customer-oriented and sales-minded personnel*. Hence, the object of IM is, in his view, to '*get motivated and customer-conscious employees*'

In this view, it is not sufficient that employees are motivated to perform better, but they must also be '*sales minded*'. Furthermore, effective service also requires effective co-ordination between contact staff and backroom support staff. Gronroos also views the IM concept as a means of integrating the different functions that are vital to the customer relations of service companies. Gronroos extended his original definition of IM as a method of motivating personnel towards customer consciousness and sales mindedness, to include the use of *marketing-like activities* in this pursuit and redefining internal marketing as:

'holding that an organization's internal market of employees can be influenced most effectively and hence motivated to customer-consciousness, market orientation and sales mindedness by a marketing-like internal approach and by applying marketing-like activities internally.'

George similarly accepts this position by asserting that IM holds that employees are 'best motivated for service-mindedness and customer oriented behaviors by an active marketing-like approach, where marketing- like activities are used internally'. The addition of marketing-like techniques internally moves Gronroos' definition closer to that of Berry's definition, in that both sets of approaches stress the need to motivate employees, and advocate the use of 'marketing-like' techniques to do it. However, the critical difference between Gronroos' approach and that of Berry and collaborators is that employees are not treated as customers, as is the case in the latter conceptualization.

The discussion of the third phase suggests that the scope of IM activity is much wider than motivation of employees towards customer consciousness. For instance, it can also be used to motivate non-contact employees towards behaving in a manner that enhances the service for end-customers. Taking these issues into account, in an earlier article, Ahmed and Rafiq (2002) defined internal marketing as '*planned effort to overcome organizational resistance to change and to*

align, motivate and integrate employees towards the effective implementation of corporate and functional strategies'. This definition incorporates the notion that any change in strategy is likely to require an IM effort to overcome organizational inertia and to motivate employees towards requisite behavior. Furthermore, as some (including marketing) strategies are likely to span several functional areas; this is likely to require cross-functional integration. The above definition of IM appears capable of handling these issues within the remit of its boundary.

In view of the above, instead of regarding employee satisfaction as a major precursor to performance, it can be regarded as one of a number of factors, such as employee motivation, customer orientation and sales mindedness, simultaneously determining productivity and the quality of the service. Hence, in our model the impact of job satisfaction on service quality occurs indirectly via customer orientation rather than directly between job satisfaction and service quality. This may partially explain the ambiguity in the empirical research noted above. A central plank of internal marketing is the use of marketing-like techniques to motivate employees.

In the external marketing exchange situation, products are bought in order to derive some form of utility or satisfaction. Applying these concepts internally, as is implied by treating 'employees as customers' the concepts require some care.

One of the main problems with this approach is that the 'products' that employees are being sold may be unwanted or may in fact have negative utility for them; that is, they may not want them (e.g. new methods of working). In normal marketing situations, customers do not *have to* buy products that they do not wish to buy. This is not true for employees, as they must either accept the 'product' or (in the final analysis) they can be 'forced' into acceptance under the threat of disciplinary and they might get fired.

Two early authors (Berry and Gronroos) created models of internal marketing that were respectively based on the first and second phase of internal marketing development.

Berry (2002) was the first one to suggest that internal marketing could be used to improve service quality. His model is based on the fundamental assumption that by treating employees as customers, they will become service minded leading to better quality (Ahmed and Rafiq, 2002).

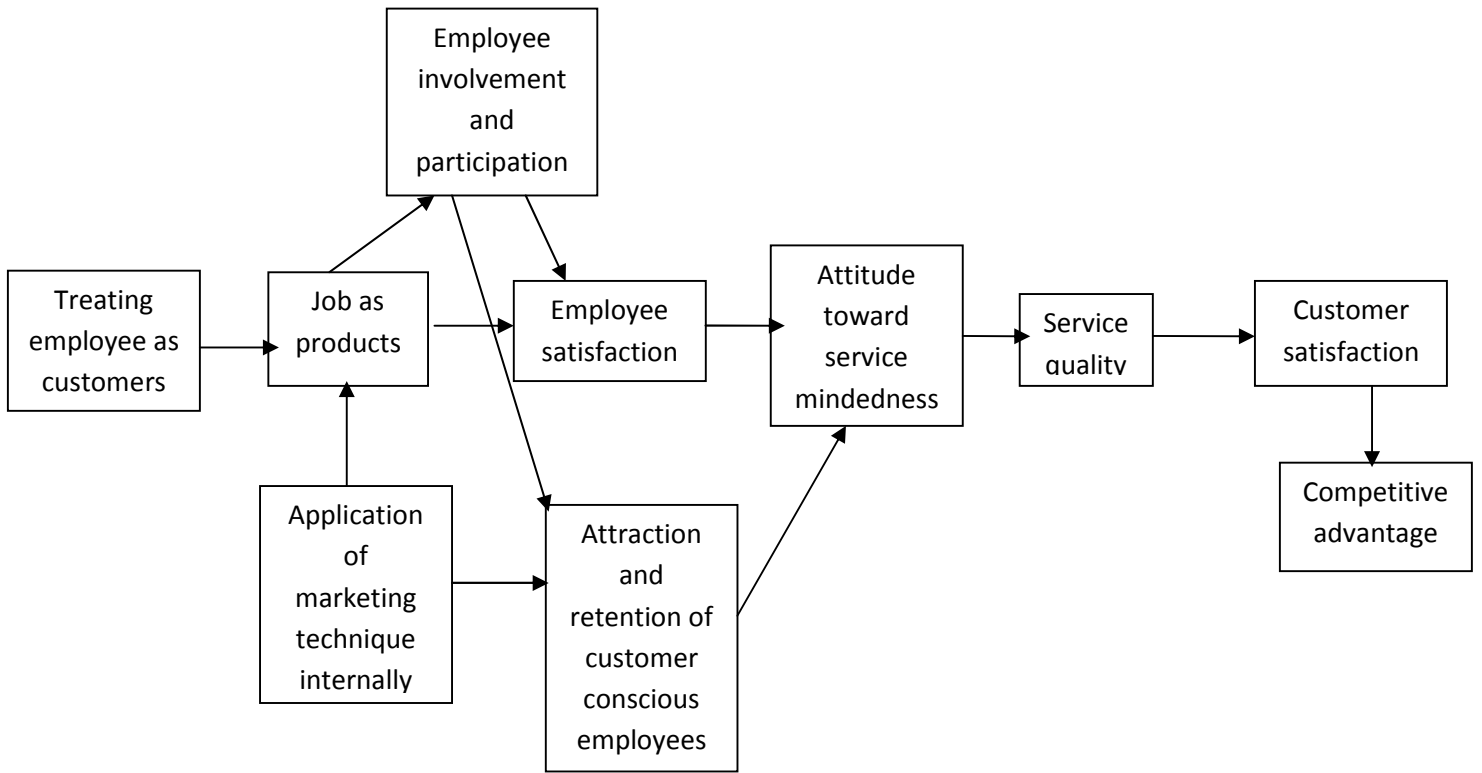


Figure 2.2 Source: Adapted from Ahmed and Rafiq (2002)

Gronroo's model is based on the second phase (customer orientation) of internal marketing development and include the idea that employees need to be customer conscious so that they can take advantage of customer interactions in order to offer better service (Ahmed and Rafiq, 2002).

