



ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT

The Role of Internal Marketing on Customer Satisfaction: The Case of Ethiopian Airline Enterprise

A Research Project Submitted To the School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirement for the Award of Master of Arts in Marketing Management

By: Yomiyu Dhaba

Advisor: Dr. Shimmellis Zewde (Ph.D.)

June, 2014
Addis Ababa, Ethiopia

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CASE OF ETHIOPIAN AIRLINES ENTERPRISE (EAL)**

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MARKETING MANAGEMENT POST GRADUATE PROGRAM

**STUDY ON THE ROLE OF INTERNAL MARKETING ON CUSTOMER
SATISFACTION: THE CASE OF ETHIOPIAN AIRLINES ENTERPRISE**

Approved by Board of Examiners

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Declaration

I, Yomiyu Dhaba, hereby declare that the project entitled **the role of Internal Marketing on Customer Satisfaction: A Case Study on Ethiopian airlines enterprise** is my original work and has not been presented for a degree in any other university and that all sources of material used for the project have been duly acknowledged.

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Certification

This is to certify that Mr. Yomiyu Dhaba has completed his project work entitled **the role of Internal Marketing on Customer Satisfaction: A Case Study on Ethiopian airlines enterprise**. As I have evaluated, his project is appropriate to be submitted as a partial fulfillment requirement for the award of Degree in Masters of Marketing Management.

Project Advisor

Signature and date

Shimellis Zewde (PhD)

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Acronyms

IM- Internal Marketing

ET-Ethiopian airlines

SERVQUAL- service quality

BP- business performance

SPSS- Statistical package for social science

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Abstract

This study investigates the situation of customer-employee interaction during service encounters, and to see whether there is an acceptable relationship between IM programs of the firm which aims at enabling employees by applying marketing like tools that the firm normally used for the external market and customer satisfaction which is the outcome of customers' evaluation of the service quality which could be the basis for their future patronage decision. Even though the growing importance of people in service sectors are supported in main literatures there are still problems where traditional approaches of managing business that dully focus on external customers' satisfaction is still a believes of many firms. The study targets 200 samples of customers based on their convenience and easiness to determine their satisfaction from the service they received and selected 344 customer contact employees randomly to obtain their evaluation of the enterprises' IM practice. Employees' empathy, responsiveness, tangibility dimension, assurance and reliability of the service were found significant in affecting customers' satisfaction. The descriptive analysis of the finding dictates that there is lack of adequate employee training, employee empowerment, and employee motivation which result to customer dissatisfaction. From the study finding, the Pearson correlation coefficient of internal marketing variables shows that there is a strong positive correlation between IM variables and customer satisfaction. Therefore, it is advisable for ET to take the necessary measures regarding employees' commitment; revising the existing employee motivation system to reflect all employees requirement; there should be open and welcoming management to assist employees in their difficulties; internal communication should be there to keep employees up-to-date and informed about new events.

Key words: Internal Marketing, Service Quality and Customer Satisfaction

CHAPTER ONE

INTRODUCTION

Chapter over view

In this section the background information about the general service sectors progress was discussed. Particularly issues related with the growing importance of IM (Internal Marketing) in service sectors which undergone a rapid internal restructuring and experiencing ever changing external business environment was elaborated. Next to these statement of the problem, research questions and objectives of the study, significance, limitation, and delimitation sections were briefly discussed

1.1 Background of the Study

In 1990 Gronroos argued that the purpose of internal marketing is to motivate employees towards service mindedness and customer oriented performance, using a variety of traditional marketing activities internally in a coordinated manner. Internal marketing should be seen as the intera-organizational marketing of goods and services with the objectives of promoting customer consciousness amongst employees and motivating them to improve customer satisfaction through their interactions with customers (Dunne and Barnes, 1999:192-220). According to Bak (1995), internal marketing should be seen as communication process for developing a customer conscious culture with the organization. Organization should treat the employees as partners in the organization which provide products and services to buying customers. Ideally, internal marketing should be two ways process between employees and management used to initiate a broad based participation decision making process through team work within the organization (Quester and Kelly, 1999).

The increasing importance of relational marketing in the service sector as understand by several authors and particularly by Berry (1983) culminates in the new marketing orientation toward internal marketing, even suggesting a significant impact on service quality perception.

Lately marketing researchers have much focused on external customers to business firms and reach for methods of retaining external customers. However, for service providing enterprises like Ethiopian airlines, service provision is from internal customers to external customers with intangible or tangible services. The company's service quality is therefore influenced by the service package from the internal customer and their service attitude.

Generally, the Marketing of products and services has been focused on the detection and the satisfaction of the external customer's needs. Many researches have been conducted, globally, with regard to the measurement of external customer's satisfaction (Codotte et al., 1987; Cronin and Taylor, 1992; Gerson, 1993; Kessler, 1996). In services, customer's satisfaction or dissatisfaction takes place during the moments of truth - when customer comes in contact with a front-line employee of the firm (Lewis and Entwistle, 1990). Actually, at the moments of truth, the quality of provided services is the customer's judgment and the result from the discrepancy between customers' expectations and perceptions (*Bitner, 1990; Bolton and Drew, 1991; Parasuraman et al., 1988; Taylor and Baker, 1994*).

So external customer satisfaction cannot be achieved without the fundamental contribution of the customer contact employees who provide the service. Thus, front-line employees should stay focused on customers' needs. One methods of creating this a work environment which initiate and maintain the culture that may produce the appropriate behavior, is through Market Orientation (Hartline and Ferrell, 1996). Moreover, because of the importance of the service provided, service firms should inform their customer-contact employees of the customer's needs, train them in a continual base, support them in order to acquire communication and recovery skills and make them feel comfortable and satisfied with their job. The above ascertainment emerged the concept of Internal Marketing. In that respect enterprises should develop marketing programs focusing on the internal market (employees) in parallel to those for its external market /customers (Bansal et al., 2001). Internal marketing helps in attaining business performance through their satisfied internal customers (Sheng & Hsin, 2007). IM is an important driver for business performance, financial and non-financial and IM has positive impact on business performance (Panigyrakis & Theodoridis, 2009). The Main purpose of the organization is

to earn profit through satisfying their employees and customers encompassing the concept of stakeholder's theory.

Generally, Very few studies but little in number was under taken related to internal marketing practices in service firms in our country. Among the studies, Nardos Tsegaye (2012) and Ahmare Birhanu (2013) have been conducted their study on the impact of internal marketing on quality service delivery in Ethiopian electric power corporation and Ethiopian airlines respectively. And under this research the researcher is aimed to focus on effects of internal marketing on customer satisfaction.

Background of the company

Ethiopian Airlines (Ethiopian) (ET) is a government owned company found in the capital city of Ethiopia, Addis Ababa, with its head office located at Bole International Airport (Ethiopian Fact Sheet 2011). The airline, which was established on 1945, is one of the worlds and Africa's oldest airlines, with over sixty nine years of existence (Iches et.al 2005). On April 08, 1946, the airline started operation by making its first domestic flight to Gondar and international flight to Cairo (Saunders 1971). This makes the airline to take the pioneer position in African air transport industry (Bahru 1988). Air transport provides several far reaching benefits to different countries worldwide (Aviation n.d.). Explicitly, it is essential to create employment opportunity, growth and sustainability of tourism, fast and efficient trade, sustainable economic growth and the likes (Aviation n.d.). In this regard, Ethiopian Airlines provides several benefits to the country as well as to different stakeholders through the provision of different services to its customers (Civil Aviation Authority 2007). For instance, by being source of direct and indirect employment and hiring essential amount of human resource, it plays a significant role in an attempt to overcome the problem of high unemployment in the country (Nyaringo 1964).

1.2 Statement of the Problem

Service sector is the largest and fastest growing sector, globally contributing more to the global output and employing more people than any other sector. There is no sector existing within the marketplace that does not contain, or rely upon a service component. The nature of services being intangible, heterogeneous, perishable, produced and

consumed at the same time makes it peculiar to deliver, and challenging to organizations to achieve differentiation from their competitors. Under such circumstances, employees become a critical resource with a vital role in long-term success (Dunne & Barnes, 2000), through their involvement and contribution in serving customers and achieving customers' satisfaction. To have satisfied customers the organization must also have satisfied employees (George, 1977). Satisfied employees are a precondition for satisfied customers, (Rosenblunth and Peters cited in Ewing &Caruana, 1999) go even further and say that the needs of the customer should come second to those of employees, as customer needs will only be successfully met after those of employees have been satisfactorily met.

Internal marketing must be started, practiced and supported by the top management. It continues through middle management to frontline employees, and ultimately results in strong service quality (Varey and Lewis, 1999). Top management must treat the middle management as a customer of the product or service and determine what middle management perceives as the technical qualities, functional qualities and image of the organization.

Internal marketing has not gained equal attention that external marketing has gained. Marketers have always emphasized marketing to external customers to be their main responsibility. However, they neglected to realize that internal marketing is equally important, if not more important before doing external marketing.

The researcher needs to pay more attention and highlight the importance of internal marketing as a pre-requisite for external marketing. From this perspective, there was an interest to investigate internal marketing applications. While many companies in developing countries like in our case Ethiopian airlines have taken the steps to have a more marketing- oriented approach toward their customers as the markets become more competitive and open to free competition, Yet, there is no evidence that companies have considered applying internal marketing as a strategic approach in their organizations.

The airline industry is one of the industries that is operating under fierce competition (Herneleous, wriz, pangarkar, 2008) and is one of the world's largest industries. It has got great effect on truism, economic growth, world trade, international business (Nikbinet, al.2012). Most of the time airline industry is challenged by competition, global

economic cycle, declining profitability and the increasing fuel prices. In addition very little, if any controllable, airlines are prone to service failures due to service process employed in the service delivery. Due to many challenges they face, airlines must build relationship with their customers and retain them as customer retention leads them lower customer acquisition costs (Steyn et. al, 2011). Most especially in this era that most of the service organizations are striving to exceed the expectation of their customers in order to promote satisfaction and loyalty among the shareholders (Ballantyne et al., 1995).

