

**EFFECT OF INTERNAL MARKETING ON ORGANIZATIONAL  
COMMITMENT: THE CASE STUDY OF SELECTED  
COMMERCIAL BANKS IN ETHIOPIA**

By: Yohannes Zeray Kahsay

GSR/2811/07

Advisor: Mulugeta G/medhin (PhD)

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**Board of Examiners**

Mulugeta G/medhin (PhD)

**Advisors Name**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Internal Examiners Name**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**External Examiners Name**

\_\_\_\_\_  
**Signature**

**May, 2016**  
**Addis Ababa**

## Declaration

I, the undersigned hereby declare that this thesis has neither been submitted for a degree nor submitted as part of requirements for a degree. I also certify that the thesis has been written by me. Any help that I received in this work and the preparation of the thesis itself has been acknowledged. Finally, I certify that all sources of the material used for the thesis have been duly acknowledged.

Yohannes Zeray \_\_\_\_\_  
Name                      Signature

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## List of Acronyms

**ANOVA:** Analysis of Variance

**CBE:** Commercial Bank of Ethiopia

**IM:** Internal Marketing

**NBE:** National Bank of Ethiopia

**SPSS:** Statistical Package for Social Science

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## Abstract

Internal marketing is taking employees as the most invaluable asset of an organization and treating them as internal customers because this result in gaining competitive advantage by organization respected. This research paper was conducted to examine the effect of internal marketing on organizational commitment in selected commercial banks in Ethiopia.. The target population of the study was employees of four commercial banks (Commercial bank of Ethiopia, Dashen bank, Bank of Abyssina and Wegagen bank). The most commonly used dimensions of internal marketing were identified and used to attest its impact on organizational commitment. The data collection resulted from 38 feedbacks received from employees' working at those selected banks and their branches. In addition to correlation analysis, further regression analysis was conducted to examine the effect of internal marketing on organizational commitment. The result indicate that all selected dimensions of internal marketing have significant relation with organizational commitment where communication, motivation, training and development and job satisfaction and significant impact organizational commitment. Therefore, The selected commercial banks is recommended to fully implement internal marketing principles to increase employees' communication, motivation job satisfaction and training and development to help those employees have an idea of how the organization is committed to them and towards their work and have a positive impact on customer as it is one of the competitive advantages of an organization to remain competitive in such dynamic, ambiguous and turbulent business environment.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the study

Banking has traditionally operated in a relatively stable environment for decades. However, today the industry is operating under new; more complex atmosphere resulted from the major changes in the economic and political conditions, and the storming effects of the financial crisis which the whole world is still recovering from. All these factors have forced the banks to find a new basis for competition in order to build and protect their competitive position. Most major banks have realized that improving service quality and creating customer relationships that deliver value beyond the provided by the core product itself is the key for fighting competition and driving performance.

Internal marketing with its unique philosophy plays a critical role in the relationship building orientation, as it works on assuring the employees satisfaction and commitment which is an important prerequisite for providing high service quality (Sasser and Arbeit, 1976; Berry, 1981). Internal marketing entails the application of the traditional marketing concept and its associated marketing mix inwards to the organization's own staff, in which employees are treated as customers of the organization in order to improve corporate effectiveness by improving internal market relationships (Vary, 1995). Also, it works on preparing the employees to act in a customer oriented manner (Gronroos, 1981; George, 1990) and assuring that all employees have the skills, abilities, tools and motivation in order to deliver promises made by the company to its customers (Barnes et al., 2004).

The relevance of internal marketing to service operations rests in the increased emphasis on service quality in customer oriented corporations. Customers no longer simply purchase products; they co-produce in service organizations (Prahalad & Ramaswamy, 2000). The co-production occurs through the front-line employees and the customer at the time of transaction, therefore, the customer buying experience must be understood from both the organizational and customer perspective (Iacobucci & Nordhielm, 2000). The inseparability of production and consumption of service makes service quality of a great value; hence, service giving organizations need to give high emphasis to the quality of service delivered by their front line

service personnel. Main assumption of internal marketing is that employees must be viewed as the most invaluable asset of an organization and must be treated as internal customers because this result in gaining competitive advantage by organization respected (Papasolomou, 2002).

In addition to this, internal marketing process of attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs. Applying internal marketing concepts in service industry helps to create customer oriented service personnel which will in turn helps the organization meet its objectives. Internal marketing aims to improve customer consciousness by changing beliefs of the front line employees (Ahmed & Rafiq, 2003).

Internal marketing is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter functionally co-ordinate 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 & Rafiq, 2003). The recognition of the key role of employees in services marketing has given a rise the internal marketing programmers strongly oriented to employee development (Tansuhaj et al. 1988; Grönroos, 1994, p.14). It seems to be a very useful approach in service industries because the customer-employee interaction determines a significant part of the market offering. Others argue that the quality of service and efficiency of the distribution of the service as well as effectiveness of the communication effort would depend more directly on the actions of employees of the company. Greater attention to customer employee interactions would result in an increase in perceived service quality, customer satisfaction and repeat purchase behaviour of service customers (Grönroos 2000). On the other hand, Berry (1984a) and Grönroos (2000) argue that treating employees as internal customers and their jobs as internal products will raise employee job satisfaction, as well.

Ethiopia has 19 banks, of which 16 are privately owned, and they form the country's main financial institutions. Access to financial services has been improving and the total number of bank branches reached 2 208 in 2014 (about 34% of which are located in Addis Ababa), bringing the ratio of bank branches to population from 49 675 to 39 834. The total capital of the banking system is ETB 25.6 billion (USD 1.28 billion), of which private banks account for 53.9%. The Commercial Bank of Ethiopia, the biggest state-owned bank, accounted for 34.2% of the total capital of the banking system.

Ethiopia's banking sector is stable and sound. According to the IMF, the system-wide capital adequacy ratio stood at a comfortable 17.5%, (well over the 8% requirement). Return on assets and return on equity showed solid performance, at 3.1% and 44.6%, respectively. The NBE regularly monitors adherence to Basel I capital adequacy requirements, and virtually all commercial banks have risk adjusted capital adequacy ratios well above the minimum requirement. The loan portfolio of banks also continues to be sound and the ratio of non-performing debt is currently below the 10% target (at about 2.1%). Growth in deposits has been robust and the share of savings and time deposits in total deposits has risen.

Hence, this research aims to study on the analysis of the effect of internal marketing on organizational commitment in selected commercial banks in Addis Ababa.

## 1.2 Statement of the problem

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 standpoint of internal marketing is that employees of an organization are its first market. Hence, the concept of internal marketing is based on the idea of employee as customer. Among the first who advocated that idea were Sasser and Arbeit. In their opinion internal marketing holds that personnel are the first market of a service organization (Sasser and Arbeit, 1976). The key motive behind the adoption of internal marketing within banks is the need to achieve attitudinal change among staff towards service-mindedness and customer focus that will enable the organization to compete more successfully in the external market place (Papasolomous and Kitchen, 2004).

Varey and Lewis (2000) indicated that internal marketing concept was suggested in the 1970s, as managerial approach to build and inculcate service delivery competence. However, despite the rapidly growing literature, very few organizations actually implement the concept in practice. The lack of implementation guidelines has also contributed to the low adoption rate by organizations (Gounaris, 2008).

The financial services industry is changing rapidly (Firdaus Abdullah, Rosita Suhaimi, Gluma Saban and Jamil Hamali, 2011). Technology, government regulation, and increasing customer sophistication are forcing financial service institutions to re-evaluate their current business

practices. Financial institutions across the globe are re-examining how they are meeting their customer's needs today and developing business plans needed to align them strategically to remain competitive and profitable in the future. Service quality in banking has recently become a topic of interest for academicians and researchers alike despite being considered markedly important over the years. Such interest may be the result of a reduced customer base and decreased market share affecting a portion of the banking industry (Bowen and Hedges, 1993). Banks that excel in quality service can have a distinct marketing edge since improved levels of service quality are related to higher revenues, increased cross-sell ratios, higher customer retention (Bennett and Higgins, 1988), and expanded market share (Bowen and Hedges, 1993). Likewise, provision of high quality services enhances customer retention rates, helps attract new customers through word of mouth advertising, increases productivity, leads to higher market shares, lowers staff turnover and operating costs, and improves employee morale, financial performance and profitability ( Julian and Ramaseshan, 1994; Lewis, 1989, 1993). Therefore, delivering quality service to customers is a must for success and survival in today's competitive banking environment (Samli and Frohlich, 1992).

Banks are service giving industries which give high emphasis to their service quality. The very nature of service is a vital part of service giving organizations which service providers directly contact with their customers through frontline staffs as service is one of the competitive advantages of banks currently. In relation to this, the satisfaction of these employees plays great role in rendering the quality of service to external customers. The importance of internal marketing lies in motivating employees and encouraging them to offer super services to customers who will improve the customer satisfaction of the company's services (Lings and Greenly, 2005).

According to previous studies done in Iran banks concluded the study shows the importance of internal marketing criteria and their influence on organizational commitment in Iranian financial service arena. The research highlighted the effect of inter-functional coordination and integration, training and motivation on organizational commitment. Through recognition of effective criteria of internal marketing on organizational commitment managers in state-owned banks can adopt proper policies, allocate their resources more efficiently and perform their strategies as well as proper marketing plans more successfully.

Today, Ethiopian banks are facing challenges with stiff competition. Hence, delivering quality service and creating customer satisfaction is expected of them to win this competition. So, it becomes very important for banks to meet or exceed the target customers' satisfaction with quality of services expected by them. The study intended to address is that the effect of internal marketing which consider not only the customer but also employees of the company which can make a difference in the company growth and profitability by attracting most customers and satisfaction. This study tries to study the gap which our banks face related to internal marketing with regard to organizational commitment.

### 1.3 Research Questions

#### 1.3.1 Main research question

- How does internal marketing influence the level of organizational commitment in the case of commercial banks in Ethiopia?

#### 1.3.2 Sub- research questions

- To what extent communication affects organizational commitment of commercial banks in Ethiopia?
- How does motivation influence organizational commitment of commercial banks?
- How training and developemrnt does affect organizational commitment?
- To what extent job satisfaction affects organizational commitment of commercial banks in Ethiopia?

### 1.4 Research Objective

#### 1.4.1 General Objective

The aim of this study is to examine of the effect of internal marketing on organizational commitment in selected commercial banks in Ethiopia.

#### 1.4.2 Specific Objective

- To investigate the effect of communication on organizational commitment in selected commercial banks in Ethiopia.

- To examine the influence of motivation on organizational commitment selected commercial banks in Ethiopia.
- To determine the effect of training and development on organizational commitment in selected commercial banks in Ethiopia.
- To examine the influence of job satisfaction on organizational commitment in selected commercial banks in Ethiopia.