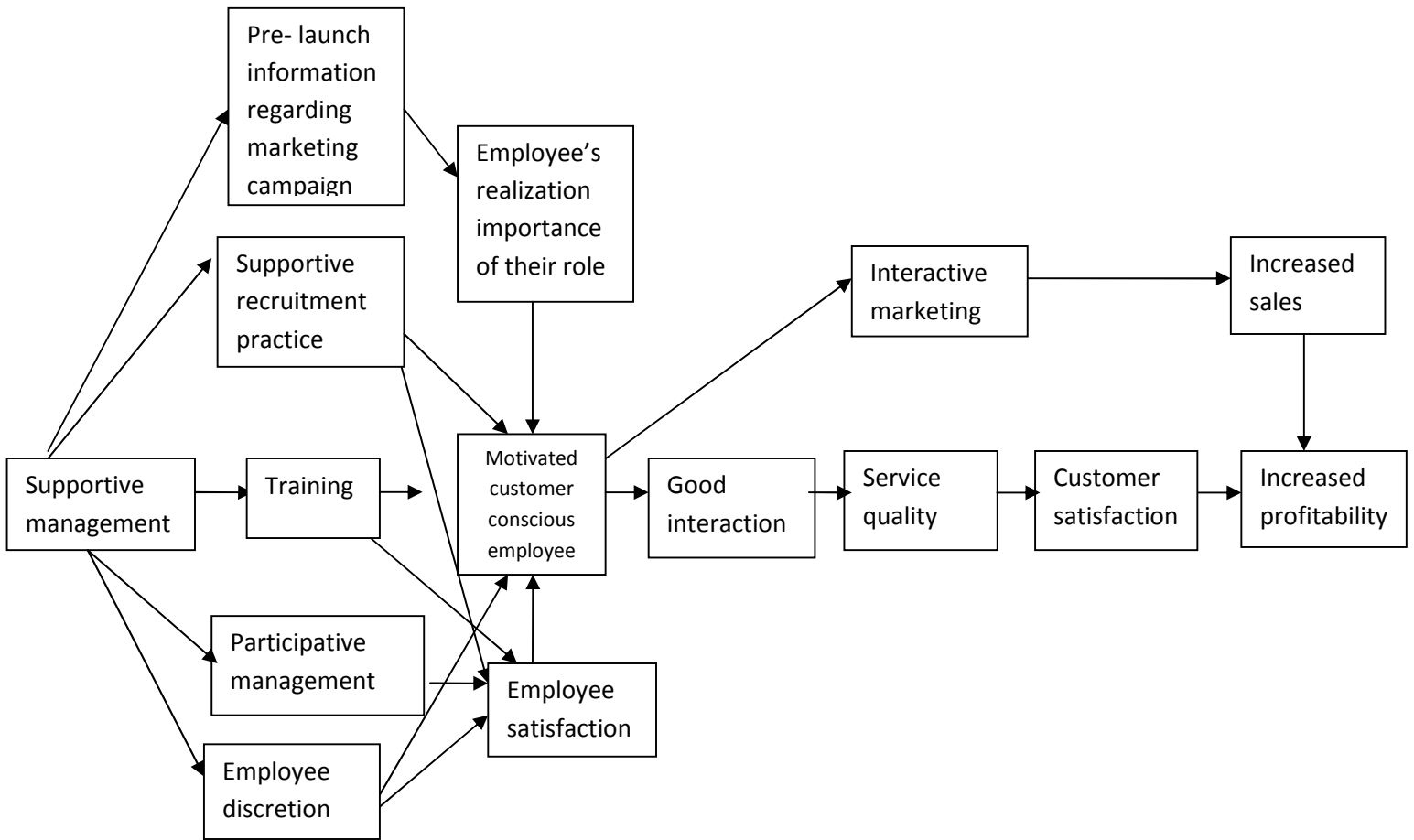


Figure 2.3 Source: Adapted from Ahmed and Rafiq (2002)

Ahmed and Rafiq (2002) also have created a model based on the Berry (2002) and Gronroo's work. They argue that their model is more complex and researchable as it uses customer orientation as central to the model with the marketing like approach directly influencing customer orientation with the aim of increasing service quality and ultimately customer satisfaction.

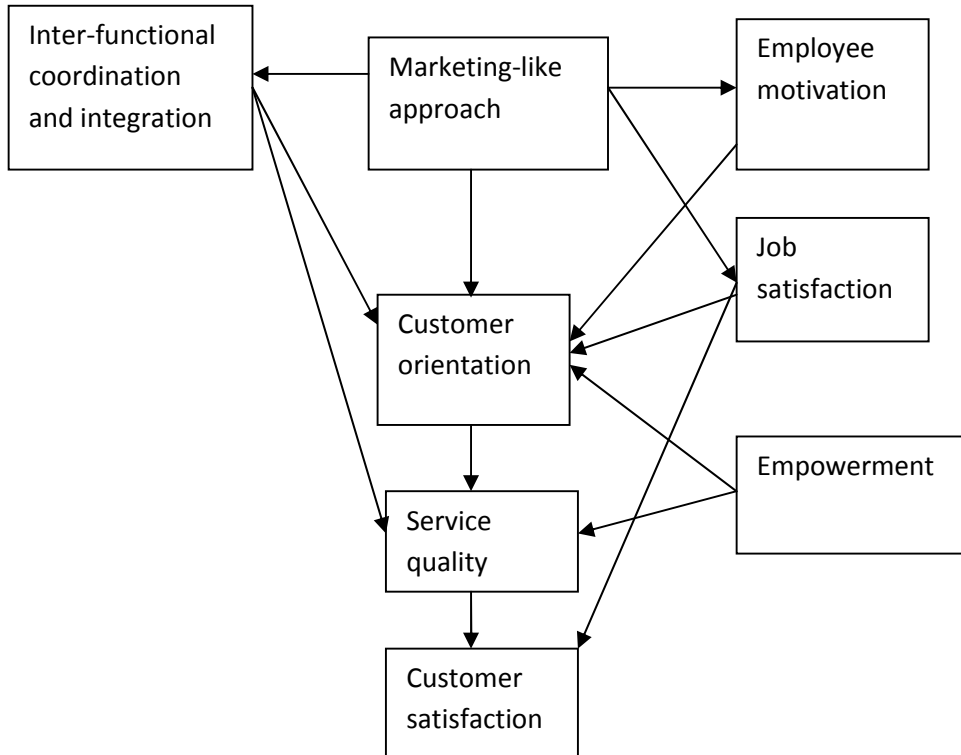


Figure 2.4 Source: Adapted from Ahmed and Rafiq (2002)

The elements of internal marketing identified by Rafiq and Ahmed (2000), includes:

- Employee motivation and satisfaction
- Customer orientation and customer satisfaction
- Inter-functional coordination and integration
- Marketing like approach to the above
- Implementation of specific corporate and functional strategy.

Despite the obvious significance of internal marketing in the delivery of quality service and positively impacting employee behavior, scholars are not consistent with the conceptualization of the dimensions of internal marketing (Brammah, 2016). There is little agreement on the mix of elements that should be employed by an organization in an attempt to achieve the objectives of an internal marketing effort (Ahmed et al., 2003).