The importance of the employees' role has led service organizations to adopt internal marketing and hence, treat their employees as internal customers (Mishra, 2010).

Even though, internal marketing play a vital role for the long success of companies, this area has not been well researched in our country and needs much more investigation. Prior research indicated that customers of Ethiopian airlines have been dissatisfied by the service they get from the airlines and there is a gap between the service they expect and they perceive (Mesay, 2012) and the employees of the airline are dissatisfied with the internal marketing of the firm. Currently, in the Ethiopian airlines enterprise we have observed that the company has faced staff resignation, customer dissatisfaction, poor employee attitude, and both employee and customer complaint. So this study will try to address those problems by investigating the internal marketing practice of the firm and its role on customer satisfaction.

1.3 Research Questions

At the end of this study the researcher tried to answer the following research questions:

1. What are the major problems related to internal marketing practice of the firm?
2. Does employee job satisfaction and Motivation has a relation with customer satisfaction?
3. Does employee customer orientation and empowerment have a relation with customer satisfaction of firm?
4. Does internal communication and employee commitment to service quality have a relationship with customer satisfaction of the firm?
5. Does employee training has relation with external customer satisfaction?

1.4 Objectives of the study

The main objective of the study was to investigate the relationship between internal marketing and customer satisfaction of Ethiopian airline enterprise and **the specific objectives of the study are:**

- To examine the role of employee training on firm's customer satisfaction.
- To assess the role of internal communication on external customer's satisfaction.
- To assess the relationship between employee commitment to service quality and customer satisfaction.
- To analyze importance of employee motivation and assess its effect on customer satisfaction.

1.5 Significance of the study

In today's competitive environment, marketplace advantages are often short-lived. Competition is getting more intense, technology is always changing, customers are more demanding on the quality of the products and also the service they received. Customers will decide who has the best offering, and they are the ultimate judge for quality of products and services. Henceforth, organizations today not only compete based on the tangible products they produced but also their services. Before improving services to customers, organizations need to know how to improve within its organization. So the implementation of internal marketing under this turbulent environment creates an advantage that may not be easily duplicated by competition.

Generally, this study has the following significance:

- It adds up to the stock knowledge on internal marketing practice in the airline industry in general and in Ethiopian airlines in particular.
- And also the study contributes theoretical knowledge and serves as a reference material for similar studies in the future in the field of service marketing.
- Serve as guidelines for formulation of policies on improving service delivery in the airline.
- Last but not least the finding and the conclusions of the study may help the Ethiopian airlines management in decision making by understanding the problems from this finding with regards to internal marketing practice of the Enterprise.

1.6 Definition of Terms

For the purposes of this study, the following terms are defined.

Marketing

Marketing has been diligently given definitions and practically every author has its own Interpretation of the concept. However, the definition most commonly used as a reference is that of The American Marketing Association (AMA). The current definition of AMA is: *Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.*

Internal marketing

IM is defined as “viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the firm,” (Berry & Parasuraman, 1991, p.272).

Job Satisfaction

Job satisfaction is the extent to which employee feels positively or negatively about his or her job (Odom et al., 1990).

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

1.7 Delimitation of the Study

Even though, there are numerous employees in the company and many departments have a right to participate in the study, due to cost and other limitations the study was delaminated only to front line staffs at terminal, check in counter, departure control and employees under customer service at cargo section. And also the study was delimited to one institution i.e. Ethiopian airlines.

1.8 Limitation of the Study

The study is not without limitations; however, future research can address it. This study took six dimensions of internal marketing, future research can adopt more and different dimensions that might affect the customer satisfaction of the firm. The study depends on

the information it gets exclusively from front-line employees to assess the IM practices of the enterprise but the study demands high participation of employees and marketing managers from various departments. So the result of the finding may not be generalized to industry level as this is particular case of Ethiopian airline enterprise only.

1.9 Organization of the Study

The study is organized into five major chapters. The first part was an introductory part composed of background of the study, research problem, research questions, research objective and significance of the study. The second chapter deal with related literature reviews and a brief background of Ethiopian Airlines was presented. The third chapter was about the research methodology used and research design, sampling techniques and others are described. In the fourth chapter the findings and analysis was presented and finally the last fifth chapter discuss the conclusion and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

In this section a range of literatures on key concepts which are essential for the study was reviewed. Points like origins of internal marketing, internal marketing concepts, service marketing triangle, relationship between internal marketing and service quality and internal marketing variables were reviewed.

2.1 The Origins of the Internal Marketing Concept

The internal marketing concept emerged from service marketing and its main concern was "to get everyone was involved in service encounters/the front line or contact staff to perform better in the interaction with customer" (Gummesson, 2000, p. 27). The usage of the concept has extended beyond its traditional field and is now accepted in all kinds of organizations. In internal marketing, the internal market consists of the employees in the organization and according to theories of quality management; employees are internal customers to one another. This is summarized by Gummesson (2000): "An employee's ability to influence and satisfy the needs of others inside the organization is considered an antecedent to external customer satisfaction. Only if internal customer relationships work can the quality of the outcome be excellent, thus creating satisfied, or even better, delighted external customers" (Gummesson, 2000, p.28).

2.2 Internal Marketing Concept

Internal marketing term emerged out of the concept that says that employees form an internal market in the organization, this market needs training teaching and motivating workers to satisfy needs and expectations of external customers. Vary and Lewis (1998) pointed out that internal marketing was created in the seventies of the twentieth century as an administrative method to set up inculcate and provide good service. In the core of internal marketing lies the internal customer's concept that emerged out of industry context and administration operations in the fifties on the twentieth century. (Al-Dmoor 2005) believes that internal marketing concept goes back to the end of seventies and start of eighties in the previous century. Researchers and practitioners' interest in internal marketing increased because of increase in competition severity and growth the human

needs. So, it became necessary to take care of internal marketing like interest in external marketing so as to achieve level of quality and performance required for service provided by establishments. Internal customers' concept emerged in the field of service marketing and then in service during previous decades, a mixture of concepts, theories, and work frames and profits, were derived under umbrella of the so-called internal marketing.

One of the most basic definitions of the concept internal marketing is, according to Cahill (1996), presented by Berry and Parasuraman in their book *Marketing Services: Competing through Quality* (1991): Internal marketing is attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs. Some definitions of the concept emphasize customer-consciousness and sales-mindedness among the personnel, such as Johnson and Seymour (1985), which argue that internal marketing activities ought to: "create an internal environment which supports customer consciousness and sales-mindedness" (Johnson and Seymour, 1985, p. 226) and Grönroos' (1994) definition of the concept, which states that: "the internal market of employees is best motivated for service mindedness and customer-oriented performance by an active, marketing-like approach, where a variety of activities are used internally in an active, marketing like and coordinated way" (Grönroos, 1994, p. 13).

2.3 Service Marketing Triangle

Kotler and Armstrong (1991) described the relationship and interdependency with a triangle which represents the relationships between business firms, employees and customers. The Triangle contains three kinds of service marketing activities which can be implemented by the business firms to be successful.

According to Zeithaml et al (2006) in marketing services it's all about promises. The service triangle is a strategic framework that illustrates the importance of people in the ability of the firm to keep its promises.

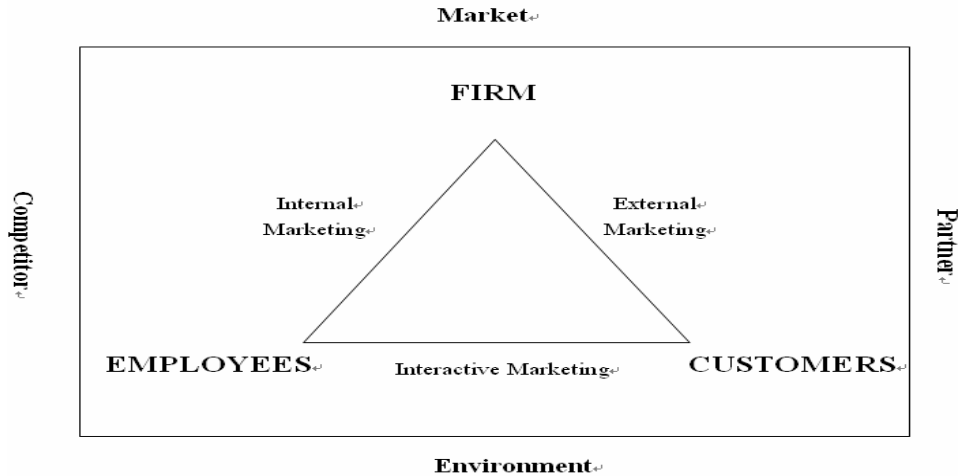


Fig. Service Marketing triangle, Kotler and Armstrong (1991).

External Marketing: “Setting the Promise”

The first type is external marketing which focused on building the relationship between companies and external customers. Several traditional marketing activities, like pricing strategy, promotion activities and all kinds of communication with company’s external customers, are implemented to attract customers and capture the attention of market. At this stage, the company will “set the promise” to its external customers in order to get the possibility to delivery services.

Interactive Marketing: “Delivery the Promise”

The second type of marketing is interactive marketing describes the moment of interactions between the front – line employees and external customers (Grönroos 1985). This kind of interaction was also defined by many authors (Paraskevas 2001; Bitner et al. 1990; Surorenant & Solomon 1987) as service encounters in which employees have the responsibility of delivering the services to meet the requirements of external customers. They argued that the front – line employees who have the direct contacts with external customers are playing a very important role in this service encounter, because any failure from the employees will lead to losses of external customers. Furthermore, the effects of the other two marketing activities will be significantly damaged.