### 1.5 Significance of the study

Considering the high costs of acquiring new customers and the high customer turnover in banks, it is very important to study the determinants of organizational commitment. Organizational commitment is the key factor for the successes of the company; therefore it is very important to measure it. The study will be a significant input for those banks regarding their customer getting the best service with respect to their employees. It gives an overview for the branch managers must have satisfied employees in order to have satisfied customers. At the simplest context, the most basic way of achieving employee-satisfaction is to treat employees as customers as well. On the employees side it has the significance that the employees are treated according to the organizational commitment towards them.

This study shall also be beneficial to implement mission and visions set by those banks by understanding the need of internal marketing to give excellent service to customers through their employees.

### 1.6 Research Hypothesis

The below hypothesis were developed to investigate the effect of internal marketing on customer satisfaction through job satisfaction and organizational commitment.

H1. There is a positive relationship between Communication and Organizational Commitment.

H2. There is a positive relationship between Motivation and Organizational Commitment

H3: There is a positive relationship between Employees Training and Development and Organizational Commitment.

H4: There is a positive relationship between Motivation and Organizational Commitment

## 1.7 Definition of Key Terms

**Internal Marketing:** A concept of viewing employees as internal customers, jobs as internal products, and endeavoring to better design these products to meet the needs of these customers. (Ahmed & Rafiq, 2003).

**Training and Development:** Designed activities from the environment that provides employees the opportunity from employers side with the purpose of enhancing the level to develop and learn new skills for their development of knowledge and skills or to modify the behaviors.

**Communication:** A general concept that covers the communication and feedback between executives and employees, horizontal and vertical communications, work related information and communication among departments.

**Motivation:** The development of desire within an employee to perform a task to his/her greatest ability based on that individuals own initiatives.

**Job Satisfaction:** A set of favorable or unfavorable feelings and emotions with which employees view their work. (Newstrom & Davis, 1997)

**Organizational Commitment:** A strong desire to remain a member of a particular organization, willingness to exert high level effort on behalf of the organization and belief in and acceptability of the values and goals of the organization. (Meyer and Allen, 1984)

## 1.8 Scope of the study

The scope of this study focuses on the effect of internal marketing on Organizational commitment of the current four major commercial banks in Addis Ababa according to National bank (Commercial Bank of Ethiopia, Dashen Bank, Bank of Abyssinia and Wegagen Bank) these banks have many branches in the country. However, the respondents in this study were employees from 16 branches, four from each bank in Addis Ababa city. Those selected branches are chosen by their grade set by their banks.

## Chapter Two: Literature Review

### 2.1 Introduction

Literatures related to internal marketing and organizational commitment has been reviewed to discuss briefly the concept of internal marketing and organizational commitment as the purpose of this study is to analyze the effect of internal marketing on organizational commitment. It includes Four major points have been mentioned in the literature part. These are internal marketing, organizational commitment, relationship between internal marketing and organizational commitment and finally theoretical frame work and hypothesis development.

Organizational commitment part discusses the definition of organizational commitment given by different scholars.

### 2.2. Internal Marketing

#### 2.2.1 Definition of Internal Marketing

Gronroos (2006) is one of the scholars who first introduced the term internal marketing during 1980s. He defined internal marketing as the behavior of selling a corporation for its internal customer's employees. The term internal marketing is used to describe the application of marketing internally within the organization. Every department and every person is both supplier and a customer, and the organization's staff works together in a manner supporting the company strategy and goal. It relates to all functions within the organization, but it is vitally concerned with the management of human resource.

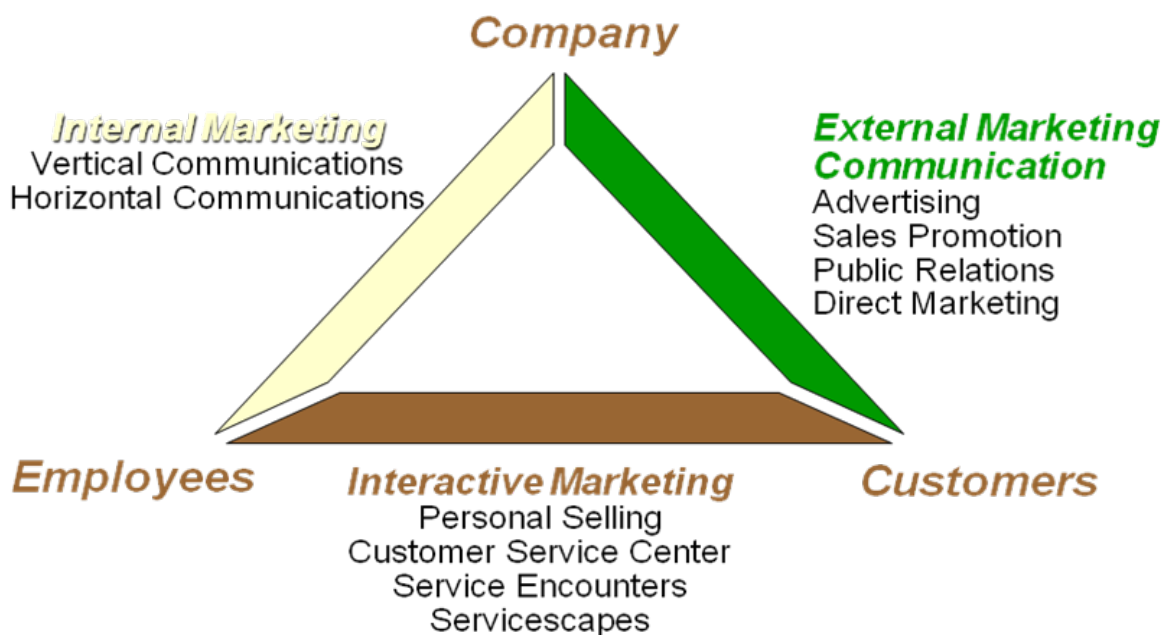
Internal marketing means applying the philosophy and practices of marketing to the people who serve the external customer as the best possible people can be employed and retained and they will do the best work possible. More specifically, it is viewing employees as internal customers, jobs as internal products, and endeavoring to design these products to meet the needs of these customers better.

Internal marketing requires that everyone in the organization buy into the concepts and goals of marketing and engage in choosing, providing and communicating customer value (Kotler and

Keller 2006 p. 697). It is essential the employees believe in the product or service they are selling or providing for the product to do well in the marketplace: since it is a matter of: that if you do not believe in what you are selling, how will your customers? For a business to survive in the 21<sup>st</sup> century, it needs to consistently reflect and assess on what is doing right and what is doing wrong, in order for it to be a successful company.

The goals of internal marketing are similar to those of external marketing, to increase visibility and awareness of the services or product available, and increase sales or orders.’ (Brown and Norris 2006:1).

**Figure 1: Three Types of Service Marketing**



Source: Parts of model adapted from work by Christian Gronroos and Phillip Kotler

The above figure shows that although external marketing is important for customers, there is also clearly the need to pay attention to internal marketing - one that involves a marketing relationship between employee and company. Consequently, only when internal marketing succeeds, will interactive marketing (between employees and customers) and external marketing (between business and customers) work. Therefore the figure ‘...shows that service marketing also requires internal marketing and interactive marketing. (Kotler and Armstrong 2008:241). In

reality employees are customers within the business, company or organization. So in terms of internal marketing, the targets are the employees (Cahill, 1996).

Kotler (2002) stated that internal marketing is an outgrowth of services marketing. Over the years, internal marketing has gained a very high level of prominence in marketing thought due to its proposed place as a prerequisite to effective external marketing. This is supported by Gorenroos (2000), according to him, successful internal marketing is prerequisite for successful external marketing. He also stated that internal marketing starts with the idea that employees are the first markets for the organization and that internal marketing can be viewed as an approach for developing interest in customers and marketing among organization personnel. As such, internal marketing is concerned with ensuring understanding and motivation for customer consciousness, thorough management of employee attitudes, internal communications, developing service culture, and training, empowering and enabling employees (Gorenroos, 2000). This point, hence, reassures the previously set proposition of the importance of explicit internal (employee) focus and its balance with external (market) focus (Lings, 1999).

New marketing views consider application of programs of internal marketing tendency essential for external marketing success (Lings, 2004). Internal marketing means to create an internal marketing within an organization by its employees. Members of this market need to be trained, rewarded and stimulated in order to meet external customers' needs and wants (Dukakis & kitchen, 2004). Internal marketing views employee's as internal marketing customers and job as internal products (Lee & Chen, 2005). Gummesson identified internal marketing as a vital element of market orientation (Gummesson, 1991, 60-75). Main assumption of internal marketing is that employees must be viewed as the most invaluable asset of an organization and must be treated as internal customers because this results in gaining competitive advantage by organization respected (Papasolomou, 2002, 62- 76). Internal marketing also defined as a critical and fundamental activity to create customer focused organizational culture with an aim to establish internal and external awareness of customer by removing barriers which are obstacles of organizational effectiveness (Christopher et, al 1991). Berry and parasurman (1991) define internal marketing as:

*“Attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs...the philosophy of treating employees as customers... and the strategy of shaping jobs to fit human needs.”*

The principles of internal marketing is also applied in human resource management to motivate, mobilize, nominate, and manage employees at all levels of the organization to continuously improve the way they serve external customers. There are several forms of internal marketing, what they all share in common is that the customer is inside the organization; it is viewing employees as internal customers, jobs as internal products and offering internal products that satisfy the needs and wants of these internal customers, considering the objectives of the organization.

Internal marketing lacks a widely accepted definition, but usually it encompasses three main themes: service-mindedness and customer-oriented behaviors, focusing staff attention on the internal activities that need to be changed in order to enhance marketplace performance and creating motivated and customer-oriented employees (Mosley, 2007).

Internal marketing concept of employees treated as external customers leads to the premises that just as external customers, internal customers desire to have their needs satisfied. Fulfilling employee needs enhances employee satisfaction, the higher the employees' satisfaction the higher the possibility of generating external satisfaction and loyalty (Ahmed & Rafiq, 2003).

People are critical to the success of organizations. Companies that select, develop, manage and motivate their workforce to produce outstanding business results have an extraordinary competitive advantage that others cannot copy. The objective of internal marketing is to get motivated and customer conscious employees in order to achieve service excellence. The use of marketing in the internal marketing context suggests an emphasis on the application of marketing techniques, approaches, concepts, and theories aimed at achieving customer satisfaction in the context of internal customers, in order to achieve success in the external market (Papasolomou, 2006)

Customer service holds great potential as a means for managing the internal work environment. Focusing on people rather than on jobs can be a difficult transition, but it may be critical for the survival and success of the organization (Cardy, 2001).