Ahmed et al. (2003) investigated communication and empowerment as dimensions of internal marketing. For Chang and Chang (2009) the dimensions of internal marketing included employee-oriented measures, internal communication and external activities. Again, Narteh

(2012) conceptualized the dimensions of internal marketing as empowerment, reward systems, communications and employee training and development. Similarly, De Bruin-Reynolds, Roberts-Lombard and de Meyer (2015) considered internal product, internal price, internal promotion and internal distribution as internal marketing mix. Clearly, there is no meeting of minds when it comes to the elements of internal marketing. This gap is a major challenge with current internal marketing literature (Braithwaite, 2016).

While the dimensions of internal marketing measurement as discussed by Hogg et al., (1998) are: communication, staff training; appraisal and feedback; and customer consciousness. Berry et al. (1976) involve actions such as employee attraction and selection, employee socialization, empowerment, participation in decision making and establishment of accurate and open information between employees and management. Service training programs, performance incentives and vision for service excellence are key elements of internal marketing (Tsai and Tang, 2008). Lings and Greenley (2005) has recently been adopted for other studies (Gounaris, 2006), as it goes beyond the mere enumeration of human resources management activities (selection, training and development, incentive systems or empowerment) shown by other constructs in order to represent internal marketing (Ahmed et al., 2003; Foreman and Money, 1995; Tansuhaj et al., 1987). Rafiq and Ahmed (2000) identify the main elements of internal marketing as employee motivation and satisfaction, customer orientation and customer satisfaction, inter-functional co-ordination and integration, marketing-like approach to the above, and implementation of specific corporate or functional strategies. Ching and HsinHsin (2007) identified five dimensions of internal marketing: training, administrative support, internal communication, external communication, human resources management, communication, and training and development.

2.2.3 Customer orientation

There is a universal agreement as to the importance of customer orientation to the organization that wishes to deliver value to customers. A service employee is said to have a customer orientation if that employee's attitude and behavior are directed toward identifying the circumstances and needs of customers, and then taking action to satisfy those needs (Daniel & Darby, 1997; Williams). Such a customer orientation is characterized by the employee's desire to form long-term relationships with customers rather than serving the employee's own short-term interests (Bove & Johnson, 2000).

Kohli and Jaworski (1990) describe customer orientation as a specific group of organizational behaviors, whereas Narver and Slater (1998) conceptualize it as a cultural trait of an organization. The former is concerned with the generation of market intelligence pertaining to current and future needs dissemination of the intelligence across departments and organization-wide responsiveness to it (Kohli and Jaworski, 1990). The latter focuses on the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers (Narver and Slater, 1990).

According to Yusuf (2014) Previous Studies On The Subject Reveals That Customer Orientation In Most Organizations Is Also Referred To As Market Orientation. So, Customer Orientation Can Be Used Interchangeably With Market Orientation. Customer orientation is often extended to market orientation (Grover, 1996). In fact, many practitioners do not address the debate about the differences between market and customer orientations, using the term “market orientation” generically. To clarify this ambiguity, several authors have called for researchers to carefully distinguish between policies guided by customer and market orientations (Balakrishnan, 1996; Gatignon and Xuereb, 1997; Harris, 2001; Slater and Narver, 1998, 1999). Thus, Narver *et al.* (2004) define customer orientation as a “responsive” market orientation in which “a business attempts to discover, to understand, and to satisfy the expressed needs of customers”, whereas market orientation is a “proactive” orientation in which “a business is more focused on a continuous market learning process, to discover latent needs and unserved markets”.

Moreover, Kohli and Jaworski (1990) and Slater and Narver (1998) suggest that the term “market orientation” should imply three components: customer orientation, competitor orientation and inter functional coordination.

2.3 Empirical Review

Turkoz and Akyol (2008) found a positive relationship between the level of internal marketing in the hotel and the level of hotel performance. The effective application of internal marketing practices in the hotel industry has been shown to contribute to employee job satisfaction resulting in an increase in positive employee behavior including cooperation with colleagues and commitment to the organization. In a study of five-star hotels in Egypt, Tag-Eldeen and El-Said (2011) concluded that internal marketing is an effective tool in promoting and enhancing employee commitment to the hotel. In a case study of two hotels, Hedin and Lidstrom (2006)

demonstrated that low employee turnover rate was a consequence of internal marketing practices in these hotels. Sokhatskaya (2013) also argued that internal marketing enhanced the effectiveness and focus of the hotel employee.

The study conducted by Kaurav et al. (2015), proves that the concept of internal marketing can be applied to the hotels in all locations regardless of the country. Hotel managers and policy makers must open their minds to new ideas such as internal marketing and apply this concept in a more focused and thorough manner. It should serve as a bridge to link the organization's external marketing strategies and its employees.

Nwora et al. (2017), in their research the internal marketing practices of the Hotel Managers can assist more significantly in improving on customer orientation behaviors of the hotel employees. Poor customer services exhibited by employees in most hotels could be as a result of poor design internal marketing strategies. Most managers do not consider the personality of the employees they hire and this negatively affects the customer orientation behaviors of these employees. Job dissatisfaction is a possible reason for poor customer services rendered by the hotel employees.

2.3.1 Internal Marketing and Customer Orientation

As cited by Yusuf (2014), according to Ruizalba, Et Al., (2014) Customer Orientation is the principle that addresses the significance of considering customer needs and wishes throughout the organization. Based on the study of Awwad and Agti, (2011), customer orientation is said to be the principle of readiness to meet and respond promptly to the needs and wants of customers. It is believed that a right approach to customer's orientation is likely to facilitate better performance and quality delivery services by employees.

2.3.2 Motivation and customer orientation

A motivational state that reflects an employee orientation toward work characteristics that rely on four determinants, they are competence, impact, meaning, and self-determination. Also, Borghei et al. (2010) view the psychological perspective as subjective feelings and phenomena, means this perspective is considered as an internal motivational construct. Having high feelings of meaningful jobs, having more competences and giving subordinates more impact on their jobs and organizations will motivate subordinates to service customers better. On the other hand,

having higher levels of structural empowerment might lead to more formality and rigidity within the organization.

H1: Motivation has a positive and significant effect on customer orientation

2.3.3 Empowerment and customer orientation

The structural empowerment concept can be defined as “management practices and policies that aimed to transfer power from management to employees” (Abu Kassim et al., 2012). Melhem (2004) defining it as “freeing someone from rigorous control by instructions, policies, and orders, and giving that person freedom to take responsibility for ideas that he/she provide for management, decisions and actions that he/she made in the workplace context”. According to this approach, empowerment is considered as a set of activities and practices that give power, control and authority to subordinates. In the research conducted by G.Sreelakshmi(2016) A positive and significant impact of structural empowerment on customer-oriented behavior was found.

H2: Empowerment has a positive and significant effect on customer orientation

2.3.4 Communication and customer orientation

The object of communication is the establishment of common understanding and it’s the means by which organizations transfer information from one party to another (Johlke et al 2000).