Internal marketing: “Enabling the promise”

The last type in the service marketing triangle is called internal marketing, which is the marketing of building the relationship between company and its employees. It involves trainings, motivating, teamwork building and internal communication. The concept of internal marketing was discussed by many authors in the last thirty years. Among those authors, Berry (1981) is first one of them who introduced the concept of internal marketing in 1980s. He stated that internal marketing can be considered as approach involved traditional marketing philosophy to establish and improve internal marketing relationship. He described the concept of internal marketing as:

Viewing employees as internal customers, viewing jobs as internal products, and then endeavoring to offer internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization.

Cowell (1984) stated that internal marketing can also be used as a management tool to motivate the employees to adopt an internal customer consciousness and service orientation, so that the company will be able to create competitive advantages by fully meeting the requirements and expectations of the external customers. Based on those findings, Vary (1995) concluded that the implementation of internal marketing is to recognize the internal service supplier and internal customer, and to increase employees' satisfaction. This idea was supported by Quester and Kelly (1995) who stated employee customer interaction has strong influence on external customer satisfaction. Hence, the creation of customer consciousness among employees is needed.

Bruhn (1999) stated that the best marketers use internal marketing as an approach to attract, develop, motivate and retain qualified employees within the company. A good internal marketing strategy, which brings companies to success, comprises following seven elements. First of all, competing for talented and skilled people and put the right people to the right workplace; second, offer the employees a vision which gives them the meaning and purpose of their job; and then equip them with appropriate skills and abilities through trainings; encourage them to implement teamwork so that they can get the possibility to know each other and to share knowledge with each other; give them freedom and possibility to excel in term of belief in human potential; motivate employees through measurement and rewards; try to hear and learn from employees constantly.

2.4 Role of Internal Marketing on service quality

During the early 1980s, the concept of internal marketing first appeared in the service marketing literature (Gronroos, 1981; Frost & Kumar, 2000; Joseph, 1996; Flipo, 1986; Foreman & Money, 1995). So far, there is still no consensus regarding the definition of internal marketing. Instead, a varied range of academic opinion exists. Among others Internal Marketing is defined as marketing by a service firm to train and effectively motivate its customer-contact employees and all the supporting service people to work as a team to provide customer satisfaction (Armstrong & Kotler, 2002). There seems to be relatively minimal history on the development of the internal marketing concept. Important areas of development and drive have been cited in five major streams of thought among which are; Services marketing, human resource management, quality management, organizational theory, planning and strategy considerations.

The above mentioned streams build an indispensable bridge for internal marketing as a concept any successful firm needs to achieve desired competitiveness.

It is at foremost evident that internal markets exist within firms and they are independent from the external markets. Secondly most of the external market approaches can be adapted and modified for application in internal marketing. In order to achieve effective strategy formation and implementation, great focus has to be put to the organizations' internal markets. Internal marketing involves creating an organizational climate in general, and job-products in particular, which lead to the right service personnel performing the service in the right way. In consumption, where the performance of people is what is being sold, the marketing task is not only that of encouraging external customers to buy but also that of internal customers to perform. When internal customers perform, the likelihood of external customers continuing to buy is increased (Payne et al., 2000).

Ensuring that all members of staff are aware of the corporate vision, it becomes clearer what the organizational goals and priorities are, thus helping to avoid conflict within the organization. A focus on development can help the employees to develop the skills and the knowledge that they need (Samms, 1998).

The importance of service quality continually increases as more emphasis is placed on meeting the expectations of customers. As the client increases the amount of involvement, the more likely the individual will recognize flaws in the service provided.

The effects of the miscues will vary dependent upon the previous preconceived images of the firm by the customer. In order to handle this, the organization must understand what the customer expects, how they expect to receive it, and the image held by this individual prior to the service experience. Traditional marketing techniques must provide realistic goals that may be obtained by the organization (Gronroos, 2002).

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

2.5 Service Quality Dimensions

Service quality dimensions represent how customers organize information about service quality in their minds (Zeithaml, Bitner, 2003).

Reliability: Delivering on Promise

Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promises. Promises about delivery, service provision, problem resolution, and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes.

Responsiveness: Being Willing To Help

Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints, and problems. Responsiveness is communicated to customers by the length of time they have to wait for assistance, answers to questions, or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs. To excel on the dimension of responsiveness, a company

must be certain to view the process of service delivery and the handling of requests from the customer's point of view rather than from the company's point of view. To truly distinguish themselves on responsiveness, companies need well-staffed customer service departments as well as responsive front-line people in all contact positions.

Assurance: Inspiring Trust and Confidence

Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes. Trust and confidence may be embodied in the person who links the customer to the company. In such service contexts the company seeks to build trust and loyalty between key contact people and individual customers. The personal banker concept captures this idea: customers are assigned to a banker who will get to know them individually and who will coordinate all of their banking services.

Empathy: Treating Customers as Individual

Empathy is defined as the caring individualized attention the firm provides its customers. The essence of empathy is conveying, through personalized or customized service that customers are unique and special. Customers want to feel understood by and important to firms that provide service to them.

Tangibles: Representing the Service Physically

Tangibles are defined as the appearance of physical facilities, personnel, and communication materials. All of these provide physical representations or images of the service that customers, particularly new customers, will use to evaluate quality.

2.6 Internal Marketing Dimensions

It is clear, that internal marketing is concerned with more than treating the employee as a customer; it signifies that the organization should constantly attempt to develop programs and strategies for enhancing employee satisfaction in much the same way as external marketing plans which are continuously updated and improved to meet external customer demands. Internal marketing is becoming increasingly important and growing recognition as an implementation tool for adoption by all organizations. Prasad and Steffes (2002)

mentioned that internal marketing must precede external marketing, if not the organization may offer a service it is unable to provide. From the organizational perspective, the need of the hour is a well-structured and rationalized internal marketing approach that can significantly improve employee relations with management and overall organizational competitiveness and performance.

There are a number of areas where internal marketing can play a vibrant role:

Management of Change:

Many companies are undergoing some form of transformation through mergers, alliances, or downsizing. The need for communication is stronger in these circumstances. Moreover, constant organizational change can loosen the ties between employer and employee. Internal marketing can bring the parties together with shared goals and values. Internal marketing may be used to place, and gain acceptance of new systems such as the introduction of information technology and new working practices, and other changes. It creates good coordination and cooperation among departments of the business.

Vision Awareness: When companies change their brand, their name, or their values, it is essential to communicate the change to all stakeholders including employees. Internal marketing can play a key role in creating awareness and appreciation of the company's aims and strengths - as all employees are potential company ambassadors. It integrates business culture, structure, human resources management, vision and strategy with the employees' professional and social needs.

Employee Empowerment:

Internal marketing empowers employees and gives them accountability and responsibility.

Zeithaml and Bitner (1996) specified that many organizations accept that in order to be responsive to customer needs, front-line staff need to be empowered to accommodate customer requests, and to recover on the spot when things go wrong. As companies empower staff to build stronger customer relationship, internal marketing underpins the drive for greater involvement, commitment, and understanding.

Enhancing Organizational Commitment

Lack of commitment from employees can be harmful to an organization, resulting in poorer performance, arising from inferior service offerings and higher costs. The major thrust of the internal marketing concept is to ensure that employees feel that management cares about them and their needs are met. If these are not met then the satisfaction of external customers is difficult, if they are met then employees become committed, cooperative, and enthusiastic about the organization (Ahmed et al., 2002; Ballantyne, 2003). Internal marketing encourages employees to offer excellent service to customers by appreciating their valuable contribution to the success of the business.

Employee Satisfaction

In service environments in which customers are highly demanding of employees, coupled with employees who in turn hold high expectations from their jobs as sources of self-actualization and self-development. Under these conditions, internal marketing approach can assist in creating more satisfied customers contact employees who appreciate clearly the logic and benefit of courteous, empathetic behavior when dealing with customers, lead to greater customer satisfaction. Internal marketing which aims at reducing interdepartmental and inter-functional conflict and developing the co-operation and commitment needed to make external marketing strategies work. Several researchers have criticized this concept of internal marketing and advocated that through internal marketing marketers are trying to extend their influence throughout the organization. Critics of internal marketing argued that the term is simply a synonym for good human resources management. However, internal marketing and human resource effectiveness are distinct and the former represents the antecedent of the latter (Ewing and Caruana, 1999). Gilmore and Carson (1995) criticized the dependence on techniques and concepts, designed for the implementation of external marketing programs that may be inappropriate for internal markets.

Employee Training

Employee training is one of the dimensions of IM that is identified in several literatures although there is a debate on its conduct. Almost all descriptions of internal marketing practices emphasize the importance of training because frontline employees need the requisite knowledge and ability to recognize and solve problems and to ensure high-

quality products and services since the success or failure of the organization is partly contingent on employees ability to resolve problems, make necessary changes to work procedures, and to guarantee quality products and service (Pfeffer, 1998). Further, noted by Bouranta et.al, (2003) managers who are concerned with monitoring and improving external customer satisfaction need to develop employee's competence in order to act as part-time marketers for the organization.

Generally, training is a process by which the aptitude, skills and abilities of employees to perform specific jobs is enhanced. It is the act of increasing the knowledge and skills of an employee for doing a particular job. For service rendering organizations the importance of effective training cannot be overstated. Specially those individuals at the first-front who are serving the ultimate customers' needs some kind of training whether it related with interpersonal or in-depth technical skills. Hence, it will eventually enable workers to be aware of what is expected from them and how they fulfill those standards. Besides it will help them to have a holistic understanding about the overall organization makeup. According to (Uchenna, 2008) training as an aspect of the IM experience that emerges within the context of an ongoing activity are instances where employees are continuously provided with information, skills and knowledge. The whole idea of training is provision of accurate information and the reassurance they need in order to execute their job effectively. This study goes further to highlight that training, in addition to skills development as aspect of IM, instills also in employees a sense of confidence, reassurance, and satisfaction in being able to do the job. Therefore, investing in training programs is a vital component in ensuring that employees are constantly anticipating environmental challenges and making the most of possibilities as an alternative to reacting to unexpected problems. Besides, this tangibles investing in training does have intangible benefits such as improved attitudes and increased skills that may indicate higher levels of service quality, customer satisfaction, and loyalty.