Internal marketing is also a philosophy for managing the organization's human resources based on a marketing perspective. A market-oriented human resources manager is more likely to make

an impact on the success of a company, considering it tends to be more effective in both demonstrating the relevance of human resources to all the company, helping other managers to increase their productivity. Internal marketing operates as a holistic management process to integrate the multiple functions of the organization in two ways: To ensure that the employees at all levels understand and experience the business and its various activities and campaigns. In the context of an environment that supports customer consciousness, and to ensure that all employees be prepared and motivated to act in a service oriented manner.

Internal marketing concept states that the internal market of employees is best motivated for service-mindedness and a customer-oriented behavior by an active, marketing approach, where marketing like activities are used internally. Having satisfied and motivated employees will influence positively customer satisfaction, through more satisfactory encounters with contact personnel. From this viewpoint, “employment” (job description and employee-related policies) is the internal “product” and first-line employees the company’s internal “customers” (Gounaris, 2008).

Encouraging the organization’s employees to buy their own services and products in both consumption and psychological terms can boost sales and confidence for customer service delivery. It requires considerable co-ordination since promotion to external customers will also largely influence employees (Varey, 1995).

In conclusion, the exact definition of internal marketing has not been given by scholars yet but its concept rolls around employees being considered as customers by their employers; it is treating employees as external customers are being treated so as to gain competitive advantage which can’t be copied. Implementing internal marketing has different dimension, benefit and challenges which will be discussed in detail.

### 2.2.2 Dimension of Internal Marketing

Internal Marketing is very complex where the exact meaning of the concept still remains vague. Scholars have given various variables on the dimension of internal marketing. Below are dimension of internal marketing used by different scholars.

- ✓ Ahmed and Rafiq (2003): Strategic rewards; Internal communications; Training and development; Organizational structure; senior leadership; Physical environment; Staffing; Selection and succession; Inter-functional coordination; Incentive systems; Empowerment; and Operational/process changes.
- ✓ Gounaris (2006): Selection, Training and development, Incentive systems or Empowerment
- ✓ Parasuraman, Zeithaml and Berry (1991): Compete for talent; offer a vision and provide a purpose to equip employees with skills and knowledge of 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
- ✓ Rafiq and Ahmed (1993): Employee motivation and satisfaction; Customer orientation and Customer satisfaction; Inter-functional coordination and integration; Marketing-like approach; and Implementation of specific corporate or functional strategies.
- ✓ Varey and Lewis (1999): Dissemination of information from all internal groups; Development of competence, and Development of incentive and motivation systems.
- ✓ Tsai and Tang (2008): Service training programs, Performance incentives, and Vision for service excellence
- ✓ Bansal, Mendelson, and Sharma (2001): Employment assurance; Broad training; Abundant salary determined according to organizational performance; Information sharing; Employee empowerment, and Reducing differences in rank.

Internal Marketing can be explained by the above stated dimensions, even if it was recommendable to analyze internal marketing using all the dimensions, for the purpose of this study ,due to time and resource constraint, three dimensions which were the most repeatedly stated by the scholars were selected assuming the most common ones can explain internal marketing well enough.

### 2.2.3 Implementing Internal Marketing

The incentive for properly implementing internal marketing is how it will assist in the creation of competitive advantage. Companies that embrace internal marketing understand that taking care of customer's means taking care of employees. They realize that their employees are important

because they are responsible for delivering quality products and services to their customers. Sustained delivery of products and services that exceeds customers' expectations will develop customer loyalty, as they become highly satisfied or even delighted (Kotler, 2008).

According to Proctor (2010), there are practical actions that can be taken to implement internal marketing with a focus on preparing employees to build a relationship with customers and deliver a quality service to customers. These includes

- Let employees know why they should do things as well as how to do them;
- Apply marketing skills and initiatives internally to understand employees' needs and wants;
- Making sure employees are told about the organization's mission and how they fit into it
- Develop employees' suggestion system to encourage ideas on improving the quality of customer service ;and
- Making sure internal communication channels effectively share information on how to market ideas and services internally

## 2.2.4 Importance of Internal Marketing

Internal marketing aims to motivate and influence employees towards customer-consciousness and sales-mindedness using marketing-like techniques internally (Gronroos, 1982). The essential role of IM is to encourage and motivate employees towards the cross-functional implementation of organizational objectives (Rafiq & Ahmed, 1993). Through proper internal marketing programs, organizations can attract, recruit, and retain the right mix of employees in order to deliver superior value at all times (Collins et al, 1991). The major task of internal marketing is to successfully hire, train and motivate qualified employees in order to serve the customer well (Kotler, 2008).

Internal marketing is an important part of organizational development and change, moreover, if there is an absence of internal marketing in the given organization, management may face with resistant staff toward change processes and adaptation (Varey & Lewis, 1999). Thus, applying internal marketing, an organization can be able to develop an atmosphere and environment in which workers are appreciated and susceptible to improve business performance and generate

long term competitive advantage through the creation of strong organizational cultures. This can be generally attained through developing face-to-face, flexible, also efficient interaction between management and different groups within the given company instead of operating in a rather bureaucratic organization (Ahmed & Rafiq, 2003).

### 2.2.5 Measuring Internal Marketing

It is necessary to measure effectiveness of internal marketing in order to ensure the internal marketing structure is followed through it after it is applied. The success of the internal marketing strategy can be measured as follows:

- A) Improved integration, including the placement of a senior management services director within the offices of the other departments, close to the senior management team and business development staff;
- B) Invited attendance at monthly business development seminars/lunches;
- C) The development and issue of new departmental and work stream brochures
- D) Increased involvement and appearances in pan discipline business development activities, key client business to business meetings and corporate hospitality events;
- E) Internal seminars delivered by management services to all staff outlining the skills within the department, its structure, the type of work undertaken and its client base;
- F) Increased prominence by management services as leader for internal training and development programs;

If businesses are willing to invest in such a thorough process, there is very little chance for it to fail, as it is 'ensuring that there is a sharing of knowledge, expertise, and skills across departments and that there is a process by which departments can be educated in the areas of work and skills of others, the opportunity for cross selling services is increased (Brown et al, 2002)

In terms of the actual effectiveness of internal marketing, methods need to be followed through. Such methods, for example: which aim to motivate employees, demand a decentralization of the

decision-making process and motivating personnel policy needs to be logical and just in its nature. If there is an absence of such a policy, it is likely that internal marketing efforts become fruitless

## 2.2.6 Challenges of Internal Marketing

The problem of the concept of Internal Marketing were the job product “sold” to internal customers may be unwanted by them and that unlike in the external market, employees rarely have a choice in terms of product offered and may even be coerced into accepting these (Ahmed & Rafiq, 2003). In addition the financial implication of having satisfied employees may be substantial and that not all organizations were prepared to invest so heavily in an idea that may only bring results in the long term. For example, in order to satisfy employees, salaries may need to be increased, working environment rebuilt and training heavily invested in; with in return on investment only being shown in the long term (Papasolomou & Vrontis, 2006).

## 2.3 Organizational Commitment

### 2.3.1 Definition of Organizational Commitment

Organizational commitment is conceptualized as the strength of the employee’s emotional identification with an organization and loyalty to that organization. Several studies demonstrated a significant and positive relationship between internal marketing and organizational commitments (Tansuhaj et al., 1991). Souchon and Lings (2001) have also suggested that internal marketing practices have been proposed as a key means of increasing staff motivation, organizational commitment, and employee satisfaction.

In connection, internal marketing leads towards market orientation through organizational commitment because market orientation cannot be visible in the absence of firm commitment (Awwad & Agti, 2011). Meyer and Allen (1997) constructed their three-dimensional component based on observing similarities and differences in organizational uni-dimensional concepts. In general their discussion was that commitment links individual with organization and thus, this link decreases the probability of turnover (Meyer & Herscovitch, 2001). They distinguish three kinds of commitment:

- 1) Affective commitment: show individual's affective dependence to organization. Meyer and Allen believe that a person feels effective dependence on organization when the aims and values of organization seem like his/her aims and values and to be convinced that he/she must help organization achieve its goals (Allen & Meyer, 1990).
- 2) Continuance commitment: it is related to willingness to stay in organization for expenses of its leave and compensation due to stay in organization. Indeed this kind of commitment is created when a person would believe that his abilities are not affordable in the market, or that he lacks necessary skills to compete in the areas of interest. Such employees feel a kind of dependency on their existent organization. Indeed, this kind of commitment included two infrastructures. One is based on degree of person's willingness about leave of organization and the other is related to distinguishing between available and substitution positions in the case at organization's leave and expenses from it (Awwad & Agti, 2011: 311)
- 3) Normative commitment: it reflects staying in the organization as a member of it, so that a person feels his/her staying in an organization is a correct option (Allen & Meyer, 1997; McKenna, 2005). Persons who have high degree of normative commitment feel that they are bound to continue their work (job) in the organization.

Indeed normative commitment shows employee's belief relative to their responsibility in relation to organization (Stallworth, 2004) and it directs employees to stay in the organization (Chang & Lin, 2008). Main subject of commitment would be willingness to conducting an act by a consistent behavior either explicit or implicit (Meyer & Schoorman, 2001). A subject which is created by negotiation between persons and colleagues is called transaction (Brown, 1996). Value of transaction between a person and organization is consisting of quantity and value of input and output. This emphasizes on calculative commitment (Hackett, 1994).

Organizational commitment of an individual is a strong faith with particular organization. With this strong faith, employees work with strong aspiration to achieve the goals, targets, and values of organization. Employees also have strong emotional attachment with particular organization for which they were working (Meyer and Allen, 1997). Organizational commitment is the

concept which was being defined as the commitment of employees to the organization for which they were working (Mowday et al., 1979). Affective commitment has many direct links with the emotion of the employees towards organization and many factors then come which shows commitment of an employee towards organization (Meyer and Allen, 1997). Freeman and Medoff (1984) adopt the exit-voice model in which there was description regarding organizational commitment and loyalty of employees. In another study by Hirschman (1970), there was extension of exit-voice model. Loyalty of employees with particular organization was an important component being identified. Employees who were not loyal they leave the organization but employees who were loyal they remain with the organization and they try to use voice mechanism if available. In some studies, loyalty was taken as important construct to measure organizational commitment but constructs differ with different emotional properties. The most important aspect which was related with organizational commitment was job. Hirshman (1970) model of exit-voice when used in other studies, especially in U.S employees they found out those employees which have quality wise better wages and promotional chances they don't have any effect of unions on employees organizational commitment.

#### 2.4. Internal Marketing and Organizational commitment

In services marketing literature, one can find a direct or indirect affect of some of the IM concept dimensions(examined in an isolated manner) on some categories or dimensions of business performance indicators ,primarily: improving service quality, decreasing the rate of personnel turnover, creating customer conscious employees, improving employee commitment to the organization (George, 2009).