Internal communication is an important prerequisite to aligning employee attitudes and behaviors with organizational goals (Guest and Conway, 2002). Firm management can use internal communications to communicate firm intentions, values and goals. This is important because a customer orientation can only be of benefit to the firm if both management and employees who are means of delivering value to customers are in agreement on the need for customer consciousness. Gounaris (2006) also suggests that listening to the opinions of firm’s employees in taking decisions gives them a feeling of being involved in decision making in the organization and therefore stimulates their willingness to carry out decisions that they consider partly theirs. In addition to that, employees reap a psychological value of knowing that they are part of a team and not just being a tool in the hands of management. This is expected to give the employee more satisfaction with the job and the organization and translate into good service delivery to the customer.

H3: Communication has a positive and significant effect on customer orientation

2.3.5 Training & development and customer orientation

Training programs can be designed for frontline employees to help in solving work-related problems and in enhancing skills. Opening communication channels between employees and management also plays a significant role in increasing the attention of employees toward customer-oriented behavior. Employees with adequate levels of skills and knowledge show a high level of customer-oriented behavior, since a higher level of skills and knowledge make frontline employees more willing to implement better practices and approaches when dealing with customers. As a result, less waiting and wasting time, quick answers, reliable promises, and effective solutions can be guaranteed by frontline employees.

H4: Training & development has a positive and significant effect on customer orientation

2.5 Conceptual Framework

Based on study hypothesis, the following conceptual framework, shown in Figure 4, was proposed in order to show the relationship among independent which are the internal marketing dimensions, and the dependent variable customer orientation.

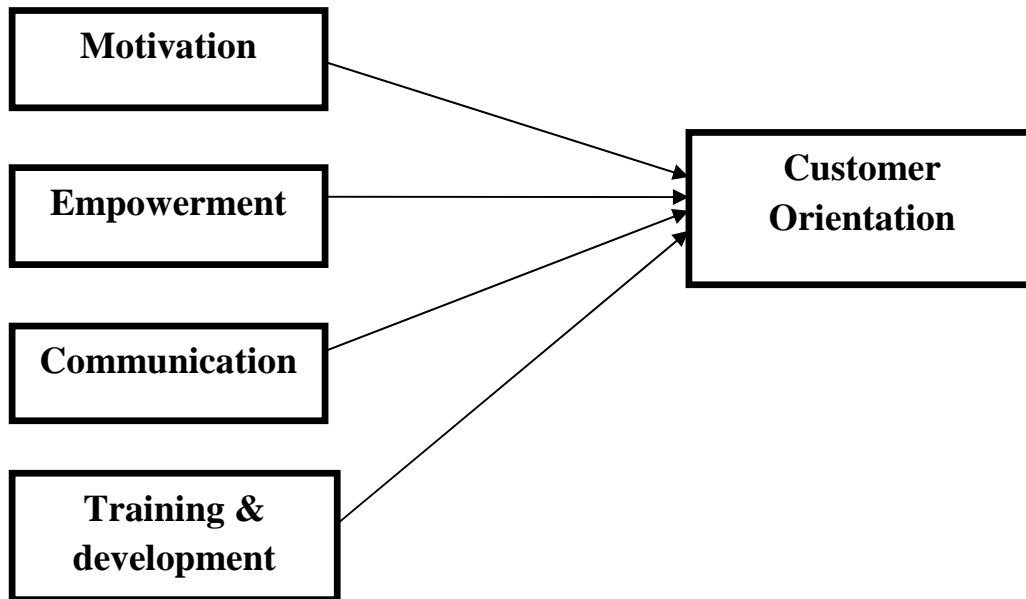


Figure2.5 Source: Adopted model from Theoretical model of Al-Hawary, Al-Qudah, Abutayeh, Abutayeh, and Al-Zyadat (2013)

CHAPTER THREE

INTRODUCTION

This chapter discusses the methodology that was employed in the study, including research approach, research design, population & sample, data source & type, data collection procedure, Ethical consideration and data analysis.

3.1 Research Methodology

3.1.1 Research Approach

Discussion of research approach is a vital part of any scientific study regardless of the research area. Research approach can be divided into three types deductive, inductive and abductive. The relevance of hypotheses to the study is the main distinctive point between deductive and inductive approaches. Deductive approach tests the validity of assumptions (or theories/hypotheses) in hand whereas inductive approach contributes to the emergence of new theories and generalizations. Abductive research, on the other hand, starts with ‘surprising facts’ or ‘puzzles’ and the research process is devoted their explanation.

In this research the researcher followed a deductive approach because the research started from a theory about internal marketing and customer orientation and followed by formulating hypothesis the researcher tested the hypothesis for conformation or rejection.

The other types of research approach are qualitative and quantitative approach. Qualitative research is a type of social science research that uses non-numerical data to interpret and analyze people’s experiences and actions. It involves the use of qualitative data, such as interviews, documents and observations in order to understand and explain a social phenomenon.

The researcher used quantitative approach. This approach helps to collect more reliable and objective data. The researcher collected numeric data that can be analyzed and interpreted using descriptive, correlation and regression analysis to show the relationship between the independent variables which is internal marketing, and dependent variables which is customer orientation.

3.1.2 Research Design

A research design is a framework or blueprint for conducting a marketing research project. It details the procedures necessary for obtaining the information needed to structure or solve marketing research problems (Malhotra and Birks, 2006). There are three basic research design frameworks: Exploratory, Descriptive and Causal. Exploratory Research focus on gaining ideas

and insight, breaking broad, vague problems into smaller, more precise sub problems. Causal Research focuses on determining cause-and-effect relationships. Descriptive Research is used to describe characteristics of a population or phenomenon being studied. Descriptive research emphasis on determining the frequency of something occurs or the extent to which two variables correlate. This involves the collection of data that will provide an account or description of individuals groups or situations. Instruments used to obtain data in descriptive study include questionnaire, interview, and observation.

The other type of research design is Explanatory Research. Explanatory Research is the research whose primary purpose is to explain why events occur to build, elaborate, extend or test theory. It allows the researcher to test very specific theories and make amends to previous theories. It is actually a type of research design which focuses on explaining the aspects of your study in a detailed manner. The researcher starts with a general idea and uses research as a tool which could lead to the subjects that would be dealt in the incoming future.

This study is a descriptive research and explanatory type of research. The main aim of descriptive research is to provide an accurate and valid representation of (encapsulate) the factors or variables that pertain / are relevant to the research question. And the purpose of explanatory research is to explain the association and relationship between the dependent and the independent variables in a detailed manner.

3.1.3 Data Type and Source

There are two type of data sources; primary and secondary data source. Primary data source is information source that need to be gathered from the original source in the other hand secondary data source is the one used from already availed or from source that has been collected for another purpose. This study used primary data.

The data sources of this study were primary source where the data were directly collected from employees of star hotels in Addis Ababa. Employees from back of the house and front of the house was given chance to respond to the questionnaires. The data was collected using questionnaire which was translated to Amharic languages so that the respondents can easily understand the questions. According to Leary (2004), the major advantages of questionnaires are that they can be administered to groups of people simultaneously, and they are less costly and less time-consuming than other measuring instruments. The data was primary quantitative type of

data. Employees will be asked to provide answers to questions related to motivation, empowerment, training& development, communication and customer orientation.