2.7 Customer Satisfaction in Airline industry

Satisfaction is generally recognized as a pleasurable outcome, 'a desirable end state of consumption or patronization. Precise definitions of satisfaction vary, but common themes emphasize that it is a customer's judgment of the consumption experience formed through some kind of psychological process that involves some form of comparison of

what was expected with what was received. Similarly, consumers may form satisfaction judgments about specific attributes of a service (e.g. the responsiveness of staff, the amount of information provided, etc.) or about the service overall. Different authors define customer satisfaction differently. Kotler (1996) defines customer satisfaction as follows: *“Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations”* Consumers form judgments about the value of marketing offers and make their buying decisions based upon these judgments (Kotler pp 475, 1996).

Customers perceive service in terms of quality, but how satisfied they are with the overall experience, is what defines their satisfaction. Kotler et al (2006:144) points out that whether the buyer is satisfied after purchase depends on the offer's performance in relation to the buyers expectations. However, according to Zeithaml et al (2006:106) although service quality and customer satisfaction are used interchangeably, there is indeed a distinction. Customer Satisfaction is when the outcome of the service matches the expectations of the service. As pointed out by Looy et al (2003:125), even though they differ one is a component of the other. Zeithaml et al (2003:110) defines it the customer's evaluation of a product or service in terms of whether the product or service has met his needs or expectations. Failure to meet needs results in dissatisfaction, or a poor perception of the service quality.

Satisfaction can be acknowledged in various senses depending on what needs the customer had before the service; it ranges from feelings of fulfillment, contentment, pleasure, delight, relief, and ambivalence.

According to Zeithaml et al, (2006:110), satisfaction or dissatisfaction is a measure or evaluation of a product or service's ability to meet a customer's need or expectations. If the customers of an organization are satisfied by their services the result is that, they will be loyal to them and consequently be retained by the organization, which is positive for the organization because it could also mean higher profits, higher market share, and increasing customer base. According to Grönroos (2001:346), *“Through improved customer retention and more cross-sales, this can be expected to have a positive effect on profit.”*

2.7.1 Determinants of customer satisfaction

Customer satisfaction is a measure of many factors from the customer's expectation to the actual experience, but as regarding the nature of services where the product is intangible, many of the factors will depend on the human factor of the service. Looy et al (2003:124), further spells out other factors that also determine it:

Product and service features: by the customer's evaluation of the product or service features.

Consumer emotions: the state of a customer's mind also contributes to his satisfaction of a product or service.

Perceptions of equity or fairness: their perception of how fair they have been treated influences their perceptions also.

Other consumers, family members, or co-workers: the influence of other people based on their reactions or expressions influences the customer's perception also.

Attributes of service success or failure: the way the customer perceives the causes of events, since for many services customers take partial responsibility for the way things turn out.

2.7.2 Benefits of Customer Satisfaction Assessment

Neumann (1995) expressed that the reasons for measuring customer satisfaction may vary among companies, and the success of the measurement depends on if the measurement is incorporated into the firm's corporate culture or not. However, he suggested five reasons for measuring customer satisfaction or five important roles of customer satisfaction measurement:

To get close to the customer – this will help to understand customers more, their needs, the attributes that are most important, and their effect on the customer's decision making, the relative importance of the attributes and the performance evaluation of the firm delivery of each attribute. This process helps to provide enabling communication with customers.

Measure continuous improvement - the important attributes of customers can be incorporated into the internal measurement to evaluate the value-added process in the company. This process involves comparing performance against internal standards

(process control and improvement), and comparing performance against external standards (benchmarking).

To achieve customer-driven improvement – the data collected from customers can be developed into sources of innovations and this can help to achieve customer driven improvement. This requires a comprehensive database and not just records of sales. This process helps to identify opportunities for improvement (quality costing).

To measure competitive strengths and weaknesses - determine customer perceptions of competitive choices and companies.

To link customer satisfaction measurement data to internal system

The market share is not a degree to measure customer satisfaction; rather it represents quantity of customers. Customer satisfaction is a measure of attitudes and perceptions of the quality and performance of a service (Bhote, 1996 as cited in Alelign 2012).

Bhote (1996) in his written book about studies conducted on different products and services in Sweden and wrote that customer satisfaction measurement provides significant information for modern management processes and additionally, it provides a warning signal about the future business performance.

2.8 The role of the Employees in service organizations

The role of employees in service organizations is comparable to the role of the service itself, as pointed out by Zeithaml et al (2006:349), that employees are the service and the brand. Their importance to the firm is critical to both service delivery and service production. In services it's all about the people (employees) because they appear more often to be the most tangible clue to the quality of the service. Zeithaml et al (2006:350) explains that the people factor in services is a very important element in the evaluation of that service “as all human actors who play a part in service delivery and thus influence the buyers perceptions” from the company’s personnel to the other customers in the service environment.

Employees like the mirror of an organization are the interface between the organization and the customer, what they portray is what the customers sees and uses in their evaluation of the service experience employees role in the organization and to the customer. According to them “satisfied employees make satisfied customers” and vice

versa, as the customers of the organization are important to their success so also are the employees and their relevance is:

Employees are the service: in many instances the contact employee is the service (in majorly hospitality industries) hence the offering is the employee. Investing in them is investing in the improvement of the manufactured product/service.

Employees are the organization in the customer's eyes: the employee personifies the firm even if they do not perform the entire service, they represent the firm to the client, their professional, or unprofessional behavior affects the perceptions of the customer about the firm.

Employees are the brand: the image that a customer has about the firm is formed by their interactions with the employees of the firm, the brand image of the firm is not built and maintained by their core product or service, but is a function of the employees working there.

Employees are the marketers: due to the intangibility of services, the marketing, production, and consumption is simultaneous in nature, since the employees are the representative of the firm their attitudes, behaviors and functionality can directly influence customer satisfaction. Whether acknowledged or not, whether actively selling or not service employees are performing marketing functions.

The employees relationship to the customer and to the organization has a huge relevance, its balance is necessary to the success of the both parties in the exchange relationship as their influence on the service, service delivery, service production and ultimately customer satisfaction is very substantial, also is their profitability to the organization necessary to the sustenance of the business. These customer-contact employees according to Zeithaml et al (2006) are referred to as boundary spanners. Grönroos (2001) also describes the employees as part time marketers of the organization. Considering the nature of services “production-consumption-marketing” becomes a simultaneous activity. This signifies that employees are also responsible for marketing the services of the company whilst delivering the service to the customer. The contact employee is the boundary spanner between the organization and the customer.

2.8.1 Importance of Employee satisfaction in service organizations

As a nature of the intangibility of service, customers look for tangible things to give them a clue of what the service they are buying is worth. However majority of the clues they are searching for, they evaluate through their interactions with the service supplier (the contact employee).

Therefore, a huge part of their judgments will center on the attitudes and qualities expressed by those employees. According to Sureshchander et al (2002), such of these behaviors help customers to differentiate a gratifying service experience from a dissatisfactory one, and further suggests that firms should train, motivate, and reward their employees for demonstrating such desirable behaviors in service encounters. According to Zeithaml et al (2006:357-358), “Satisfied employees make for satisfied customers” (and customers can in turn reinforce employees’ sense of satisfaction in their jobs). The bottom line of their argument is that customer perceptions of service quality is impacted by customer-oriented behavior of employees and that all the five dimensions of service quality can be influenced directly by the service employees.

McFerrin Peters 1998; Harris 1996; Cannie &Caplin 1991; and Fitz-enz 1997) have focused on finding the relationships between customer satisfaction and employee satisfaction. They argued that it is important to satisfy employee before satisfying their external customers. Building relationship with employees is the prerequisite to building relationship with customers. Some of their attitudes are listed in below table.

Blanchard and Bowel (1993)	<i>“If you do not look after your people, they will not look after your customers.”</i>
Freiberg and Freiberg (1998)	<i>“The way you treat your employees is the way they will treat your customers.”</i>
Albrecht (1992)	<i>“The way your employees feel is ultimately the way your customers will feel.”</i>
Cannie and Caplin (1991)	<i>“If you hope to take wonderful care of customers, first you need to take wonderful care of the caretakers.”</i>

Based on those findings, Herington et al. (2006) suggested that Service Company should make customer orientation as the beginning. Second, customer oriented strategy must be implemented by looking after its employees. If the employees are well treated, they will start to look after the external customers. At the end, satisfied employees will result in profitability for the company.

2.8.2 Relationship between Internal Market Orientation and Job Satisfaction

The centrality of customer orientation reflects its importance in the marketing literature and its central role in achieving customer satisfaction and hence organizational goals. Rafiq and Ahmed highlighted the key role of training in customer orientation and customer satisfaction. They explained that employees also need the right type and level of training to perform their jobs. This can help to reduce ambiguity surrounding their role and help employees to meet the needs of customers more effectively. (Rafiq and Ahmed, 2000).

Gounaris (2008) found that the practice of internal marketing orientation and satisfaction of job are positively related. It was revealed that Internal Market Orientation is a significant variable in employee job satisfaction, and therefore, the internal market can truly be effective by practicing it. Hence, organization should pay attention to needs of their employees and internal market orientation could be further developed. More specifically, internal marketing orientation focuses on ways to improve the job characteristics such that employee satisfaction increases. The implied assumption is that satisfied employees will perform their jobs better and impact customer satisfaction (Berry 1981, 1983). Satisfied internal customers will also be loyal and less likely to change jobs; thereby, reducing turnover. According to Donovan et al. (2004), implementing the marketing concept and at the individual level of the employee serving the customer precedes the application of marketing externally. Studies by Hoffman and Ingram, (1992); Pettijohn, et al, (2002) reveal that customer orientation at the individual employee level increases following the increments of job satisfaction levels. Mavondo, Chimhanzi and Stewart (2005) indicate that the relationship between human resource practices and operating efficiency and marketing effectiveness and its significant association with financial performance draws attention to an important issue. Furthermore, one of their

suggestions is that marketers must consider incorporating human resource practices in models of market orientation as this provides a holistic presentation and adds realism to such models. Such models would recognize the centrality of human resource practices in achieving organizational performance.