The major thrust of the internal marketing concept is to ensure that employees feel that management cares about them and their needs are met. The successful application of the concept is translated into positive employee attitudes towards their work including organizational commitment, job involvement, work motivation and job satisfaction (Tansuhaj *et al.*, 1991). There is some empirical support for a significant relationship between internal marketing and consumer satisfaction (Tansuhaj *et al.*, 1987) and between internal marketing and service quality (Richardson and Robinson, 1986). The resultant positive effect of internal marketing will mean

that employees will input maximum rather than minimum effort thereby better satisfying the needs and wants of external customers (Berry, 1981).

Lack of commitment from employees can be harmful to an organization, resulting in poorer performance arising from inferior service offerings and higher costs. Hogg (1996) has suggested that internal marketing could be the answer to gaining employee commitment, succeeding where traditional internal communications programmes have failed. Ajay and Sabir (2009) noted that wellbeing in terms of six constructs including: a manageable workload; personal control over the job; support from colleagues and supervisors; positive relationships at work; a reasonably clear role and a sense of control of involvement in changes in the organization positively related with affective and normative commitment. Schlessenger and Heskett (1991) highlight the importance of motivated employees, arguing that this leads to a “cycle of success” that results in increased awareness of employees’ roles in customer satisfaction; the integration of employees into winning teams; and a concentration on quality as the core of a service. These authors argue that management of service firms need to break out of a “cycle of failure”

According to Ahmed & Rafiq (2003), in order for an organization to have satisfied clients who receive consistently high service quality, an organization must have satisfied employees. By treating employees as customers, especially those with direct contact to clients, that service quality would increase as these front lines employees would be more likely to be customer conscious if their needs were met (Gounaris, 2006)

An increasingly service-oriented economy asks companies to attract and retain to ensure a sustainable competitive advantage (Bansal, Mendelson & Sharma, 2001). The relationship between buyer and seller not only affects the customer's decision to buy a service or go back for more, but also provides a marketing opportunity for the company. Employees should, therefore, “be sales-minded as well as customer-orientated. The object of IM was therefore to get motivated and customer conscious employees, and to achieve good coordination between employees dealing directly with the customer and the company's support staff” ( Mohammed & Ahmed, 2000).

Christian Gronroos stated that not only do buyer–seller interactions have an impact on purchasing and repeat purchasing decisions but also, crucially, those buyer–seller interactions

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 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(1982) also views the internal marketing concept as a means of integrating the different functions that are vital to the customer relations of service companies. (Grönroos, 1982).

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. Holding 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.

Perceptions of internal marketing by employees have led to employees' satisfaction which in turn affects in tendency of employees to customer. Kotler and Armstrong are considered as create a Customer Orientation in employees that will be led attract customers by informed employees. (Sahney Et al. 2003)

Internal marketing holds that employees are best motivated for service-mindedness and customer-oriented behavior by an active marketing-like approach, where marketing-like activities are used internally. The addition of marketing-like techniques internally moves the need to motivate employees, and advocate the use of 'marketing-like' techniques to do it should be stressed. Gronroos' conceptualization focuses attention on creating customer orientation in employees through a process of influencing, rather than satisfying and motivating employees per se. (Grönroos, 1982)

## 2.5 Theoretical Framework and Hypothesis Development

The aim of this study is to examine the effect of internal marketing on organizational commitment in selected commercial banks in Addis Ababa. Internal Marketing has different but related dimensions which were previously stated in the Dimension of Internal Marketing part,

among stated dimensions, for this study paper purpose the most commonly quoted dimensions were selected. These are Communication, Motivation, Training and Development, and Job satisfaction.

Communication for the purpose of study can be defined as accurate and open flow of information between employees and management. Internal communication is about relationships and creating a respected atmosphere for all the people within the organization (Argenti, 2009).

There are three communication types; top-down communication occurs when communication flows from people at higher levels to those at lower levels in the organizational hierarchy, such as tasks like job instructions, providing information and feedback. Upward communication includes messages flowing from subordinates to superiors and continues up the organizational hierarchy. These types of communications convey messages such as what subordinates are doing, unsolved work problems and suggestions for improvements. Horizontal communication consists of messages between employees of the organization with equal power, messages like task coordination, problem solving, sharing information, conflict resolution and building relationships fall under this kind of communication. (Adler & Elmhorst, 1996)

People must be able to ask questions and expect to be answered and also they should be able to suggest improvements or come up with new ideas is an essential part of employee self-confidence, commitment and participation. In order for employees to feel that they are a part of the organization and that they really matter, upward communication is very important (Dunmore, 2002). It has also been selected by different scholars as one of internal marketing dimensions. Below are the lists of scholars Bansal, Mendelson, and Sharma (2001), Varey and Lewis (1999) and Ahmed and Rafiq (2003).

Motivation: Webster's dictionary defined motivation as something that causes a person to act; hence for the purpose of this study any initiation taken by employers to motivate employees is included in motivation. Such features are rewards, incentives, feedbacks, appraisals and abundant salary. Scholars that stated motivation or imitation taken by employers to motivate employees are Tsai and Tang (2008), Gounaris (2006), Rafiq and Ahmed (1993) Bansal, Mendelson, and Sharma (2001), Parasuraman, Zeithaml and Berry (1991)

Training and Development is defined as a system for assisting employees to develop within their current jobs or advance to fulfill their goals for the future (Karen, 2007). Employee development programs should contain the three “Cs: core workplace competencies, contextual framework within which the organization conducts its business, and corporate citizenship. The core competencies are, learning to learn, communication and collaboration, creative thinking and problem solving, and career self-management (Kottke, 1999). The primary goals of many employee development programs is to communicate the vision of the organization, help workers understand the corporate values and culture, and show employees at every level how they can help the company succeed (Gerbman, 2000). They exist in order to support business’s strategic goals by providing learning opportunities and engraining the organizational culture (Kottke, 1999). Although the need for technical training in a specific position will never disappear, understanding an organization’s culture and fitting into it are becoming increasingly important for employee success. Two factors that are crucial to the success of employee development programs are keeping them current and putting learning in the hands of employees. (Karen, 2007).

Tsai and Tang (2008), Gounaris (2006), Bansal, Mendelson, and Sharma (2001), Varey and Lewis (1999) and Ahmed and Rafiq (2003) has selected training and development among the dimension where internal marketing can be explained of; hence it has been selected to be included for this case study.

Souchon and Lings (2001) have also suggested that internal marketing practices have been proposed as a key means of increasing staff motivation, organizational commitment, and employee satisfaction. Kyriazopoulos et al (2007) examined the adoption of the internal marketing concept from bank’s branches, and they found that internal marketing has a positive effect on organizational commitment.

Job satisfaction is defined as job satisfaction as the extent of affective reactions to which frontline employees likes their jobs. It is a positive emotion since frontline employees can benefit from salary or bonuses from satisfying customers. According to the affect theory of social exchange, researchers have suggested that job satisfaction of frontline employees would have positive effect on customer orientation behavior (Rastegar, Reza & Alireza, 2012). Job satisfaction is also defined as the extent people are satisfied with their work or a set of favorable

or unfavorable feelings and emotions with which employees view their work (Newstrom & Davis, 1997).

Job satisfaction is conceptualized as the extent to which an employee reacts with happiness to his/her job in general. Bak et al. (1994) pointed out a positive relationship between internal marketing and job satisfaction. In service organizations such as banks, an internal customer's satisfaction can be significantly influenced by service encounters experienced with internal service providers (Papasolomou and Kitchen, 2004). Customer satisfaction is largely influenced by the quality of the service provided. Employees who are satisfied, loyal, and productive provide high value customer service (Heskett, et al, 1994). Satisfied employees exist in an environment that provides support services and policies that assist them in dealing with customers. Value is created by these satisfied and loyal employees, who in turn create loyal and satisfied customers (Sergeant & Frenkel, 2000)

Rust, et al (1996) claim employees who recognize and appreciate relationships with customers provide better service. Customers who receive better service complain less and create fewer problems for employees. Employees react positively to an increase in these positive encounters, are more likely to provide better service, and satisfy more customers. Employee satisfaction among service personnel has the potential of increasing customer satisfaction, repeat purchases, and positive references to other potential customers (Rogers, et al, 1994).

Marketing scholars focusing on the internal role of the marketing function concur that employees' job satisfaction is an internal, intermediate, objective of the marketing philosophy with service excellence and customer satisfaction in mind (Gounaris, 2008). Heskett et al. (1997) suggests that the satisfaction of employees reflects on customers and vice-versa resulting in a cycle of good service and ultimately increased profitability.

Ahmed et al. (2003) report that internal marketing programs influence positively employees' level of job satisfaction. Heightened competition has also placed pressure on banks to achieve optimum staff contribution to competitiveness by giving certain forms of empowerment to workers (Papasolomou and Kitchen, 2004).

Organizational commitment is conceptualized as the strength of the employee's emotional identification with an organization and loyalty to that organization. Several studies demonstrated

a significant and positive relationship between internal marketing and organizational commitments (George and Gronroos, 1989; Tansuhaj et al., 1991; Piercy and Morgan, 1994; Hogg, 1996; Carruna and Calleya, 1998). Effective commitment focuses on the emotional attachment of the employee to the organization and underlines the commitment of the employee to pursue the goals of the organization (Carruna and Calleya, 1998).

Organizational commitment is identified as one of antecedent of customer orientation. Salespeople who are committed to their employers would be more likely to support the organization's goals regarding the development of customer satisfaction. Those who value organizational membership are willing to exert considerable effort, which in turn translates into high level of focus more on meeting customers' needs (Nor & Noor, 2012).