3.1.4 Target Population

Target population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made.

This research target population which the sample was drawn was star hotels which are found in Addis Ababa and employees who are currently working in these hotels. According to the recent grading and assessment conducted by Ethiopian ministry of culture and tourism office in 2017 there are 78 star hotels in Addis Ababa.

3.1.5 Sample size

Sample size refers to the number of elements to be included in the study which is taken from the target population. For this research out of the 78 star hotels found in Addis Ababa 8 of them were selected through simple random sampling specifically lottery method. According to the data collected from the selected hotels they currently have a total number of 1272 employees from these a sample of 304 employees were selected to fill the questionnaire. The sample size was taken by using the Japans statistician Yanane’s formula which is used for finite population.

$$\frac{N}{1+Ne^2} = \frac{1272}{1+1272e^2} = 304$$

Total number of employees	Front line employees	Backstage employees	Sample size		Questionnaire Distributed	Received
			Front line	Back stage		
220	76	144	19	35	54	51
125	15	110	6	25	31	28
130	30	100	8	24	31	27
329	75	254	18	62	80	77
170	46	124	14	27	41	39

60	16	44	6	10	14	11
119	10	109	5	10	13	11
119	10	106	4	26	30	27
Total	1272		80	224	304	268

Table 3.1: Questionnaire response figure

3.1.6 Sampling Technique

Sampling technique is a technique that is used to select suitable sample so that to represent the whole population. It's a method used in drawing samples from a population. There are two common sampling techniques; probability and non-probability sampling.

Non-probability sampling relies on the personal judgment of the researcher rather than on chance to select sample elements. The researcher can arbitrarily or consciously decide what elements to include in the sample. Non-probability samples may yield good estimates of the population characteristics, but they do not allow for objective evaluation of the precision of the sample results. Because there is no way of determining the probability of selecting any particular element for inclusion in the sample, the estimates obtained are not statistically projectable to the population. Commonly used non-probability sampling techniques include convenience sampling, judgmental sampling, quota sampling and snowball sampling.

Probability sampling is where the population has an equal opportunity of being selected but in non-probability sampling method, the probability of being selected is unknown. In probability sampling, sampling units are selected by chance. It is possible to pre-specify every potential sample of a given size that could be drawn from the population, as well as the probability of selecting each sample. Every potential sample need not have the same probability of selection, but it is possible to specify the probability of selecting any particular sample of a given size. This requires not only a precise definition of the target population but also a general specification of the sampling frame. Because sample elements are selected by chance, it is possible to determine the precision of the sample estimates of the characteristics of interest. There are five types of probable sampling method: Simple random sampling, Systematic sampling, Stratified sampling, Cluster Sampling and Multi-Stage Sampling.

The techniques that were applied for this study were simple random sampling specifically the lottery method for selecting the star hotels and stratified random sampling to classify employees in to different groups/strata because the employees are a combination of different departments which will make the group heterogonous. The researcher classified the employees in two groups/strata which were frontline and backstage employees. Then finally simple random sampling was applied for selecting the final respondents from each stratum. These two sampling techniques were selected as results of probabability sampling are known to be more reliable.

3.1.7 Data Collection Tool

The first section of the questionnaire is used to collect demographic and background data on the respondents. The rest are designed to collect data on the provision of internal marketing elements to see their effect on customer orientation. Later, when the researcher performed the data analysis, questions in these sections are grouped and transformed to form four independent variables represented by provision of motivation, empowerment, communication and training and development respectively and one dependent variable represented as customer orientation. The questionnaire is also prepared in Amharic language for easy of communication. The data was collected from 268 employees from selected department as stated in the sample frame by means of stratified sampling method.

3.1.8 Ethical Consideration

An ethical consideration forms a major element in a research. The researcher needs to adhere to promote the aims of the research imparting authentic knowledge, truth and prevention of error (Dichert & Sugarman, 2005).

In this study, the researcher didn't use falsifying, fabrication and misrepresentation of data. The study was only based on a real scenario. Participants were given the choice to participate or not to participate and furthermore were informed in advance about the nature of the study. And also participants were informed about confidentiality of their responses and states in the questionnaire that it will have only for Academic purpose.

3.1.9 Data Analysis

The effect of internal marketing on customer orientation was analyzed using bivariate correlation and standard multiple regression. A bivariat analysis measures the strength of association between

two variables and the direction of the relationship. The general purpose of multiple regressions is to learn more about the relationship between several independent or predictor variable and a dependent or criterion variable (statistics solution, 2017).

This study used IBM SPSS software to conduct a bivariate correlation and standard multiple regression procedures to answer the basic research questions. Preliminary analyses was conducted to indicate if there were any violations of the assumptions of multicollinearity, normality, reliability and validity tests was conducted. Reliability and validity are important aspects of selecting a survey instrument. Reliability refers to the extent that the instrument yields the same results over multiple trials. Validity refers to the extent that the instrument measures what it was designed to measure. Multicollinearity is states of very high inter-correlations or inter-associations among the independent variables. It is therefore a type of disturbance in the data, and if present in the data the statistical inferences made about the data may not be reliable (statistics solution, 2017).

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF RESULTS

Introduction

This chapter deals with presentation, analysis and interpretation of data gathered from the respondents for the purpose of this research work. It started with a reliability analysis which reveals the extent to which the scales used to measure the variables in the study are suitable and consistent. Then, a descriptive analysis is conducted for the demographic variables in order to identify the profile of the chosen sample. This is followed by a correlation analysis in order to test the hypotheses. Finally, correlation analysis and linear regression analyses are carried out and also discussed in order to determine the relative importance of the variables and contribution to the model.

4.1 Results of the Study

4.1.1 Reliability and reliability of the data

Reliability refers to the extent to which the items measure accurately and consistently what they intend to measure. The instrument for this study contains 29 items that are in a Likert scale (See Appendix 2).

Cronbach's Alpha	N of Items
.936	29

Table 4.1 Source: Survey Result, 2018

The overall reliability of the instruments is measured. A cronbach's alpha of 0.936 is obtained which is well above what is considered acceptable by scholars which is 70 %. The cronbach's alpha for all the items are also above 70 %. Table-1 illustrates the reliability of the independent and dependent variables. Based on the results presented in this table, it can be concluded that all the scales used in the study were reliable. Thus, they can be used to measure the variables under study.

As shown in the below table reliability for each of the independent variables and for the dependent variable also measured and Based on the results presented in this table, it can be concluded that all the scales used in the study were reliable.

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Motivation	2.7089	.154	.712	.842
Empowerment	2.4794	.125	.790	.837
Communication	2.6557	.154	.847	.809
traininganddevelopment	2.8034	.167	.805	.824
customerorientatin	2.9853	.216	.510	.893

Table 4.2 Source: Survey Result, 2018

A principal component factor analysis was conducted to validate the underlying structure of the internal marketing practices and customer orientation. For the factor analysis measurement, the researcher evaluates the KMO value. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is utilized to ensure that the samples used are adequate. According to Field (2007), if the KMO values within a range of 0.7 to 0.9 are Thus, the value indicates that the KMO result .819 is great, Sphericity is suitable and the data reliability is also highly acceptable.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.819
Approx. Chi-Square	821.503
Bartlett's Test of Sphericity	Df
	10
	Sig.
	.000

Table 4.3 Source: Survey Result, 2018

Also the construct in this study were developed by using measurement scales adopted from prior studies. The internal marketing practice measures were adopted from previous study of Al-Hawary, Al- Qudah, Abutayeh, Abutayeh, and Al-Zyadat (2013) and nine items to measure customer orientation were adopted from Alhakimi and Alhariry (2014).