Conduit (2001) proposed a model linking market orientation to customer satisfaction. This model addresses nature of influence and the key research area are the organizational interface of internal market on customer satisfaction. The importance to identify internal customer and addressing satisfaction are widely touted. To recognize the quality of service between internal and external customer satisfaction provides explanation about the relation between them. The model brings a greater and better understandings of employees' role in creating for satisfy the customer. Creation of the market orientation culture internally could increase the quality of service and later lead to the achievement in external market.

2.9 Service-Profit Chain

The Service profit chain postulates that operations contribute to the profits of a service firm via the following chain of logical deductions:

- Profit and growth are stimulated primarily by customer loyalty;
- Loyalty is a direct result of customer satisfaction;
- Customer satisfaction is largely influenced by the value of the services provided;
- Value is created by satisfied, loyal and productive employees; and

Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers (Heskett et al., 1994, 1999). Heskett et al. (1999) capture the relationship between employee and customer satisfaction with their analogy of the “satisfaction mirror”, which vividly conveys the notion that business success results from employee satisfaction being “reflected” in terms of customer satisfaction. The service profit chain framework holds that satisfied employees are more productive and provide better service quality and value than less satisfied employees, leading to enhanced customer perceived service quality and customer satisfaction. The service profit chain asserts that satisfied and motivated employees produce satisfied customers and satisfied customers tend to purchase more, increasing the

revenue and profits of the organization (Heskett et al. 1999). Heskett et al. (1999), for example, define the service profit chain as, involving direct and strong relationships between profits; growth; customer loyalty; customer satisfaction; the value of goods and services delivered to customers; and employee capability, satisfaction, loyalty and productivity. Various studies testing the service-profit chain in service organizations findings indicate that employee satisfaction and customer satisfaction are positively correlated, and both of them have a positive impact on profitability (Xu and Goedegebuure, 2005; Kamakura et al. 2002; Silvestro and Cross, 2000).

2.10 Business Performance (BP)

Business performance is broader concept encompassing both financial performance and operational performance indicators. It is defined in both financial and non-financial context as Panigyrakis and Theodoridis (2009) discussed that financial indicators of the performance of an organization are the return on investment (ROI) and Return on Assets (ROA). Performance measures based on mere financial indicators are not enough so non-economic indicators including market share, product development, or production efficiency are used for business performance (Helgesen, Nettet&Voldsund, 2009). Further Venkatraman & Ramanujam (1986) cited in Panigyrakis & Theodoridis (2009) examined non-financial indicators like product or service quality, market share, customer loyalty and customer satisfaction influencing the overall performance of the firm.

2.10.1 Internal marketing and Business Performance

Internal marketing helps in attaining business performance through their satisfied internal customers (Sheng & Hsin, 2007). IM is an important driver for business performance, financial and non-financial and IM has positive impact on business performance (Panigyrakis & Theodoridis, 2009). Main purpose of the organization is to earn profit through satisfying their employees and customers encompassing the concept of stakeholder's theory. Tortosa, Moliner, and Sa'nchez (2009) point out the challenges faced by organization in maintaining relationships with their stakeholders among which the employees of that organization are playing most crucial part. When employees will be more satisfied and perceive their output more than their input, they will take it as

obligation to increase quality and profitability of the firm (Tortosa, Moliner, & Sa´nchez, 2009).

2.11 Empirical Study

The aim of this section is to summarize the idea I got from past literature and to bring out the contributions I have for this study area.

Various researches in related topic suggest that internal customer satisfaction affects the process of production, which in turn influences external customer satisfaction.

As (IsabellaR.et.al, 2005 cited in Nardos 2012) noted greater attention to employee-customer interactions can result in an increased in perceived service quality, customer satisfaction and repeated purchase behavior of service customers. Since, customer perceptions, attitudes and intentions are affected by what employees experience in their organizations, if they do not feel valued neither will your customers. Firms could use this assumption hence satisfied employees will result long-lasting affiliation.

Havir (2001, as cited in Nardos 2012) support the above notation the higher the level of perceived service quality, the higher the external customer satisfaction. This, in turn, would lead to higher intentions to re patronize the service provider. The link between external customer loyalty and company profitability follows intuitively where the higher the re patronization of service provider for its services, the higher the profitability of that company.

An exhaustive review of the literature suggests that internal communication can assure the successful implementation of any new program where strong communication pushes staffs to recognize the need of change, when it is required. In this regard, uninhibited flows of information across the organization help customers to be aware of the vacant resources within the organization. Hence, firm should update its employees about the current nature of the external environment change which could be achieved by good internal marketing programs that focus on customers and acknowledge market orientation. In general, intensive and high quality communication should be treated as competitive advantage. Employee involvement in strategic decision has a strategic importance to the end service operation that the customer receives, especially in the service sector. Training is long known in helping employees to develop competencies and

understanding about external customers need. In general, trained employees are more confident, innovative and assured to serve customers properly. As Harvir (2001, cited in Nardos 2012) noted “investing in training does have intangible benefits such as improved attitudes and increased skills that may prestige higher levels of service quality, customer satisfaction, and loyalty”.

Top-management support whether emotional or work related can motivate employee commitment because they feel that organization is giving attention and caring too.

Rewarding employees for their effort could create a sense of satisfaction and motivation which guarantee their diligence in future.

Generally, the conceptual frame work of this study was developed based on the literature. Internal marketing variables were directly related with customer satisfaction of the firm. Therefore, the following figure shows the relationship between the independent variables and the dependent variables.

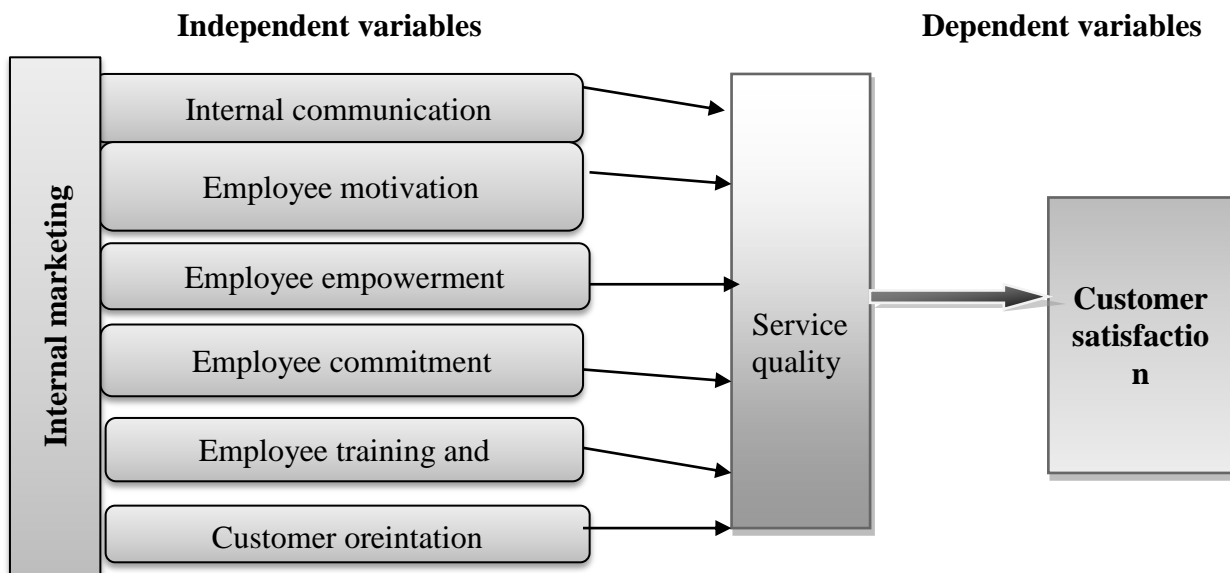


Fig. Conceptual frame work of the study (Adopted from Rafiq and Ahmed (2002))

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

The purpose of this chapter is to explain the procedures used to answer the research questions proposed in Chapter 1. Sections regarding research purpose, design, sampling, data collection and data analysis procedures are included. Further, a clear explanations and illustrations about the reasons for selecting the research design are putted as well.

3.1 Research Strategy and Design

The research was quantitative in its approach, why, because it involved generation of data in quantitative form for analysis. Data was quantified and statistical methods were used in the data analysis that aims to give a result that are representative to the whole population. The primary goal of this research design is to seek evidence about a characteristics or a relationship and to use statistical inference to generalize obtained results from a sample to a population Patrick (2008). The study was descriptive because it enabled the researcher get information about the current situation. Within the descriptive the study was a survey study. Survey study emphasis that the purpose of contacting respondents is to obtain a representative sample, or subset of the target population (Zikmund, et al. n.d) choosing this design helps the researcher to collect relevant data at less cost and within short period of time than census. In addition to this the study is interested to identify the likely association of IM with customer satisfaction and business performance of the firm that demands a large amount of numeric data from a large number of instances without further prediction of cause and effect relationship. Furthermore, the study is cross-sectional, where respondents are contacted once to collect empirical evidences.