Organizational commitment is 'typically conceived of as an individual's psychological bond to the organization, including a sense of job involvement, loyalty, and a belief in the values of the organization'. According to another definition, organizational commitment is defined in terms of the strength of an individual's identification with an involvement in a particular organization. Organizational commitment is characterized by three factors: A strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization and a definite desire to maintain organizational membership (Porter, Streers & Boulian, 1973)

## The Conceptual Frame Work

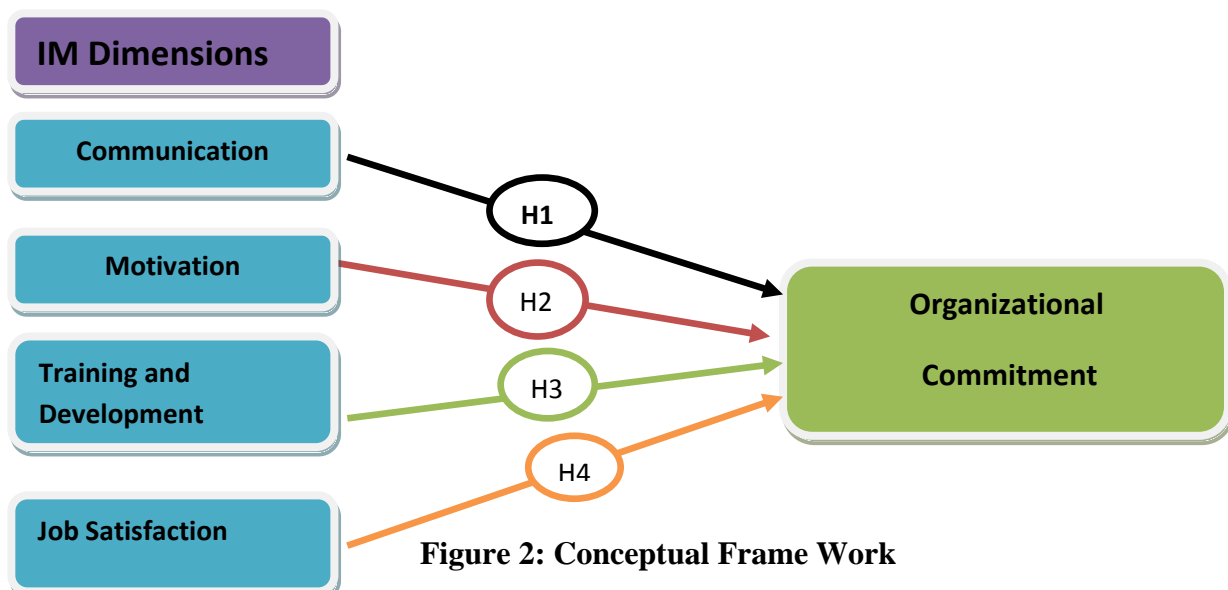


Figure 2: Conceptual Frame Work

## Communication and Organizational Commitment

Communication is a broad term that covers the communication between and among the executives and the employees in a corporation, the communication between the departments and cooperation and feedback between units. Individuals' satisfaction with the structure of communication also affects their success in their business lives. In short, it is a natural outcome of the satisfaction with the existing structure of communication within the corporation. Organizational commitment expresses the employees' sense of belonging, commitment towards the corporation and efforts towards the continuation of their existence in the corporation. At the basis of organizational commitment, there is dedication and identification. If the individual are satisfied with the corporation and internal communication, they make an effort to stay in that corporation. According to this study, the relation between communication satisfaction and organizational commitment was examined; it was concluded that communication satisfaction affects the organizational commitment. The effect of communication satisfaction on organizational commitment is at higher levels on normative commitment and affective commitment. (Elif & Burcu, 2013,)

In addition, the study conducted on the relationship between communication satisfaction and organizational commitment in three Guatemalan organizations by Federico (1996) also proved that there was an explicit positive relationship between communication satisfaction and employees' organizational commitment.

Hypothesis 1: There is a positive relationship between Communication and Organizational Commitment.

## Motivation and Organizational Commitment

Both motivation and organizational commitment are psychological states, based on internalized values, external rewards, and moral involvement. Both have been described as energizing forces with implications for behavior (Meyer & Becker & Vandenberghe, 2004). Crewson (1997) explained the relationship between motivation and organizational commitment as “Whether a

member decides to commit himself or herself to the group depends on the relationship between the individual's motivational predispositions and the type of organizational incentive system.

Based on the study conducted by Idris and Wan (2011) entitled Does motivational factor influence organizational commitment and effectiveness? A literature review, motivation has significance relation with organizational commitment

Hypothesis 2: There is a positive relationship between motivation and Organizational Commitment

### Employee Training and Development and Organizational Commitment

Organizational commitment is defined as an individual belief in and acceptance of the organization's goals and values and his or her willingness to exert considerable effort on behalf of the organization (Porter et al, 1973). Considerable work has shown that commitment to one's organization is usually accompanied by greater work motivation and a desire to make the firm more effective and prosperous as well as to exert visible effort beyond what is traditionally expected in their jobs (Mowday, Porter & Steers, 1979).

Monetary rewards of individual skills is an important aspect of doing do not cause organizational commitment, rather employee business today and employee development will likely commitment with organization rely upon the opportunities grow in the future. The benefits of employee given by the employer to conduct important, meaningful development extend beyond the actual skills gained and challenging work. (Meyer & Allen, 1977).

In the case study conducted on Employee's Belief regarding training benefit and Organizational commitment by (Amir et al, 2013), there is significant positive relationship between employee This study explored the relationship of organizational perception of training benefits and organizational commitment and employees' perception of training commitment.

Hypothesis 3: There is a positive relation between Employees Training and Development and Organizational Commitment

## Job satisfaction and organizational commitment

High employee satisfaction is important to managers who believe that “an organization has a responsibility to provide employees with jobs that are challenging and intrinsically rewarding” (Robbins, 2001). The meaning of job satisfaction (JS) has been discussed by many scholars. For example, Hoppock(1935) defined job satisfaction as a "satisfying feeling enjoyed by an employee with his or her current situation, both mentally and physically." In addition, Smith et al.(1969) also view job satisfaction as an employee's emotional reaction to employment. Furthermore, Spector (2003) defined job satisfaction simply as “the extent to which people like their jobs” (p. 210). This definition suggests that job satisfaction is a general affective reaction that individuals hold about their job (Lo and Ramayah, 2011).Also Locke (1976) defined job satisfaction as "a pleasurable or positive emotional status resulting from the appraisal of one's job or job experiences". Additionally, theorists and researchers have looked at job satisfaction in terms of intrinsic and extrinsic factors. Extrinsic factors related to work environment and intrinsic factors related to work content (Alonderiene, 2010).

Organizational commitment differs from job satisfaction in that organizational commitment is a much broader concept. It reflects one’s feelings toward an entire organization, not just a specific job (Garland et al. 2009). Organizational commitment refers to the level of an individual’s identification with and involvement in his or her organization (Mowday et al. 1982).One of the most widely recognized approaches in organizational commitment literature is the approach of Allen and Meyer (1990). Allen and Meyer’s scale (1990) was designed to measure the multi dimensional nature of commitment through three concepts. Continuance commitment is related to perceived costs of leaving and perceived of lack of alternatives. Employees with a high amount of continuance commitment stay in their organization because they have to, or there are important reasons to. On the other hand, Affective commitment means the emotional linkage between an employee and the organization. In fact employees with a high degree of affective commitment stay in their organization because they want to.

Also normative commitment refers to employees’ feelings of obligation to stay with the organization because of norms and values they share (Felfea and Yan, 2009; Abzari et al., 2011). Totally, each of the three aspects of organizational commitment refers to a psychological state

which describes an employee's relationship with the organization and has implications for their continuing membership (Kuruuzum et al. 2009).

Gunlu et al. (2010) analyzed the effects of job satisfaction on organizational commitment among the hotel managers in Turkey and the findings proved that as job satisfaction levels increased, organizational commitment increased as well. Generally, the positive impact of job satisfaction on organizational commitment has supported in many researches (Mahatanankoon, 2007; Deconinck, 2009; Rutherford et al., 2009 and Westover et al., 2010).

Hypothesis 4: There is a positive relationship between job satisfaction and Organizational Commitment

## Chapter Three: Research Design and Methodology

### 3. Research Methodology

This chapter discuss about the methodology used to conduct this study. The general purpose of the study was to examine the effect of internal marketing on organizational commitment in selected commercial banks in Ethiopia on non-management employees working in selected banks and respective grade four branches. Hence, the sample population of this study was employees working in four banks.

#### 3.1 Research Approach

There are two main domain research approaches; qualitative and quantitative research approaches. Qualitative research approach is used when the method of data collection and analysis used are non-quantitative whereas quantitative research is where quantitative measures are used to analyze and interpret data. In this research since collected data are to be analyzed using quantitative measure i.e. statistical analysis so as to investigate the correlation between internal marketing and organizational commitment, the research is going to be quantitative research.

#### 3.2 Research Design

Research design is the conceptual structure with in which research is conducted; it constitutes the blue print of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data (C.R. Kothari, 2004). 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. Descriptive Research emphasis on determining the frequency with which something occurs or the extent to which two variables correlate and the third research design: Causal Research focuses on determining cause-and-effect relationships (Churchill, 2006). The type of research design selected is descriptive and exploratory research

design. As described by Suryabrata, (2003) descriptive method is a method that describes the study systematically, factually and accurately utilizing facts, behaviors and relationship between the phenomenon being studied(As cited by Naik et al; 2010). The purpose of selecting these explanatory research designs is to study the correlation between internal marketing and customer satisfaction and to analyze the effect of internal marketing on organizational commitment.

### 3.3 Data 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. The data source used in this study is both primary and secondary data source. Questionnaire will be developed and distributed to employees to collect primary data from service giving personnel and on the other hand, previous studies, literatures, journals and publication are used as secondary data reference.

The questionnaire will contain number of multiple choice questions where employees will be asked to reveal their opinion of several statements related to internal marketing dimensions and organizational commitment by answering how much they agreed or disagreed with a given statement.

### 3.4 Population, Sample Frame and Sample Size

#### 3.4.1 Population

The purpose of this case study is to analyze the effect of internal marketing on organizational commitment. It is a case of four selected commercial banks located in Addis Ababa. The selected commercial banks are according to their position in terms of the number of customer and their position in the market. . The criteria used for selecting these commercial banks will be the type of customers they serve and the grade level that are given by their respective banks. The population for this study will be the non-management employees working on those grades 4 branches of the selected commercial banks. Grade 4 branches are selected based on the service they deliver and the number of customer they have for their service.

**Table 1 List Of banks**

<b>Bank Name</b>	<b>Date of Establishment</b>
Bank of Abyssina	1996
Commercial Bank of Ethiopia	1963
Dashen Bank	1996
Wegagen Bank	1997

*Source:* National Bank of Ethiopia

A given bank branch holds a branch manager, customer service manager and non managerial staff. The population for this study will be the non-management employees.

For the purpose of the study four grade 4 branches of CBE have been selected randomly. With the same procedure, for grade 4 branches have been selected from the three private banks.

The number of non-management employees of Commercial bank Of Ethiopia is 435. The number of non-management employees of private banks is 112, 140 & 100 respectively. The number of non-management employees of each branch is shown below in table 2.

**Table 2: Number of non-management employees at branch level**

<b>Bank</b>	<b>Branches</b>	<b>No Employees</b>	<b>Total No. employees</b>	<b>% Respondants</b>
<b>CBE</b>	Addis Ababa	125	435	212
	Finfine	114		
	Bole	80		
	Lideta	116		
<b>Dashen</b>	Tana	30	112	54
	Megenagna	28		
	Bole	28		
	Mexico	26		
<b>Abyssinia</b>	Fuleweha	38	140	68
	Bole	32		
	Raguel	35		
	Genet Hotel	35		
<b>Wegagen</b>	Bole	26	100	48
	Teklehaimanot	24		
	Goffa	22		
	Meskel Square	28		
<b>Total</b>			<b>787</b>	<b>384</b>

### 3.4.2 Sampling Frame

Sampling frame is the source list where the sample is drawn from. It has to be comprehensive, correct, reliable and appropriate. (C.R. Kothari, 2004). The sample frame for this study is the non-management employees of the four selected Commercial banks in Addis Ababa which is by their grade set by the respective of their bank.