4.1.2 Descriptive Analysis of Demographic Variables

It is important to provide demographic analysis of the respondents so that an understanding of a general characteristic of the respondents for the overall study since the industry is labor intensive. The questionnaire had a total of 268 respondents out of 304 questionnaires distributed. The response rate was very good 268 or 88% even though only 257 were usable for the data analysis. The usable response represented 84.5% of the sample size. In order to generally describe the characteristics of the respondent; gender, educational back ground and job experience were part of

demographic questions. Majority of the respondent were males which is 59.5% and female respondents were 40.5%.

Sex of the Respondent				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	153	59.5	59.5	59.5
Female	104	40.5	40.5	100.0
Total	257	100.0	100.0	

Table 4.4 Source: Survey Result, 2018

Educational background was also enquired where most of the respondents of educational background of both sex lye on first degree which is 56% of all respondent and The remaining 44% are diploma graduate.

Educational Level of the Respondent				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid diploma and below	113	44.0	44.0	44.0
bachelor degree	144	56.0	56.0	100.0
Total	257	100.0	100.0	

Table 4.5 Source: Survey Result, 2018

Respondents' job experiences were also explained. 33.1% of the respondents have job experience less than 3 years, 34.6% between four to six, 32.3 % of them have seven and above years of experience.

Year of experience				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-3	85	33.1	33.1	33.1
4-6	89	34.6	34.6	67.7
7&above	83	32.3	32.3	100.0
Total	257	100.0	100.0	

Table 4.6 Source: Survey Result, 2018

4.1.3 Correlation Analysis

The correlation between dependent and independent variables along with the causal effect was analyzed using Statistical Package for Social Science (SPSS). The below correlation matrix shows correlation between variables in the questionnaire with a Pearson Correlation coefficient to show the strength of relationship among the variables considered in the questionnaire.

Correlation

		Motivation	empowerment	communication	Training and development	Customer orientation
motivation	Pearson Correlation	1	.587**	.667**	.766**	.359**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	257	257	257	257	257
empowerment	Pearson Correlation	.587**	1	.814**	.684**	.548**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	257	257	257	257	257
communication	Pearson Correlation	.667**	.814**	1	.747**	.473**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	257	257	257	257	257
Training and development	Pearson Correlation	.766**	.684**	.747**	1	.384**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	257	257	257	257	257
Customer orientation	Pearson Correlation	.359**	.548**	.473**	.384**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	257	257	257	257	257

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

Table 4.7 Source: Survey Result, 2018

The above the correlation matrix indicates that internal marketing practices were positively and highly correlated with customer orientation. The highest coefficient of correlation in this research

lay between internal marketing dimensions and customer orientation is 0.548. There is a significant positive relationship between empowerment and customer orientation ($r = 0.548$, $n = 257$, $p < 0.01$). The second highest coefficient of correlation in internal marketing dimensions and customer orientation is 0.473. Hence, there is a significant positive relationship between communication and customer orientation ($r = 0.473$, $n = 257$, $p < 0.01$). The third coefficient of correlation in internal marketing dimensions and customer orientation is 0.384 which implies there is a significant positive relationship between training & development and customer orientation ($r = 0.384$, $n = 257$, $p < 0.01$). The last coefficient of correlation in internal marketing dimensions and customer orientation is 0.359 which implies there is a significant positive relationship between motivation and customer orientation.

4.1.4 Regression Analysis

As correlation between two variables does not entail the causal relationship of variables other than quantifying the degree to which two variables are related. Thus, the researcher decided to know how the determinant variables determine independent variable by conducting multiple regression analysis. However, before conducting the regression analysis, the assumptions of normality of the distribution and multi collinearity of variables is analyzed. Normal distribution is detected based on skewness and kurtosis statistics. Skewness is a measure on the asymmetry of a distribution. Whereas, kurtosis measures the extent to which observations cluster around a central point. The acceptable range for normality for both statistics is between -1.0 and +1.0. As depicted in table 4.6, all variables are within the acceptable range for normality (-1.0 to +1.0). The kurtosis statistics for all variables are within the suggested range of normality (-1.0 to +1.0).

	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Motivation	257	.6993	-.365	.152	.980	.303
Empowerment	257	.9287	-.887	.152	.326	.303
Communication	257	.7525	-.766	.152	.184	.303
Training and development	257	.6047	-.280	.152	.412	.303
Customer orientation	257	.4229	-.937	.152	.242	.303
Valid N (list wise)	257					

Table 4.8 - Normality of the Distribution

Source: Survey Result, 2016

Once the normality of the distribution is verified, multicollinearity was checked. Multicollinearity is a situation when a high correlation is detected between two or more predictor variables. Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern. (Pallant J., 2011). As the table below shows, the collinearity among all independent variables is below the recommended value.

Coefficients

Model	Collinearity Statistics		
	Tolerance	VIF	
1			
	Motivation	.393	2.546
	Empowerment	.324	3.089
	Communication	.261	3.836
	Training and development	.304	3.287

a. Dependent Variable: customer orientation

Table 4.9 Collinearity Diagnosis
Source: Survey Result, 2016

After normality and multicollinearity was checked multiple regression analysis was conducted to examine effect of internal marketing on customer orientation. In this survey, four hypotheses were developed to study the direct impact of internal marketing dimensions on customer orientation. Different scholars have stated various variables as dimension of internal marketing, among those variables, for the purpose of this survey, only four were selected as dimension of internal marketing. The effect of these four independent variables; Training and development Communication, Empowerment and Motivation were examined on the dependent variable i.e. customer orientation using multiple linear regression.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.552 ^a	.305	.294	.04943	1.561

Table 4.10 Source: Survey Result, 2016

The above regression model presents how much of the variance in the measure of customer orientation is explained by the underlying internal marketing elements. The predictor variables i.e. Training and Development, Communication, Empowerment and Motivation have accounted 30 % of R square which indicates 30% of the variance is explained by the predictors whereas the remaining 70% are explained by other variable of this model.

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.270	4	.067	27.599	.000 ^b
	Residual	.616	252	.002		
	Total	.885	256			

a. Dependent Variable: customer orientation

b. Predictors: (Constant), training and development, empowerment, motivation, communication

Table 4.11 Source: Survey Result, 2016

The above ANOVA table shows the acceptability of the model. The p-value is less < 0.05 i.e. 0.000 which indicates the variation is explained by the model is not due to chance.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1	(Constant)	.235	.021		11.467	.000	.195	.275
	motivation	.129	.037	.196	7.788	.000	.044	.102
	empowerment	.271	.032	.388	5.281	.000	.107	.234
	communication	.136	.051	.273	8.711	.000	.064	.137
	Training and development	.131	.053	.255	4.576	.000	.135	.274

a. Dependent Variable: customer orientation

Table 4.12 Source: Survey Result, 2016

The Regression equation is: CO= 0.235 + 0.129 MO + 0.271 EM + 0.136 CM + 0.131 TD

The above coefficient table shows the constant, beta value and p-value of the variables to examine the significance of set hypothesis. The significance level of all variables is P-value .000 and their standardized coefficients are 0.196, 0.388, 0.273 & 0.255.