3.2 Target Population

The study is particularly interested to identify the role of the internal marketing activities of a case study of Ethiopian airline industry on the performance of front-line staffs and its potential effect on external customer satisfaction and business performance of the firm. As Shyh-Rong et.al noted “particularly in service industry, the interaction between front-line service personnel and customers in whole service delivery process is a critical factor of service success. External customers satisfaction cannot be achieved without the fundamental contribution of the customer contact employees who provide the service Bouranta et.al (2005). Further intensifying the importance of contact employee in the

service sectors, Albert and peter noted (1998) that given the inseparability characteristic of services, contact employees becomes crucial in the production of the product/service which the customer receives. Thus direct human contact between contact employees and customer where employee relations and their interaction with customers become critical to quality service. In addition to this confirmation, front line employees are in a good position to describe the company’s effort in enabling them to satisfy the ultimate customers’ needs. Accordingly, the target population of the study was 2500 Ethiopian employees those who are working under customer service category and who are working at Addis Ababa airport Hub and from customers side 200 customers of ET those who have prior experience with the service of Ethiopian airline. It doesn’t include the employees that are working abroad and other employees who are working at the domestic.

3.3 Sampling Method and Sample Size

To substantiate the study the researcher used 544 samples of employees and customers by using simple random sampling. According to Yamane, there are three criteria to determine appropriate sample size, level of confidence, level of precision (sampling error) and degree of variability. (Yamane 1967 cited in Israel 2003). So based on this, the sample size of employees was determined by:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{2500}{1 + 2500(0.05)^2}, \frac{2500}{1 + 6.25} = 344.8$$

Where, n=sample size= population size and e is the level of precision. A 95% confidence and e=0.05 are assumed for the purpose of this study.

3.4 Data Type and Source

The study uses a structured questionnaire to obtain firsthand information through direct solicitation of responses from front-line employees and customers of the enterprise. The rational for using questionnaire as the methods of data collection is because it has some advantageous over other forms of data gathering schemes and it is common instrument in

prior researches. While Valsa (2005) confirmed the use of questionnaires at the start of a project can often be very useful because it helps you to collect a range of information with relative ease.

Secondary information is secured from books, journals, published/unpublished materials, from the Enterprise's website and newsletters of the organization. Finally, a careful inspection is done to extract important inputs for the study.

Primary Sources: empirical data was collected from selected samples through self-administered structured questionnaire. Structured questionnaire with open ended questions with five likert scale were presented to both employees and customers of the organization. Self-administered questionnaires were chosen as it offers respondents greater anonymity, there by encouraging the respondent to more readily disclose feelings and attitudes.

Survey questionnaire

The survey questionnaire involves both previously tested questions and items developed through a review of literature which consists of two sections. The first section incorporates closed-ended questions to gather demographic profile of employee and section B encompasses IM constructs which are developed through a review of literature that measures firms IM practices.

3.5 Method of Data Analysis

After collecting data from respondents, it was analyzed with descriptive as well as inferential statics by using SPSS version 20 software package. First the Cronbach's alpha was used to test the validity and reliability of internal marketing variable with customer satisfaction. Then Pearson correlation coefficient particularly bivariate correlations analysis was used to examine the relationship between the independent variables (internal marketing dimensions and service quality dimensions) with the dependent variables (customer satisfaction).Appropriate descriptive statistical analysis such as percentage, ratios, means and standard deviations were used. Data analyzed was presented in the form of table, graphs, pie-charts and bar graphs.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATIONS

This chapter examines the data collected for the study. It is divided into several sections: (1) further reliability tests to examine the scales used in the study, (2) examination of respondents, (3) demographic information and (4) data analysis for research questions.

4.1 Sample and Response Rate

The survey of this study was conducted at the end of April and beginning of May. The result and findings of the study was divided into different sections: demographic information, reliability tests used to examine the study and data analysis for the research questions. Researcher personally administered 544 questionnaires to both employees and customers of the enterprise. Employees were randomly chosen and convenience sampling was used to target customers. The researcher gathered 404 questionnaires, yielding a response rate of **74.25**percent.

Table.4.1 response rate of questionnaire administered

Type of respondents	Response rate	Returned	Usable
Employees	344	282	262
Customers	200	168	142
Total	544	450	404
Percentage	100	82.72	74.25

Source: Researcher’s survey result

4.2 Reliability and Validity

4.2.1 Measurement of Reliability for IM Constructs

To validate the results empirically, appropriate reliability and validity tests of the measurement were taken. Reliability refers to the instrument's ability to prove consistent results in repeated uses, whereas validity refers to the degree to which the instrument measures the concept the researcher wants to do. This provides confidence that the empirical findings accurately reflect the proposed constructs (Flynn et al., 1994). The value of Cronbach's alpha for six IM construct was between 0.755 to 0.930 which is above 0.7. Taking in to account the small number of items used to measure IM the value of alpha is valid.

Table 4.2 Reliability test for internal marketing instruments.

Constructs of IM	alpha
Employee motivation	0.930
Internal communication	0.850
Employee training	0.853
Employee empowerment	0.811
Commitment to service quality	0.944
Customer orientation	0.775

4.1 Demographic characteristics of Employees and customers

4.3.1 Characteristics of Employees

Table 4.3 Demographic characteristics of Employees

Demographic characteristics of employees	Frequency	Percent	Cumulative Percent
Employees by their gender	Male	137	52.3
	Female	125	47.7
	Total	262	100
Employees by their age groups	21 to 34	186	71
	35 to 44	54	20.6
	45 to 54	22	8.4

	Total	262	100	100
Employees by their educational level	Diploma level	51	19.5	19.5
	Degree level	190	72.5	92
	MA/ MSC	21	8	100
	Total	262	100	100
Employees work experience	Less than one year	42	16	16
	1 to 2 years	76	29	45
	2 to 5 years	68	26	71
	5 to 10 years	41	15.6	86.6
	> 10 years	35	13.4	100
	Total	262	100	100

Table 4.3 above describes the demographic characteristics of employees by gender, education, age and the overall composition. Respondents were roughly proportionate between male and female employees even though the numbers of male respondents are a bit greater (male 52.3percent, female 47.7 percent). From the table 4.3 above, out of 262 respondents about 137 were male respondents and 125 of them were females.

In addition when we see age proportion in five age category. The majority of employees are between the Ages of 21-34 (71%) next to this group employees between 35-44(20.6%) ages were the second abundant group and 45-54 (8.4%) age group. From this the researcher concluded that majority of employees of the enterprise who are serving customers are dominated by the young aged employees (71%).

The above table also reveals employees work experience, when we see employees year of occupation under customer service category, 42(16%) of employees reports that they stay with the company for less than one year, 76(29%) employees stay with that position for 1-2 and 68(26%) employees has 2-5 years of work experience, And also 41(15.6%) employees were in the position for 5 to 10 years; about 35(13.4%) of employees were worked for more than ten years in the company.

Finally, when we see employees' educational level majority of the employees about 190 (72.5%) are degree holder, 51 (19.5%) employees are diploma graduates and only 21 (8%) of them have a master's degree.

4.1.1 Characteristics of Customers

Similar to that of employees 'Demographic statistics, customers' demographic statistics also describe their gender, education, age and the overall composition. When we see the gender of customer respondents, out of 142 questionnaires filled 78 of them were male and the remaining 64 of them were female respondents. Regarding to customer respondents age group, 34 (23.9%) of the respondents were between age group of 21 years to 34, 29.63% of them between 35 to 44 and 26.76% of them between 45 to 54 and 19.71% of them are above age 55 year group. When we see educational level of employees, majority (54.22%) of the respondents are diploma graduates, followed by degree holders (32.39%), 7.09% of the respondents are MA/MSc holders and only 3.5% and 2.8% of the respondents were high school graduate and PHD graduate level respectively.

4.2 Descriptive Statistics

The descriptive statistics of mean scores and standard deviation of internal marketing variables are discussed in the below consequent tables in each category.

The main reason of using descriptive statistics was to demonstrate the average responses of respondents for each question that was included under each dimensions of the predictor variable and to reach the grand mean of each dimension. Finally, the interpretation is made through using the grand mean of each independent dimension for the aim of achieving partial research objectives of the study. The interpretation was made based on the following measurement scale intervals or range. Mean scores 4.51-5.00 excellent or very good, 3.51-4.50 good, 2.51-3.50 average or moderate, 1.51-2.50 fair and 1.00-1.50 is poor (Poonlar Btawee:1987)

Table 4.4 Internal marketing Dimensions Mean and standard deviation

Internal Marketing dimensions	No.	Mean	Std. Deviation
Satisfaction with internal marketing	262	2.53	1.109
Employee motivation	262	2.96	1.039
Employee Training	262	2.97	1.049
Commitment to service quality	262	3.31	1.151
Internal communication	262	3.43	.909

Employee Empowerment	262	3.54	.984
Customer orientation	262	3.58	1.076

Source: Researcher's survey result

Employee satisfaction with Internal marketing of the firm:

From the below table majority of employees respondents 111(42.4%) of them are not satisfied or they are disagree with the internal marketing programs in assisting employees to serve their customers in good manner. About 43(16.4%) of respondents responded they are strongly agreed with the firm's internal marketing satisfaction and 52(19.8%) of them were agreed with their satisfaction. About 45(17.2%) and 11(4.2%) of the respondents were neutral and strongly disagree respectively related to overall internal marketing of the firm.

Table: 4.5 Employees' satisfaction level with internal marketing of the firm.

Scales	Frequency	Percent	Cumulative Percent
Strongly agree	43	16.4	16.4
Disagree	111	42.4	58.8
Neutral	45	17.2	76.0
Agree	52	19.8	95.8
Strongly disagree	11	4.2	100.0
Total	262	100.0	

Source: survey finding of the researcher (2014)

Employees Evaluation of job satisfaction and motivation:

The mean rating and the standard deviation of respondents' evaluation of job satisfaction and motivation attributes is presented on table below. Respondents overall mean rating was **2.98** and the standard deviations were 1.1 to 1.3. Respondents mean rate were moderate which shows us employees of the firm were not motivated and dissatisfied with their job.