### 3.4.3 Sample Size

Determining the sample size should be done in vigilantly not to make it too small or too large. If sample size is too small, will not represent the population and if it's too large, unnecessary cost will be incurred. The sample size is 384 from 787 populations, with 95% confidence level and confidence interval as  $\pm 3$ . . Adopting proportional allocating of stratified sampling for each department/strata, the following figures has been planned

- Comercail bank of Ethiopia :  $435/787*384=212$
- Dashen Bank :  $112/787*384=54$
- Abyssinia Bank :  $140/787*384=68$
- Wegagen Bank :  $100/787*384=48$

The sampling technique selected is stratified random sampling method; the sample size of this study will incorporate the selected banks within their grade 4 branches.

### 3.5 Sampling Technique

Sampling technique is technique used to select suitable sample so as to represent the whole population. There are two common sampling techniques; probability and non-probability 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 (C.R. Kothari, 2004). There are five types of probable sampling method: Simple random sampling, Systematic sampling, Stratified sampling, Cluster Sampling and Multi-Stage Sampling.

The technique selected for this study will be stratified proportional sampling. Stratified sampling is appropriate when the population is classified into different group/strata. In this study, public and private commercial banks can be taken as strata.

The sample size to be drawn from the public and private commercial banks is proportionately determined based on the number of non-management employees deployed in each branch.

### 3.6 Variables of Internal Marketing

Organizational commitment is the dependent variable while internal marketing through its selected dimensions; Communication, Motivation training and development and job satisfaction are independent variables.

### 3.7 Data Collection Tool

The current internal marketing practice and its effect on organizational commitment will be investigated using structured questionnaire prepared based on 5 point likert scale rating from 1 (strongly disagree) to 5 (strongly agree). The questionnaire will include all the selected dimension of internal marketing and customer orientated service personnel behavior to analyze the effect of internal marketing on customer orientation.

It's planned to collect data from the 787 employees from selected banks as stated in the sample frame by means of stratified sampling method. The correlation between dependent and independent variables along with the causal effect will be analyzed using Statistical Package for Social Science (SPSS).

### 3.8 Methods of Data Analysis

In order to analyze the effect of internal marketing on organizational commitment the collected data will be analyzed using SPSS to test hypotheses stated in the conceptual frame work. The correlation between selected dimension of internal marketing and organizational commitment

will be analyzed through multiple regression analysis. The effect of internal marketing and organizational commitment will also be analyzed using regression analysis.

Model specification: The multiple regression model of the study will be as follows:-

$$Y = a + b_1(X1) + b_2(X2) + b_3(X3) + b_4(X4) + e$$

Y = Organizational commitment

a = Y intercept

X1= Communication

b1 = Regression (beta) Coefficient of communication

X2= motivation

b2 = Regression (beta) Coefficient of motivation

X3= Training and development

b3 = Regression (beta) Coefficient of Training and development

X4= Job satisfaction

b4 = Regression (beta) Coefficient of Job satisfaction

e = error term

Besides, t-test will be used to analyze whether there is a statistically significant difference between public and private banks in terms of communication, motivation training and development and job satisfaction.

## 3.9 Validity and Reliability

### 3.9.1 Validity

Validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested. (C.R. Kothari, 2004)

The variables of this study were previously validated and used by different scholars as it has been included in literature review part. The literature includes the relationship between each selected dimensions of internal marketing.

### 3.9.2 Reliability

Reliability is the degree to which an assessment tool produces stable and consistent results. (Colin Phelan and Julie Wren, 2005-06). Reliability has also been defined as the consistency of measurement or the degree to which an instrument measures the same way each time it is used under same condition with the same subject.

Internal Consistency estimates reliability by grouping questions in a questionnaire that measure the same concept. In order to ensure the reliability of the measured Cronbach's Alpha value is 0.70 or above, the measure will be taken as reliable.

## 3.10 Ethical Consideration

**Voluntary participation and harmlessness:** Subjects in a research project must be aware that their participation in the study is voluntary, that they have the freedom to withdraw from the study at any time without any unfavorable consequences, and they are not harmed as a result of their participation or non-participation in the project.

In this study, the participants will be well aware it's based on voluntarily not reluctantly that they will participate in the study and that it will not cause any harm due to their participation in the study.

**Anonymity and confidentiality:** Anonymity implies that the researcher or readers of the final research report or paper cannot identify a given response with a specific respondent.

Confidentiality in which the researcher can identify a person's response but promises not to divulge that person's identity in any paper or public forum (Anol Bhattacharjee, Ph.D , 2012)

Accordingly while conducting this research any information gathered from any individual will be treated confidentially without disclosing the respondents' identity.

**Disclosure:** who is conducting the study, for what purpose, what outcomes are expected, and who will benefit from the results. However, in some cases, disclosing such information may potentially bias subject's response (Anol Bhattacharjee, Ph.D , 2012)

This study uses structured questionnaire in order to collect primary data. Up on distributing to employees only general information written in the paragraph of the questionnaire will be communicate to protect their response from predisposition

**Analysis and Reporting:** Researchers also have ethical obligations to the scientific community on how data is analyzed and reported in their study. Unexpected or negative findings should be fully disclosed, even if they cast some doubt on the research design or the findings (Anol Bhattacharjee, Ph.D , 2012).

This the study is going to be done in an open minded manner and attitudes will be expressed as they are. Nothing will be modified and changed.

## Chapter Four: Data Presentation and the Descriptive Analysis

### 4. Introduction

In this chapter data was presented and discussed to address the research questions and objectives. The following are the main headings: Reliability test, Response rate, Respondents' background information, descriptive analysis, Pearson correlation analysis, multiple regression analysis. As already noted, in the course of presenting and discussing the descriptive statistics, it was found the effects of internal marketing on organizational commitment in selected commercial banks in Ethiopia.

#### 4.1 Reliability Test

Reliability is fundamentally concerned with issues of consistency of measures whereas validity is the degree to which an instrument measures what it is supposed to measure. (Bryman and Bell, 2003). The total number of complete feedback received was 383 sample populations. In order to confirm the reliability of the data, Cronbach's Alpha was calculated for each variable. As below table indicate, all variables Cronbach's alpha test result shows to be larger than 0.7 which is known to be satisfactory.

**Table 3: Cronbach's Alpha Result**

Variables	Cronbach's Alpha
Communication	.792
Motivation	.802
Job Satisfaction	.776
Training and Development	.734
Organization Commitment	.864

The overall item or variables Cronbach's Alpha reliability test result indicates which is larger than 0.7 which it is satisfactory.

**Table 4. Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.791	.804	5

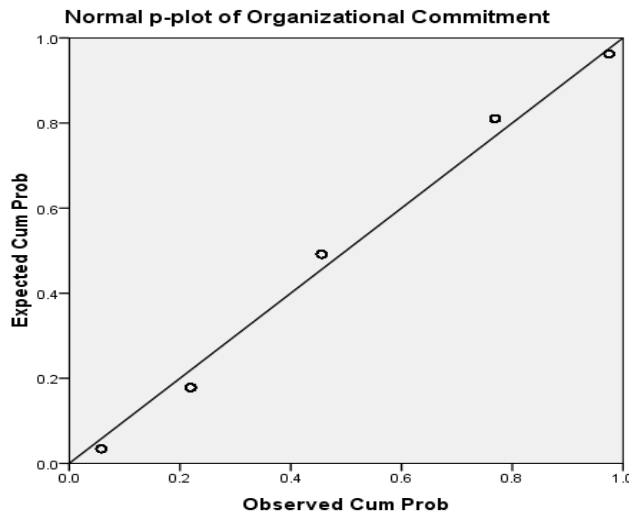
#### 4.2 Normality Test

Normality test is used to determine whether sample data has been drawn from a normally distributed population or the population from which the data came is normally distributed. Normality was checked by two terms by kurtosis and skewness by using SPSS so there exist normal values for kurtosis as well as skewness. For kurtosis the normal value is less than 3 whereas for skewness the normal value is supposed to be less than 6 (Asghar and Saleh, 2012).

**Table 5. Skewness and Kurtosis test**

	N	Skewness	Kurtosis
	Statistic	Statistic	Statistic
Communication	383	-.921	.273
Motivation	383	-.140	-.295
Training and Development	383	-.289	-.620
Job Satisfaction	383	-.474	-.149
Organizational Commitment	383	-.504	.797
Valid N (list wise)	383		

To test the assumption of normality, a Normal P-Plot of Regression Standardized Residuals was conducted for each of the fix variables. For all six, Normal P-Plots of Regression Standardized Residuals were examined (seeAppendix D). The points lied in reasonably straight lines, therefore, the assumption of normality was found tenable.



**Figure 3: Normal p- plot of the regression standardized residuals**

### 4.3 Results of the Study

This chapter of the research paper incorporates five parts. The first part discusses about the reliability and validity of the variables the research was conducted. Following to these, the sample characteristics of the respondents is presented using descriptive statistic. The correlation and regression of the data is also briefly discussed consequently.

### 4.4. Descriptive Statistics Analysis

A total of 383 questionnaires were completed and used in data analysis representing 100 percent of response rate. 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 69.5% and female respondents were 30.5%.

**Table 6: Gender of Respondent**

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	117	30.5	30.5	30.5
Male	266	69.5	69.5	100.0
Total	383	100.0	100.0	

As indicated in the table 2, educational background was also enquired where most of the respondents of educational background of both sex lye on first degree which is 81.5% of all respondent. The remaining 7.6% are diploma graduate and 10.2% at Masters Level.

**Table 7: Education Background**

	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	29	7.6	7.6	7.6
Valid First Degree	312	81.5	81.5	89.0
Masters	39	10.2	10.2	99.2
Others	3	.8	.8	100.0
Total	383	100.0	100.0	

Respondents' job experiences were also explained. 68.9% of the respondents have job experience less than five years, 20.4% between six to ten years, 8.4% eleven to twenty years, 5.7% twenty to 30 years and only 2.3% of respondent have more than 31 years of experience.