As shown in the above regression analysis, we can compare the contribution of each predictor variable on a unit increase of the dependent variable. In this case, if a researcher is interested in only comparing the contribution of each independent variable; the beta values in standardized coefficients column will be in use. While doing this, the value in the sig must be checked first. If the Sig. value is less than .05, then the variable is making a significant unique contribution to the prediction of the dependent variable, in this case Sig. value is .000, which is within the acceptable range.

Thus, these data in the regression table depict that to create a unit increase in the customer orientation, motivation increase 0.196(19.6%); empowerment increase 0.388(38.8%); communication increase 0.273 (27.3%) and training & development increase 0.255(25.5%). From this analysis, we can see that empowerment provision has the highest effect on the customer orientation of employees.

4.2 Discussion

This paper is aimed to examine the effect of internal marketing in its four dimensions; training and development, motivation, communication and empowerment, on customer orientation, in the hotel industry.

H1. Motivation is positively and significantly related to customer orientation.

One of the research findings that can be concluded from the statistics provided above is that motivation is positively related to customer orientation on hotel employees. Motivating employees should be one of the main roles of the manager in the organization; 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.

H2. Empowerment is positively and significantly related to customer orientation.

Participation is a process by which influence is shared among individuals who are otherwise hierarchical unequal (Locke, 1979). Empowerment has been described as a venue to enable employees make decisions and as a personal experience where individuals take responsibility for their own actions. There is a participatory management that manages the subordinate participation in decision making process, taking actions, and solving any problems or conflicts during job in logical way that fits the organization objectives and the creativity components is very important

for employees to develop a new means to implement their tasks and in cases including risks, Berry and Parasuraman (1991) also regard empowerment as an essential aspect of IM. Empowerment or in other words participation of front-line employees in making decisions related to their routine job activities is directly related to customer orientation, previous researchers have also highlighted the significant relationship between empowerment and customer orientation. This research is also consistent with the work of Khalili, Sameti and Sheybani. Their findings indicated that there is a positive and significant relationship between all the components of managerial and psychological empowerment and customer orientation of employees

H3. Communication is positively and significantly related to customer orientation.

Regarding to Communication as the above statistics imply, communication has a positive and significant relationship with customer orientation of hotel employees. It is a process where the employees in the organization can transmit their information, ideas, opinions and plans to other employees or supervising managers. This process can be done through written media or orally. Managers communicate with the employees to inform them with the new plans, strategies and the company's strategic objectives using written letters or memos. On the other hand, the manager communicates with the employees to provide them with constructive feedbacks about their work and understand their wants and need. Of course, communications also involves listening to the opinions and thoughts of the employees and take them into consideration. When the employees feel that they are good contributors it will encourage them to involve and participate more for the sake of the organization. Regarding this dimension, when manager communicates effectively with the employees, listens to their complaints, answering their questions and provide for them ways to communicate effectively, the organization will encourage them to enhance their work. This result is consistent with Hosseini, Gheysari and Aqdam (2017). Their findings indicated that in order to achieve organizational goals through marketing mechanisms within organizations need to improve the quality of employees through increased job enrichment, training, compensation, job security and capacity, communication, and administration employees.

H4. Training & development is positively and significantly related to customer orientation.

Because the organization is aware that its most valuable asset they have is the human resource, and because the company seek forward higher service quality and improved performance, thus they organized a training and development programs for its employees in order to improve their performance and capabilities through investing to have a skilled, powerful, unique, high service performance (individually or team) and greater knowledge in different required field even though the organization is aware about the high cost of this programs but they know that the returned of this method will recover their the cost of it and also with a good return compensated later on. To be effective, training and management development programs need to take into account that employees are adult learners. Training and development aim at developing competences such as technical, human, conceptual and managerial for the furtherance of individual and organization growth. This research is also consistent with the work of Nwora and Uzoamaka (2017). Their findings indicated that internal marketing has significant influence on customer orientation behavior of hotel employees and training was one element of internal marketing in the research.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

INTRODUCTION

In this chapter of the study, summary of findings, conclusion drawn, recommendations and limitation of the study are stated. The purpose of the study was to examine the effect of internal marketing on service personnel customer orientation, assess the dimension of internal marketing that affect the customer orientation.

5.1 SUMMARY OF FINDINGS

- The overall reliability of the instruments is measured. A cronbach's alpha of 0.936 is obtained which is well above what is considered acceptable.
- Majority of the respondent were males which is 59.5% and female respondents were 40.5%.
- Most of the respondents of educational background of both sex lye on first degree which is 56% of all respondent and the remaining 44% are diploma graduate.
- 33.1% of the respondents have job experience less than 3 years, 34.6% between four to six, 32.3 % of them have seven and above years of experience.
- The correlation matrix of the study indicates that internal marketing practices were positively and highly correlated with customer orientation.
- The highest coefficient of correlation in this research lay between internal marketing dimensions and customer orientation is 0.548. There is a significant positive relationship between empowerment and customer orientation.
- The collinearity among all independent variables is below the recommended value.
- . The predictor variables 30 % of R square which indicates 30% of the variance is explained by the predictors whereas the remaining 60% are explained by other variable
- The ANOVA table shows the acceptability of the model. The p-value is less < 0.05 i.e. 0.000 which indicates the variation is explained by the model is not due to chance.
- The above coefficient table shows the constant, beta value and p-value of the variables to examine the significance of set hypothesis. The significance level of all variables is P-value .000 and their standardized coefficients are 0.196, 0.388, 0.273 & 0.255.
- Empowerment provision has the highest effect on the customer orientation of employees.

5.2 CONCLUSION

The general objective of this study was to examine the effect of internal marketing on customer orientation of hotel employees in star hotels in Addis Ababa. In order to meet this general objective, simple random sampling and stratified sampling method was used. Questionnaire containing questions on dimension of internal marketing, and customer orientation behavior were developed and distributed to eight star hotels in Addis Ababa.

The entire research objective for this study was attained; the general objective of this study was to investigate the effect of internal marketing on service personnel customer orientation in star hotels. All selected internal marketing dimensions have significant relation with customer orientation which implies internal marketing have direct effect on customer orientation.

Correlation analysis was conducted to analyze if there is relation between variables used, the correlation matrix revealed that all coefficient of correlation were positive and significant. Further regression analysis was also conducted to verify if the independent variables have impact on customer orientation and that it is not limited to having correlation. For this reason, the effect of independent variables; Training and development, communication, empowerment and motivation on customer orientation was conducted

As shown in the above findings, all the analyses conducted confirmed that internal marketing has direct effect on customer orientation of the employees of the hotels.

5.3 RECOMMENDATION

Accordingly, given the significantly positive correlation between internal marketing and customer orientation, the following recommendation was developed to increase customer orientation by implementing internal marketing principles. And also since this research thesis is conducted for academic purpose recommendations are suggested to further researches which this research limited to cover.