Table 4.6 Employee job satisfaction and motivation Attributes

Employee motivation and job satisfaction	No.	Mean	Std. Deviation
I am satisfied with the salary i draw at present	262	2.59	1.116
The airline gives priority to satisfy the needs of internal customers?	262	2.63	1.228
I feel good for working for this airline because I am satisfied with my job	262	3.00	1.179
My satisfaction as internal customer improves my performance to deliver quality the service	262	3.72	1.341
Average		2.95	

Employees' Evaluation of Internal Communication of the Enterprise:

The mean rating and the standard deviation of respondents' evaluation of internal communication attributes is presented on table 4.6 below. Respondents overall mean rating was **3.43** and the standard deviations were **0.86 to 1.3**. Most of respondents were satisfied with the interactions they have with their immediate supervisors and the relation they have with fellow workers. Internal communication has an advantage of informing employees about new changes and will help them to be adaptive to external environment as well. Thus properly informed employees won't face any difficulties in reacting to customers as seen from the result low customers satisfaction is also related to lack of free information exchange throughout the enterprise. Internal communication generally relates the organization with the external environment in addition to its advantages of linking the members together for the purpose of achieving a common goal.

Table 4.7. Mean and standard Deviation of internal communication

Internal communication attributes	No.	Mean	Std. Deviation
There is regular meeting with top level management and staff Members to communicate about issues related to the organization	262	2.91	1.028
The enterprise strong positive service encounters with employees?	262	2.93	1.315
Supervisors are sincerely interested in listening to what subordinates have to say about their jobs, problems they have and the solutions that subordinates suggest.	262	3.48	1.186
I am satisfied with the r/n ship b/n my fellow workers in the organization	262	4.40	.865
Average mean		3.43	

Source: survey finding of the researcher (2014)

Employee Training

The mean rating and the standard deviation of respondents' evaluation of training attributes of the firm was 2.97 and the standard deviations were 1.044 to 1.198. Even though, the respondents get training related to their professional service they were disagree with availability of continual training that improves their sense of confidence, reassurance and satisfaction of customers.

Table: 4.8 Descriptive Statistics, attributes of Training

Attributes of training	No.	Mean	Std. Deviation
Before the implementation of a major change in the service rules we always gets significant training regarding its impact on our daily activities and job descriptions.	262	3.30	1.198
The organization gives continual training that help me and other staffs to develop a sense of confident, reassurance, and satisfaction in service delivery process.	262	2.64	1.044
Average mean		2.97	

Source: Researcher's survey finding (2014)

Employee Empowerment

The mean rating and the standard deviation of respondents' evaluation of employee empowerment attributes is presented on table 4.8below. Respondents overall mean rating was **3.54** and the standard deviations were from 0.989to 1.151. Majority of the respondents were satisfied with their own judgments while solving problems that customers face and they are also agree with the role and responsibility they have at their work.

Empowerment attributes	No.	Mean	Std. Deviation
My supervisor allows me to use my own judgment in solving problems.	262	3.41	1.151
I am satisfied with responsibility and role i have in my work.	262	3.68	.989

Table 4.9: Attributes of employee empowerment

Employee Commitment to service quality

The mean rating and the standard deviation of respondents' evaluation of commitment to service quality is presented on **table 4.9** below. Respondents overall mean rating was **3.31** and the standard deviations were to 1.1 to 1.3. Respondents were asked if the airline gives favorable work environment to satisfy its employees which results to customers' satisfaction and majority of them were agreed with the idea. And they were also asked about their emotional attachment and feeling towards the organizations and the mean tends to moderate/average.

Table 4.9: Descriptive statistics: Attributes of commitment to service quality

Commitment to service quality attribute	N	Mean	Std. Deviation
The organization tries its best to give comfortable work environment to its employees	262	3.58	1.148
No matter I feel, I always do the best i can for every customer I serve.	262	3.36	1.368
Level of emotional attachment identification with the organization is higher	262	2.99	1.107

Source: researcher survey finding (2014)

4.5. Inferential Statistics

I. Pearson correlation

Before identifying problems in the practice of internal marketing of the firm, which is the purpose of question number one (#1), let us see the general outlook of employees' satisfaction towards the company's internal marketing program. When we see the mean index (**2.53**) it is moderate and that indicates the majority of employees are less satisfied with their organizations internal marketing which help and enable them to provide better service and satisfy their external customers. This shows that there is a problem related to internal marketing practice of the firm. Correlation analysis was conducted to investigate the relationship between service quality dimensions, which are reliability, responsiveness, and assurance, empathy, and tangibles with customer satisfactions. A correlation analysis

with Pearson's correlation coefficient (r) was conducted on all variables in the study to explore the relationships between internal marketing dimensions and customer satisfaction.

The result from the Pearson correlation revealed that Pearson correlation coefficient of the six variables: customer orientation, internal communication, employee empowerment, employee training and development, employee motivation and satisfaction and commitment to service quality are 0.384, 0.870, 0.907, 0.908, 0.91 and 0.942 respectively. (See table 10 below).

All the six variables correlation is significant at 0.01 level of probability. A correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005). As per the guide line suggested by Field (2005), the strength of relationship 0.1-0.29 shows weak relationship; 0.3-0.49 is moderate; >0.5 shows strong relationship between the two variables. From the result shown below table 4.10, there is strong relationship between the six variables (training and development, customer orientation, employee empowerment, commitment to service quality, employee motivation and job satisfaction and internal communication) and the dependent variable (customer satisfaction). To put the data in sequential order, the highest positive correlation is found to be Level of employee commitment to service quality and customer satisfaction ($r=0.942$, $P<0.01$) and the moderate level of relationship is with customer orientation and customer satisfaction ($r=.384$, $p<.01$). The result also shows that, there are strong positive relationships between the independent (internal marketing variables).

Table: 4.10 Pearson Correlation coefficient analyses between internal marketing variables and customer satisfaction

		Employee motivation and satisfaction	Internal communication	Employee Training and development	Employee Empowerment	Commitment to service quality	Customer orientation	Customer satisfaction
Employee motivation and satisfaction	Pearson Correlation	1	.953**	.756**	.873**	.935**	.735**	.921**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000

	N	262	262	262	262	262	262	142
Internal communication	Pearson Correlation	.953**	1	.751**	.913**	.943**	.778**	.870**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	262	262	262	262	262	262	142
Employee Training and development	Pearson Correlation	.756**	.751**	1	.767**	.810**	.634**	.908**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	262	262	262	262	262	262	142
Employee Empowerment	Pearson Correlation	.873**	.913**	.767**	1	.937**	.751**	.907**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	262	262	262	262	262	262	142
Commitment to service quality	Pearson Correlation	.935**	.943**	.810**	.937**	1	.711**	.942**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	262	262	262	262	262	262	142
Customer orientation	Pearson Correlation	.735**	.778**	.634**	.751**	.711**	1	.384**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	262	262	262	262	262	262	142
Customer satisfaction	Pearson Correlation	.921**	.870**	.908**	.907**	.942**	.384**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	142	142	142	142	142	142	142

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

Correlation between Service Quality Dimensions and Customer Satisfaction

Correlation analysis was computed for the purpose of determining the relationship between five main variables of service quality and over all firm's customers satisfaction.

The summarized correlation result shown in Table below 4.11 was derived from appendix shows that the presence of relationship between the alternative measures of service quality (i.e. empathy, responsiveness, tangibility, assurance and reliability) and

overall customer satisfaction could be a good instrument for seeing the direction and the extent of the association that each dimensions has with customer satisfaction.

Table: 4.11 correlation coefficient and service quality dimensions

Variables	r-value	p-value	Items
Reliability	0.913	0.000	4
Empathy	0.898	0.000	3
Tangibility	0.877	0.000	3
Assurance	0.835	0.000	2
Responsiveness	0.828	0.000	2

The correlation analysis result between customer satisfaction and five contributing factors are shown with a correlation coefficient r . A high positive relationship was found between overall customer satisfaction and the five determinate variables of service quality. **Reliability** founds to be the most important dimension that causes customers satisfaction ($r=0.913$). The second factor is **empathy** dimension where employees caring, individualized attention to customers request and problems were essential in enhancing customers evaluation of the firms service quality ($r=0.898$). **The tangibility** dimension found to be the third important determinant of customers satisfaction ($r=.877$). The fourth component is the **assurance** aspect that measures employees ability to instill confidence and trust in the minds of customers to make them feel safe in their transaction($r=.0.835$). The fifth factor is **responsiveness** dimension which is related to employees willingness and promptness of employees to provide the requested service($r=.828$).

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

Introduction

In this chapter the study put forward the main findings, conclusion, recommendation and academic and practice implications of the study based on the data. It has several sections: a conclusion of the overall survey is presented and recommendations are forwarded based on the study finding which will be used by the corporation to achieve its goal.

5.1 Conclusion

This study examined how internal marketing helps customer contact employees in delivering quality service that increase customer satisfaction in the case of Ethiopian airlines enterprise. The paper discussed and empirically tested the relationship among each variable of IM and overall customer satisfaction. The main purpose of this study is to help service organizations to establish an internal service management philosophy that employee should be treated as internal customer within the organization. Internal customer satisfaction should be the central goal of the internal service management.

The study also tests the relationship between IM variables and overall customer satisfaction separately. From the descriptive statics mean and standard deviation, the researcher found that there were problems related to the internal marketing practice of the company which is related to inadequate availability of employee training, employee motivation, employee empowerment. From the finding the researcher concluded that internal marketing has a vital role for the external customer satisfaction by improving the service quality of the company.

When we see the average mean score of employees overall evaluation of the enterprise's internal marketing practice which is found moderate (2.53) where one can conclude that there are problems in the organizations internal marketing program.

From the finding of the study, 46.6% of employees of the firm responded that they were not satisfied with the internal marketing program of the firm which enables and helps them to satisfy their external customers.