**Table 8: Job Experience**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-5 years	264	68.9	68.9	68.9
6-10 years	78	20.4	20.4	89.3
10-20 years	32	8.4	8.4	97.7
21-30 years	9	2.3	2.3	100.0
Total	383	100.0	100.0	

## 4.5. 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.

**Table 9: Pearson correlation analysis**

		Communication	Motivation	Training and Development	Job Satisfaction	Organizational Commitment
Communication	Pearson Correlation	1	.469**	.242**	.313**	.205**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	383	383	383	383	383
Motivation	Pearson Correlation	.469**	1	.248**	.395**	.064
	Sig. (2-tailed)	.000		.000	.000	.208
	N	383	383	383	383	383
Training and Development	Pearson Correlation	.242**	.248**	1	.323**	.275**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	383	383	383	383	383
Job Satisfaction	Pearson Correlation	.313**	.395**	.323**	1	.333**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	383	383	383	383	383
Organizational Commitment	Pearson Correlation	.205**	.064	.275**	.333**	1
	Sig. (2-tailed)	.000	.208	.000	.000	
	N	383	383	383	383	383
** Correlation is significant at the 0.01 level (2- tailed).						

The above the correlation matrix indicates that internal marketing practices were positively and moderately correlated with job satisfaction, communication, training development and organizational commitment. The highest coefficient of correlation in this research lye between internal marketing dimensions and communication is 0.469. There is a significant positive relationship between communication and motivation ( $r = 0.469$ ,  $n = 383$ ,  $p \leq 0.01$ ).

The second highest coefficient of correlation in internal marketing dimensions and job satisfaction is 0.395. Hence, there is a significant positive relationship between job satisfaction and motivation ( $r = 0.395, n = 383, p \leq 0.01$ ). There is a weak positive correlation between organizational commitment and communication ( $r = 0.205, n = 383, p \leq 0.01$ ). On the other hand organizational commitment and job satisfaction are positively and moderately correlated ( $r = 0.333, n = 383, p \leq 0.01$ ). The above correlation matrix except organizational commitment and motivation shows that all variables are positively and significantly correlate with the dependent variable organizational commitment which implies that the increase of the independent variables will also enhance organizational commitment.

#### 4.6 Regression Analysis

Multiple regression analysis was conducted to examine effect of internal marketing on organization commitment. In this survey, four hypotheses were developed to study the indirect impact of internal marketing dimensions on organizational commitment through job satisfaction, motivation, communication and training and development.

Different scholars have stated various variables as dimension of internal marketing, among those variables, for the purpose of this study; only four variables were selected as dimension of internal marketing. The impact of these four independent variables; Training and development (TD), Communication (CM), Motivation (MT) and Job satisfaction were examined on the first dependent variable i.e. job satisfaction using multiple regression.

**Table 10: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812 <sup>a</sup>	.793	.802	.91732

Predictors: (constant), job satisfaction, communication, training and development and motivation.

The above regression model presents how much of the variance in the measure of organizational commitment is explained by the underlying internal marketing elements. The predictor variables i.e. job satisfaction; training and development, communication & motivation have accounted

80.2 % of adjusted R square which indicates 80% of the variance is explained by the predictors whereas the remaining 20% are other variables that not included under this model estimations.

**Table 11: ANOVA of Organization Commitment**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	227.928	4	83.732	86.805	.000 <sup>a</sup>
	Residual	81.187	378	.859		
	Total	309.115	382			

A. Predictors: (constant), job satisfaction, communication, training and development and motivation.

B. Dependent variable: Organizational commitment

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.

**Table 12: Summary of Coefficient on Organizational Commitment**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	1.731	.193		8.956	.000	1.351	2.111
Communication	.181	.045	.203	3.980	.000	.091	.270
Motivation	-.078	.040	-.101	-1.920	.056	-.157	.002
Training and Development	.130	.041	.151	3.175	.002	.050	.211
Job Satisfaction	.352	.047	.376	7.480	.000	.259	.444

*Dependent Variable: Organizational Commitment*

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 each variable is P-

value.000, .056, .002, .000 and their standardized coefficients are 0.203, -0.101, 0.151 & 0.376. The p-value of motivation is above 0.05 which implies that it has no significant relationship with the job satisfaction.

**Table13- Coefficients<sup>a</sup>**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Job Satisfaction	.808	1.238
	Training and Development	.883	1.132
	Communication	.734	1.362
	Motivation	.733	1.365

a. Dependent Variable: Organizational Commitment

**Table 14.CollinearityDiagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	Job Satisfaction	Training and development	Communication	Motivation
1		4.789	1.000	.00	.00	.00	.00	.00
2		.083	7.596	.03	.02	.25	.01	.66
3		.055	9.309	.04	.23	.63	.10	.21
4		.044	10.485	.01	.55	.00	.60	.08
5		.029	12.791	.92	.20	.11	.28	.04

Dependent Variable: Organizational Commitment

Preliminary analyses were conducted to indicate if there were any violations of the assumptions of multicollinearity was conducted. To indicate if multicollinearity was violated, the tolerance, VIF and condition indexes were evaluated.

from a Colinearity Diagnostics table in SPSS. The tolerance values for each of the variables scales ranged from .733 to .883 which are not less than .20; thus, further verifying that the assumption is not violated. This was verified by the VIF values which ranged from 1.132 to 1.365 which are under 10 suggesting that the assumption of no multicollinearity is tenable (Tabachnick&Fidell, 2007). The condition index indicated values ranging from 1.000 to 12.791. All variables values are below 30 so none of which suggest serious multicollinearity problems. Based on the results of the tests, the assumption of no multicollinearity is tenable.

The first hypothesis developed states; there is a positive relationship between Communication and organization commitment. The hypothesis has been accepted as its p- value is no different than zero. Henceforth, we conclude that communication has significant relation with job satisfaction. Accordingly, the second hypothesis which states there is a positive relationship between employee motivation and organization commitment is not supported by the data collected on this survey as its p-value is 0.056 which is greater than 0.05.

Indeed, the third hypothesis is supported by this investigation. Training and development and organization commitment had positive significant relationships. The last independent variable that presumed to have relation with organization commitment is job satisfaction. It states that there is a positively significant relationship between Job Satisfaction and organizational commitment. The p-value of motivation is no different than zero, hence the hypothesis is accepted. The regression equation developed is

$$\text{OrganizationalCommitment} = 1.731 + 0.181 * CM - 0.078 * MT + 0.130 * TD + 0.352 * JS + e$$

#### 4.7 Result Discussion

This study was aimed to examine the impact of internal marketing on organizational commitment on selected commercial banks of Ethiopia. Training and development, communication, job satisfaction and motivation were selected as internal marketing dimensions because they have been repeatedly used by various researchers as it has been clearly indicated in

literature review part. For the purpose of this study four hypotheses were developed, brief discussion on each hypothesis is given below.

H<sub>1</sub>. There is a positive relationship between communication and organizational commitment

The data collected supports the hypothesis which states, there is a positively significant relationship between communication and organizational commitment. The flow of information between management groups, subordinates, as well as among employees have strongly positive impact on employees organizational commitment one have to his/her organization.

By developing well organized and free communication practice within the organization, organizational commitment can be created which have a benefit of increasing employees' sense of belonging, commitment towards the corporation and efforts towards the continuation of their existence in the corporation. This finding is congruent a case study conducted on The Relationship between Communication Satisfaction and Organizational Commitment in three Guatelman Organization by Federico (1996).

H<sub>2</sub>. There is a positive relationship between motivation and organizational commitment

The study result has proven that motivation hasn't any significant relationships with organizational commitment therefore we reject our hypothesis. Indeed, it's difficult to accept motivation doesn't influence or affect organizational commitment as a result the researcher invites other researchers take this as research gap for further investigations regarding to motivation and organizational commitment. Since, motivation includes but not limited to financial reward and benefits attached to job well done, increases employees organizational commitment, accordingly by motivating employees, organization can increase employee's organizational commitment. This finding is also supported by a study conducted on Does motivational factor influence organizational commitment and effectiveness? (Idris & Wan, 2011)

H<sub>3</sub>: There is a positive relationship between employees training and development and organizational commitment.

The research finding in table seven shows that there is a positive relation between employees training and development and organizational commitment. Previous studies such as a case study

conducted on employee's belief regarding training benefit and organizational commitment also proved there is significant positive relationship between employee training and development with organizational commitment. Most successful training programs result in some intangible benefits. Intangible benefits are those positive results that either cannot be converted to monetary values. Increased level of employees' organizational commitment is one of the intangible benefits of employee training. Based on the research result, organizations can improve their training and development program so as to enhance organizational commitment. (Amir et al, 2013)

H<sub>4</sub>: There is a positive relationship between job satisfaction and organizational commitment

Regression result of this analysis indicated that job satisfaction has a significant relationship with organization commitment. According to the study conducted by Rastegar, Reza and Alireza (2012), it has been proved that there is a significant relation between organizational commitment and job satisfactions. The research has shown that those employees who are interested in and loyal to their organization have higher occupational performance, are more willing to survive in their organization, do less back biting, possess higher working motivation, and are more in agreement with their organizations. In this way, organizations can realize their targeted goals by identifying their employees' degree of commitment and by changing factors influencing it (Sa'atchi, 2003).

## Chapter Five: Conclusion and Recommendation

### Introduction

In this chapter of the study, summary of findings (conclusion drawn) and recommendations were stated. The purpose of the study was to examine the effect of internal marketing on organizational commitment of commercial bank, assess the dimension of internal marketing that affect organization commitment indirectly through job satisfaction, motivation, communication and training and development.

### 5.1 Summary of Findings

A total of 383 questionnaires were completed and used in data analysis representing 100 percent of response rate. 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 69.5% and female respondents were 30.5%. Most of the respondents of educational background of both sex lye on first degree which is 81.5% of all respondent. The remaining 7.6% are diploma graduate and 10.2% at Masters Level. Respondents' job experiences were also explained. 68.9% of the respondents have job experience less than five years, 20.4% between six to ten years, 8.4% eleven to twenty years, 5.7% twenty to 30 years and only 2.3% of respondent have more than 31 years of experience.

Internal marketing practices were positively and moderately correlated with job satisfaction, communication, training development and organizational commitment. The highest coefficient of correlation in this research lye between internal marketing dimensions and communication is 0.469. There is a significant positive relationship between communication and motivation ( $r = 0.469, n = 383, p \leq 0.01$ ).

### 5.2 Conclusion

The major findings of this study is summarized as below, The first finding among the selected four dimensions of internal marketing three of them had a positively significant impact on organizational commitment. Motivation which is one of internal marketing was found to have no significant relation with organizational commitment. As per the analysis, the overall impression received was employees regarding to motivation is satisfactory but it has no significant impact

on their organizational commitment. On the other hand communication and job satisfaction tend to have high impact on employees job satisfaction

### 5.3 Recommendation

Banks that excel in quality service can have a distinct marketing edge since improved levels of service quality are related to higher revenues, increased cross-sell ratios, higher customer retention (Bennett and Higgins, 1988), and expanded market share (Bowen and Hedges, 1993). Likewise, provision of high quality services enhances customer retention rates, helps attract new customers through word of mouth advertising, increases productivity, leads to higher market shares, lowers staff turnover and operating costs, and improves employee morale, financial performance and profitability ( Julian and Ramaseshan, 1994; Lewis, 1989, 1993). Therefore, delivering quality service to customers is a must for success and survival in today's competitive banking environment (Samli and Frohlich, 1992).