- As internal marketing is the process of attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs. The first recommendation given is, for the hotels are to attract, develop, motivate, and retain qualified employees by enabling Human Resource Department implement marketing-like approach.
- This research revealed that customer orientation with regards to empowerment is very good. The hotels can consider maintaining this empowerment in order to improve their employee's customer orientation from time to time.
- Further researchers can consider including other internal marketing variables and other dependent variables other than this research include. To mention some of the variables reward, job security, compensation and trust in management. And for the dependent variables one can consider including employee's loyalty, organization performance and customer satisfaction.
- One can also consider doing research in other industries other than the hotel industry such as in the banking, insurance, educational, tourism, and health sectors and outside of the service industry such as in manufacturing, agricultural etc...

5.4 Limitation of the Study

This study conducted only in the hotel employees found in Addis Ababa. So, it is difficult to generalize for the whole employees of hotels found in Ethiopia though the number of respondents can be a good representative to the whole target population. The study finding can't be generalized to other industries because it's done only in the hotel industry. Also methodological wise the research use quantitative approach by only collecting numerical data from the employees without including the management point of view through interview or other qualitative approach.

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Appendix 1

Addis Ababa University School of Commerce

Department Of Marketing Management

Questionnaire to Be Filled By Employees of Star hotels in Addis Ababa

Dear respondents

The objective of this questionnaire is to gather data to make a study on star hotels in Addis Ababa for the research titled “the effect of internal marketing on customer orientation of hotel employees.” This research is being conducted as a partial fulfillment for masters degree in marketing management and this data will be for research purpose only and your response will be strictly kept confidential. Therefore, I kindly request you to take a fraction of your precious time to fill this questionnaire.

Please note that:

1. No need of writing your name.
2. Please fill the answer by putting “ ” mark.
3. Please give more attention and return the completed as fast as possible.
4. If you need further explanation, you can contact me on through the address shown below.

E-mail: bemnetsb@gmail.com

Thank you in advance, for your cooperation

Background of the respondents

1. Gender: A. Male B. Female

2. Educational level:

A. Diploma

B. Bachelor degree C. Master Degree and above

3. Year of work experience in the hotel

A. 1-3

B. 4-6 C. 7 & above

4. Income: A. 1500-3499 B. 3500-5499

C. 5500-7499 D. 7500 and above

Numbers in the Table Represents

1 → Strongly Disagree 4 → Agree

2 → Disagree 5 → Strongly Agree

Q. 1 Motivation	1	2	3	4	5
When I do something extraordinary I know that I will receive some financial bonus/reward					
My income and the annual increases are dependent only to the Union's bargaining with the employers side					
My income and the annual increases are very closely tied to my qualifications and my performance					
Everyone gets an annual bonus regardless of their performance					
My income and the annual increases are much related to those of people with similar qualifications working in this or any other industry					
Q. 2 Empowerment	1	2	3	4	5
My supervisor allows me to use my own judgment in solving problems					
My supervisor encourages me to take initiatives					
My supervisor allows me a high degree of initiative					
My supervisor trusts me to exercise good Judgment					
Q. 3 Communication	1	2	3	4	5
Before any policy change my supervisor informs me phase-to-phase in advance					
Supervisors are sincerely interested in listening to what subordinates have to say about their jobs, the problems they have and the solutions that subordinates suggest					
If an employee has a certain personal problem that influences negatively his (her) work					

performance, (s)he is encouraged to discuss it with his/her supervisor					
Supervisors in this company are never too busy if one of their subordinate wishes to meet personally					
Supervisors are expected to spend time with their subordinates, explaining them company objectives and how these objectives affect what the company expects from each individual employee					
Q. 4 Training and development	1	2	3	4	5
In this company Training is closely related to the individual needs of each employee.					
A newly hired employee will have to find his own answers to the requirements of the job					
Before the implementation of a major change in service rules we always get significant training regarding its impact on our daily activities and job description.					
If one is moved from one department to another, the new supervisor will personally train him/her for a pre-specified period of time.					
In this company they set aside adequate resources to train employees					
Training and development program is clearly directed at creating the competencies that are important to our business					
Q. 5 Customer orientation	1	2	3	4	5
I try to find out what kind of product would be most helpful to a customer.					

I try to figure out what a customer's needs are.					
A good salesperson has to have the customer's best interest in mind.					
I offer the product of mine that is best suited to the customer's problem.					
I try to sell a customer all I can convince him or her to buy, even if I think it is more than a wise customer would buy.					
I try to bring a customer with a problem together with a product that helps him or her solve that problem.					
It is necessary to stretch the truth in describing a product to a customer.					
I paint too rosy a picture of my products to make them sound as good as possible.					
I decide what products to offer on the basis of what I can convince customers to buy, not on the basis of what will satisfy them in the long run.					
I try to sell as much as I can rather than satisfy customers.					

Appendix 2 Reliability test

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
mowhenidosothing	103.91	188.593	.622	.	.933
momyincomeandtheannual	103.68	188.827	.562	.	.934
momyincomeandtheannualin crease	103.52	193.016	.497	.	.934
moeveryonegetsanannualbo nus	103.67	189.885	.499	.	.935
momyincomeandtheannualin creasesare	103.63	186.585	.668	.	.932
emmysupervisorallowsme	103.58	184.533	.712	.	.932
emmysupervisorencouages me	103.40	188.225	.676	.	.932
emmysupervisorallowsmeahi gh	103.41	189.681	.617	.	.933
emmysupervisortrustsmetoe xercise	103.46	190.476	.632	.	.933
cobeforeannypolicychange	103.44	190.943	.586	.	.933
cosupervisoraresincerelyint erested	103.37	187.907	.729	.	.932
coifanemployeehasacertainp ersonal	103.44	190.974	.581	.	.933
cosupervisorsinthishotelare	103.39	189.224	.681	.	.932
cosupervisorsareexpectedto spendtime	103.43	190.332	.519	.	.934
tdinthishoteltraining	103.63	192.709	.587	.	.933
tdanewlyhiredemployee	103.56	188.333	.497	.	.935
tdbeforetheimplementationof amajor	103.44	187.708	.672	.	.932
tdifoneismovedfromonedepa rtmenttoanother	103.38	187.042	.671	.	.932
tdinthishoteltheysetaside	103.70	191.447	.505	.	.934
tdtraininganddevelpomentpr ogranisclearly	103.59	188.266	.678	.	.932
coritrytofindoutwhatkind	103.54	192.468	.521	.	.934
coritrytofigureoutwhatacusto merneeds	103.31	194.614	.482	.	.934

coragoodsalespersonhasto	103.19	190.340	.568	.	.934
corioffertheproductofminetha tisbestsuited	103.40	190.272	.585	.	.933
coritrytosellacustomerallican convince	103.26	195.037	.379	.	.936
coritrytobringacustomerwitha problemtogetherwithaproduc t	103.35	192.548	.469	.	.935
coripainttoorosyapictureofmy products	103.47	195.570	.363	.	.936
coridecidewhatproductstooff eronthebasis	103.54	194.999	.353	.	.936
coritrytosellasmuchasican	103.30	197.533	.355	.	.936