The grand mean of employee motivation and satisfaction shows moderate 2.98 which indicate employees are not motivated with the benefits they get from the company internally. Generally, the grand mean of employee empowerment, internal communication and customer orientation reveals 3.54, 3.43 and 3.43.


The Pearson correlation coefficient of the study shows that all the variables of internal marketing are highly correlated.

From the correlation matrix finding employee commitment has strong associations with overall customer satisfaction with a value of 0.94. Next to this employee motivation and satisfaction is also highly correlated with overall customer satisfaction with a value of 0.91.

The main ground of this research is to see the effect that enterprise's IM program has on internal customers and its relation with external customer satisfaction. Based on the empirical output of the study we notice that there is actual association between employees IM perception and customer's satisfaction.

To sum up, customer-focused service organizations should begin with satisfying its employees with quality internal services. Then employees will pay back by doing the same thing to external customers. Satisfied customers mean success and profitability to the service organization. At last, service organizations will be able to gain competitive advantages for long-term survival and growth.

5.2 Recommendations

 The researcher suggest that management of ET should constantly work on exploring appropriate service quality dimension combinations which can influence the satisfaction of different employees, in order to deliver quality internal services in all service production process.

- ✚ Although human resource is responsible for recruiting and training employees and traditionally may be seen as responsible for internal marketing, communications between human resource and marketing functions is vital (Little & Little, 2009). Without input from marketing, who know ‘what’ should be delivered to the customer and what be the brand actually means for employees, human resources may be unable to recruit or provide the right skills for the organization (the ‘who’ component) (Little & Little, 2009). So while recruiting the new employees who have direct involvement with customers the role of marketing professionals is vital.
- ✚ Managers need to adopt a participative management style and allow a degree of pleasure to frontline employees, so that they can meet customers’ expectations and take advantage of interactive marketing opportunities.
- ✚ Appropriate training and development procedures are necessary to ensure that the customer contact employees have the requisite personal characteristics and skills to cope with empowerment, as not all employees can cope with the extra responsibilities associated with empowerment. Moreover, it is vital for organizations to invest in training and employees development. Therefore, training and education is recommended to be continuous process with no end for both managers and employees.
- ✚ In order to increase the rate of customer retention, ET must understand that the “bonding” that frequently occurs in customer-service provider employee relationships, can have a significant effect on the level of customer loyalty. Therefore, managers might consider ways they might facilitate the development of interpersonal bonds, including encouraging the development of friendships between customer-contact employees and customers, reducing employee turnover so that familiarity with customers can be developed, and encouraging self-disclosure by both customers and employees.
- ✚ Managers can increase employee’s satisfaction for his job by designing jobs with features that appeal to the employees rather than just concentrating on the task requirements of the job.
- ✚ Management must consider the organization as its first market, and depend on the marketing tools along with the human resources practices to identify and satisfy the

needs of its internal customers. Management must also conduct regular improvements in the work environment and depend on the latest technology in order to improve the performance.

- ✚ To improve internal communication making sure internal communication channels effectively share information on how to market ideas and services internally.
- ✚ ET should apply marketing skills and initiatives internally to understand employees' needs and wants.
- ✚ Managers of ET should develop an employee suggestion system to encourage ideas on improving the quality of customer service.

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APPENDIX A

A) Questionnaire for Internal Customers/ Employees

Dear respondent

The researcher is a student of Addis Ababa University School of commerce, participating in graduate program in Marketing Management. As a partial requirement for the completion of the MA program, the researcher is undertaking a research on the **role of internal marketing on customer satisfaction in the case of Ethiopian airline Enterprise**. So your participation is highly required to make the study more productive.

The overall objective of this questionnaire is to gather first-hand information on the aforementioned issue at the grass root level. I would like to assure you that the information you are going to provide will be exclusively used for academic purpose and will remain confidential. Therefore you are kindly requested to respond to the questions freely and to the best of your knowledge.

Internal marketing views employees as customers that satisfy their needs and wants fulfilled while addressing the objectives of the company. Please consider each question carefully to determine how you feel about the subject matter personally as a customer of your organization

Part I personal data

1. Sex? A. Male B. Female
2. Age?
A) Under 21 B) 21-34 C) 35-44 D) 45-54 E) 55 or older
3. How long have you worked for EAL?
A) < one year B) 1 to < 2 year c) 2 to < 5 years D) 5 to <10years. E) more than 10 years
4. *Educational level:*
A) *High school level* B) *diploma level* C) *degree level* D) *masters* E) *Ph.D.*

Part Two

Based on the following scale please encircle the answer of your choice in front of the question.

Strongly disagree=1, Disagree=2, Neutral=3, Agree =4, strongly agree =5

Internal marketing study variables	Strongly disagree	Disagree	Neutral	Agree	Strongly disagree
I. Are you satisfied with the firms“ internal marketing” programs in assisting you to properly serve your customers?	1	2	3	4	5
1. Do you agree that your satisfaction as an internal customer improves your performance to deliver the service?	1	2	3	4	5
2. The company recognizes the employee as a customer of the organization.	1	2	3	4	5
3. Do you think that your level of emotionally attachment, identification with the organization is higher?	1	2	3	4	5
4. Do you think that the airline gives priority to satisfy the needs of its internal customers/employees?	1	2	3	4	5
5. The airline provides strong, positive service encounters with employees.	1	2	3	4	5
6. I am satisfied with the salary I draw at present.	1	2	3	4	5
7. No matter I feel, I always do the best I can for every customer I serve.	1	2	3	4	5
8. I am proud and feel good about working for this organization because I truly believe in its mission and products/ service it provide.	1	2	3	4	5
9. I feel good about working for this airline because I am satisfied with my job.	1	2	3	4	5
10. I am satisfied with the promotion opportunity offered	1	2	3	4	5

by this company.					
11. I am satisfied with the relationship between my fellow workers in this organization.	1	2	3	4	5
12. I am satisfied with the responsibility and role that I have in my work.	1	2	3	4	5
13. The organization tries its best to give comfortable work environment to its employees.	1	2	3	4	5
14. Supervisors are sincerely interested in listening to what subordinates have to say about their jobs, the problems they have and the solutions that subordinates suggest.	1	2	3	4	5
15. My supervisor allows me to use my own judgment in solving problems.	1	2	3	4	5
16. Before the implementation of a major change in service rules we always gets significant training regarding its impact on our daily activities and job description.	1	2	3	4	5
17. Management of the company motivates us to work in teamwork.	1	2	3	4	5
18. There is regular meeting with top level management and staff members to communicate about issues relating to the organization.	1	2	3	4	5
19. Management makes changes when employee's feedback indicates that they are dissatisfied.	1	2	3	4	5
20. The organization gives continual training that help me and other colleagues to develop a sense of confident, reassurance, and satisfaction in service delivery process.	1	2	3	4	5

APPENDIX B

B. QUESTIONNAIRES FOR CUSTOMERS

Dear respondent

This questionnaire is a part of a study for a Master's Degree at Addis Ababa University School of Commerce. The objective of the research is to evaluate **the role of Internal Marketing on Customer Satisfaction in the case of Ethiopian Airlines Enterprise.**

This questionnaire is to be filled by customers and its objective is to get accurate information on aforementioned issue at the grass root level Therefore, your genuine answer to the questions in the questionnaire has an immense value to the completion of this study.

PART I PERSONAL DATA

1. Sex? A. Male B. Female

2. Age?

A) Under 21 B) 21-34 C) 35-44 D) 45-54 E) 55 or older

3. Educational level:

A) High school level B) Diploma level C) University Degree D) Masters E) Ph.D.

PART II Questions Related To Customers Satisfaction

The score levels are described as:

1- Strongly Disagree 2- Disagree

3- Neutral 4- Agree 5- Strongly Agree

Dimensions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.Tangibility					
1. Visually appealing and attractive facilities and other equipment's	1	2	3	4	5
2. Are you satisfied with Neatness and professionally groomed employees of the airline?	1	2	3	4	5
3. Visually appealing communication material associated with service delivery of the airlines.	1	2	3	4	5
2.Reliability					
5. The airline Perform the service right the first time.	1	2	3	4	5
6.The employee of the airline can provide you accurate information	1	2	3	4	5
7. Employees determination to insist on error free records.	1	2	3	4	5
3.Resposiveness					
8. Employees are attentive and prompt to the customers need.	1	2	3	4	5
9. Employees of the firm show Willingness to help customers.	1	2	3	4	5
10. Readiness to respond to customers' request.	1	2	3	4	5
4.Assurance					
11. The staff of the firm has good service knowledge.	1	2	3	4	5
12. Employees have required skill to perform service.	1	2	3	4	5
5. Empathy					
13. Employees understand the needs of their customers.	1	2	3	4	5
14. Employees give to customers individualized and personalized attention.	1	2	3	4	5
15 .Convenient time management	1	2	3	4	5
16. Customers Overall satisfaction	Very dissatisfied	dissatisfied	neutral	Satisfied	Very satisfied
Your overall satisfaction with the airline service	1	2	3	4	5

Appendix c

		Tangibility	Reliability	Responsiveness	Assurance	Empathy	Customer satisfaction
Tangibility	Pearson Correlation	1	.974**	.974**	.964**	.977**	.877**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	142	142	142	142	142	142
Reliability	Pearson Correlation	.974**	1	.946**	.923**	.988**	.913**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	142	142	142	142	142	142
Responsiveness	Pearson Correlation	.974**	.946**	1	.976**	.944**	.835**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	142	142	142	142	142	142
Assurance	Pearson Correlation	.964**	.923**	.976**	1	.922**	.828**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	142	142	142	142	142	142
Empathy	Pearson Correlation	.977**	.988**	.944**	.922**	1	.898**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	142	142	142	142	142	142
Customer satisfaction	Pearson Correlation	.877**	.913**	.835**	.828**	.898**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	142	142	142	142	142	142

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