Through recognition of effective criteria of internal marketing on organizational commitment managers in state-owned banks can adopt proper policies, allocate their resources more efficiently and perform their strategies as well as proper marketing plans more successfully. Accordingly, on the results of this study some interventions are suggested to organizational commitment by implementing internal marketing principles:

- 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 commercial banks to attract, develop, motivate, and retain qualified employees; employees turn over need to be reduced by applying internal marketing principles.
- The training and development program need to be improved more than current cycle in a way employees get a feeling that trainings is not just a tool to do their job but also a given an opportunity to develop new skill and attain career goals.
- Communication has a significant impact on customer orientation, commercial banks needs to develop an open communication system between management and sub ordinates

and also among employees to create connection, and to encourage employees forward their constructive ideas, and suggestions freely since it's most determinant regarding to incremental of organizational commitment.

- Because employees job satisfaction has impact on customer orientation, commercial banks need to be given due attention satisfy by the management to avoid any discouragement to naturally demonstrate customer oriented behavior such as enforcing customer service attitude by strict laws, warnings and punishments for any service failure as it will lead frontline staffs to act unnatural/ give plastic smile.
- Lastly, the result of motivation hadn't significance relation with organizational commitment under this analysis while the researcher doesn't try to conclude and interpret such result rather we invite other researchers to identify it and take as gap for further investigations.

## **5.4 Limitation of the Study**

The dimension selected for internal marketing was limited to communication, motivation, training and development and job satisfaction even if it was selected after reviewing the most quoted ones, in order to fully examine internal marketing all dimensions should be included to investigate its effect.

The study also didn't include didn't include all the commercial banks that are found on Ethiopia. It is also limited only on grade 4 branches of the selected commercial banks.

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# Appendix A

## Internal Marketing Questioner



**Addis Ababa University  
School of Commerce**



### Dear Valued Respondent,

Please take few minutes of your time to fill below questionnaire prepared on the effect of internal marketing on organizational commitment for partial fulfillment of a post graduate program in marketing management at Addis Ababa University School of Commerce. The questionnaire is prepared to assess if the selected four bank employees are treated as customers who deserve extra care and value worthy approach in such a way that it impacts on their willingness to address customers' needs and wants.

*N.B. Your response will remain confidential and will be used for the purpose of academic research fulfillment only.*

### Part I: General Questions

- I. Your Name ..... (Optional)
- II. Gender
  - Female                       Male
- III. Education background
  - Diploma     First Degree             Masters             Others
- IV. Year of Job Experience In your bank
  - 1-5 Years     6-10 Years     11-20 Years     21-30 Years     More than 30Years

For the below questions, please put checkmark (√) on the point that best suits your agreement level from the adjacent choices.

### Part II: Internal Marketing Dimensions

Item	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I	<b>Communication</b>					
1	There is accurate and open flow of information in our department					

2	Supervisors are keenly interested in listening to what I say about my job, the problem I face and the solution I suggest					
3	I can suggest improvement or come up with new ideas for work improvement to Ethiopian management					
4	Before any policy or procedure changes, my supervisor informs me about the change phase by phase					
5	I feel like I am part of the organization because my ideas are given attention and considered valuable by management					
6	I am satisfied with the communication I have with my supervisor and higher management.					
II	<b>Motivation</b>					
1	When I do something extra ordinary I know that I will receive some kind of reward					
2	The incentive given to employees are motivating and on competitive basis					
3	I receive feedback from my supervisor on my job performance regularly					
4	The performance measurement reward system encourages employees to work hard.					
5	My income and the annual increment are based on periodic performance evaluation and the preset KPI fulfillment					
6	My needs and wants are well understood by management					
III	<b>Training and Development</b>					
1	I am well aware of the bank Mission and vision statements and how I fit to it					
2	There is a system in Ethiopian that helps develop employees career					
3	I receive well organized basic and refresher training which helps me determine to fulfill my future goal					
4	All employees have a better knowledge about the customer service offering					
5	When an employee is reassigned to another department, the section supervisor trains the employee for pre specified period time					

6	My knowledge, skill and experience fit to the job being performed day to day					
7	Before implementation of major change in service delivery rules and regulations, we always get pertinent training to align to the changes on our daily activities					
8	Our organization views the development of knowledge and skills in employees as an investment rather than a cost					
9	I have all the required skills to serve customers					
IV	<b>Job Satisfaction</b>					
1	I love my job and I am satisfied with my current carrier					
2	The employees in the organization feel secured in their job					
3	I am satisfied with my job because there is equal growth and development opportunity					
4	I am satisfied with the salary I draw at present					
5	I am satisfied with the responsibility and role that I have in my work					
V.	<b>Organizational Commitment</b>					
1	I have a strong belief in my banks goal and value					
2	I am willing to exert considerable effort towards the realization of the bank strategic vision					
3	I have strong desire to maintain my relationship with the organization					
4	I accept the bank value statements and follow it through					
5	I am committed to work hard and achieve the company's goal					
6	I am given important, meaningful and challenging work to excel my personal career development					

I thank you very much and appreciate for the time you spent filling this questionnaire!

## Appendix: B

Descriptive Statistics of internal marketing variables

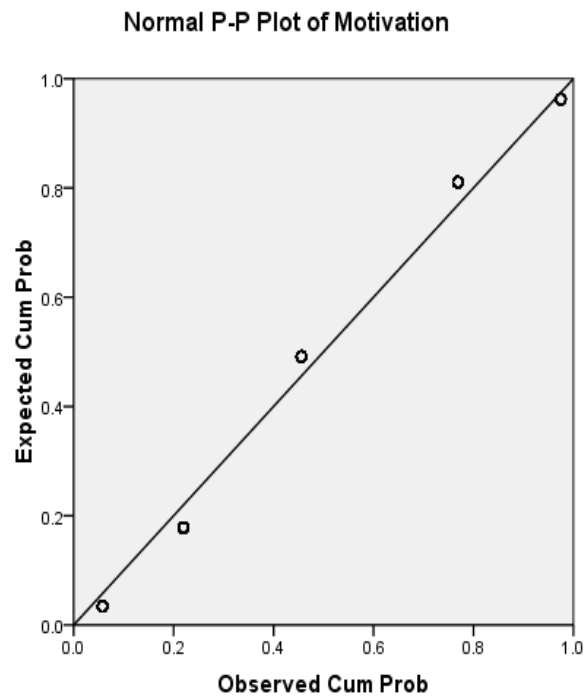
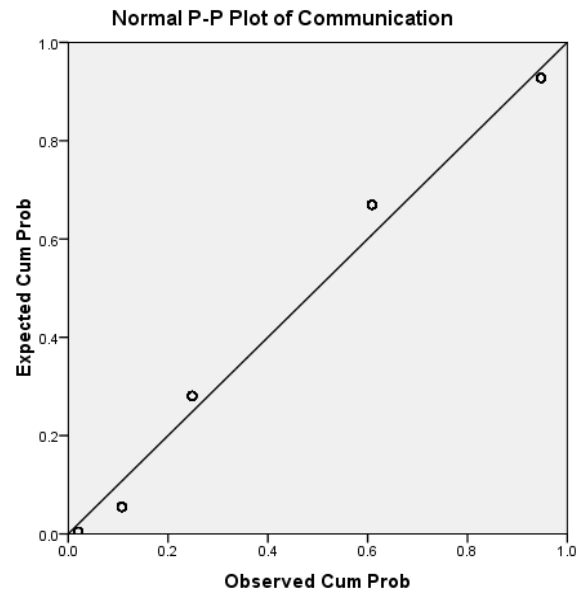
	N	Minimum	Maximum	Mean	Std. Deviation
Communication	383	1	5	3.57	.981
Job Satisfaction	383	1	5	3.48	.932
Motivation	383	1	5	3.02	1.110
Organizational Commitment	383	1	5	3.80	.871
Training and development	383	1	5	3.34	1.011
Valid N (list wise)	383				

## Appendix: C

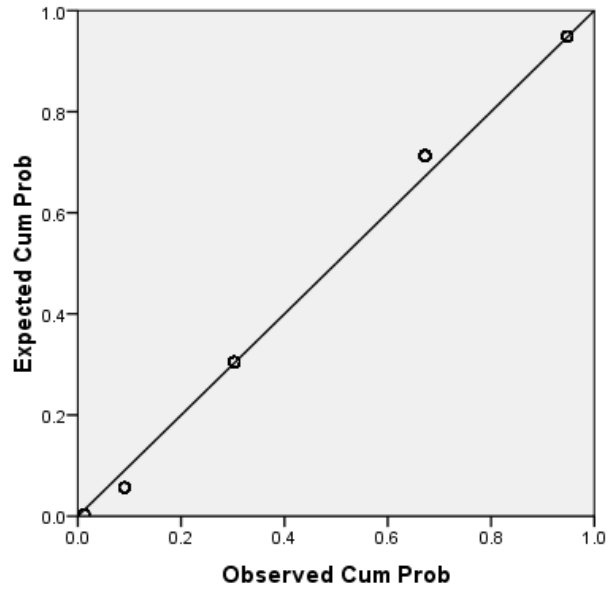
### Correlation

		Communication	Motivation	Training and Development	Job Satisfaction	Organizational Commitment
Communication	Pearson Correlation	1	.469**	.242**	.313**	.205**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	383	383	383	383	383
Motivation	Pearson Correlation	.469**	1	.248**	.395**	.064
	Sig. (2-tailed)	.000		.000	.000	.208
	N	383	383	383	383	383
Training and Development	Pearson Correlation	.242**	.248**	1	.323**	.275**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	383	383	383	383	383
Job Satisfaction	Pearson Correlation	.313**	.395**	.323**	1	.333**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	383	383	383	383	383
Organizational Commitment	Pearson Correlation	.205**	.064	.275**	.333**	1
	Sig. (2-tailed)	.000	.208	.000	.000	
	N	383	383	383	383	383
** Correlation is significant at the 0.01 level (2- tailed).						

## Appendix: D



Normal P-P Plot of Job Satisfaction



### One-Sample Test

	Test Value = 3.5					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Communication	15.255	382	.000	.518	.45	.59
Motivation	-7.662	382	.000	-.445	-.56	-.33
Training and development	-3.007	382	.003	-.155	-.26	-.05
Organizational commitment	1.380	382	.168	.069	-.03	.17
Job Satisfaction	-.521	382	.603	-.025	-.12	.07

This indicates all hypothesis been accepted exceptions of communication because  $t_{cal} > t_{tab}$  by mean test value of 3.5.