



**Addis Ababa University School of Commerce Graduate Studies Program
Department of Marketing Management**

**The Effect of Internal Marketing on Customer Satisfaction:
The case of Bunna International Bank S.C.**

Prepared By : Wondwossen Legesse

**A Research Project Submitted to the Addis Ababa University School of
Commerce in Partial Fulfillment of the Requirement For The Award of
Master of Arts in Marketing Management.**

Advisor: Hailemariam Kebede (Phd)

**June, 2020
Addis Ababa, Ethiopia**

Acknowledgment

First, I would like to thank The Almighty God, The Compassionate, The Most Merciful and Source of Knowledge and Wisdom, who bestowed upon me the health and the audacity to accomplish this thesis.

I would like to sincerely thank my advisor Dr. Hailemariam Kebede for his constructive comments, valuable suggestions and guidance.

I also would like to thank to the staffs and customers of Bunna International bank for their response to the research questionnaire.

Lastly but not the least, my appreciation also goes to my families and colleagues.

Wondwossen L.

APPROVAL SHEET

**Addis Ababa University School of Commerce, Graduate Studies
Program Department of Marketing Management**

**The Role of Internal Marketing on Customer satisfaction in the case of
Bunna International Bank S.C.**

Prepared By: Wondwossen Legesse

Approved by Board of Examiners

_____	_____	_____
Advisor	Signature	Date
_____	_____	_____
Internal Examiner	Signature	Date
_____	_____	_____
External Examiner	Signature	Date

Declaration

I, **Wondwossen Legesse**, have carried out independently a research work entitled “**The Effect of Internal Marketing on Customer Satisfaction the case of Bunna International Bank S.C**” in partial fulfillment for the requirement of the M.A. program in Marketing Management with the guidance and support of the research supervisor.

This study is my original work and that has not been presented for any degree or diploma program in this or any other university/institution, and that all source of materials used for the thesis have been duly acknowledged.

Declared by:

Name : Wondwossen Legesse

Date : June , 2020

Signature : _____

Statement of Certification

This is to certify that Wondwossen Legesse has carried out his research work on the topic entitled **“The Role of Internal Marketing on Customer Satisfaction: the case of Bunna International Bank S.C.”** and that this is his original work and is suitable for submission for the award of Master of Arts Degree in Marketing Management.

Advisor: Hailemariam Kebede (Phd)

June, 2020

Dedication

This work is dedicated to my mother W/ro Fanaye Kebede for her love, patience, wisdom and spirituality! I will always remain grateful for your kindness.

May the Lord place your soul in Heaven!

TABALE OF CONTENTS

Acknowledgment	i
Approval.....	ii
Declaration	iii
Statement of certification	iv
Dedication	v
Table of content.....	vi
List of Table	x
List of Figure.....	xi
Acronyms/Abbreviation	xii
Abstract	xiii

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study.....	1
1.3. Statement of the Problem	3
1.4. Research Question.....	5
1.5. Objective of the study	5
1.6. Significance of the study	6
1.7. Scope of the study	6
1.8. Organization of the study	7
1.9. Definition of terms.....	7

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Historical Perspectives	9
2.2. Theoretical Development of Concept of Internal Marketing.....	10
2.3. Dimensions of Internal Marketing.....	12
2.4. Main Elements of Internal Marketing	17
2.5. Drivers of Internal Marketing.....	19
2.6. Role of Internal Marketing in service organizations	20

2.7. Service Quality Dimensions	21
2.8. Internal Marketing in Banking	22
2.9. Customer Satisfaction.....	24
2.9.1. Determinants of Customer Satisfaction	24
2.9.2. Benefits of Customer Satisfaction Assessment.....	25
2.10. The Role of Employees in Service Organization.....	26
2.11. The Service Triangle	27
2.12. Importance of Employee Satisfaction in Service Organization.....	28
2.13. Service Profit Chain	29
2.14. Business Performance	30
2.14.1. Internal Marketing and Business Performance	30
2.15. Empirical Literature Review	30
2.15.1. Internal Communication VS Customer Satisfaction	30
2.15.2. Employee Motivation VS Customer Satisfaction	31
2.15.3. Employee Empowerment VS Customer Satisfaction.....	31
2.15.4. Employee Commitment VS Customer Satisfaction.....	32
2.15.5. Employee Training VS Customer Satisfaction	32
2.16. My Research Hypothesis.....	34

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Research Design	35
3.2. Data Type & Source	35
3.3. Target Population	36
3.4. Sample Size.....	36
3.5. Sampling Technique	37
3.6. Data Collection Instrument.....	37
3.6.1. Validity	38
3.6.2 Reliability Test	38
3.7 Data Analysis Techniques.....	38
3.8. Ethical Consideration.....	38

CHAPTER FOUR

4. DATA ANALYSIS AND DISCUSSION

4.1 Measurement of Model Validity	39
4.1.1. Normal Distribution	39
4.2. Data Screening & Cleaning	40
4.3. Descriptive Analyses	43
4.3.1. Descriptive Analysis of Internal Communication	43
4.3.2. Descriptive Analysis of Employee Motivation	44
4.3.3. Descriptive Analysis of Employee Empowerment	45
4.3.4. Descriptive Analysis of Employee Commitment	45
4.3.5. Descriptive Analysis of Employee Training	46
4.4. Inferential Analysis of variables	47
4.4.1 Correlation Analysis.....	47
4.4.1.1 Correlation Analysis b/n Internal comm. & customers' Satisfaction	47
4.4.1.2 Correlation Analysis b/n Employee Motivation & Cust. Satisfaction	48
4.4.1.3 Correlation analysis b/n Employee Empowerment & Cust. Satisfaction	48
4.4.1.4 Correlation analysis b/n Employee Commitment & Cust. Satisfaction.....	49
4.4.1.5 Correlation analysis b/n Employee Training & Cust. Satisfaction	50
4.5 Regression Analysis.....	50
4.5.1. Multicollinearity Test.....	51
4.5.2. Regression Analysis of Internal marketing & Customers' satisfaction	53
4.5.2.1 Regression Analysis of Internal communication & Customer satisfaction	55
4.5.2.2 Regression Analysis of Employee Motivation & Customer's satisfaction	56
4.5.2.3 Regression Analysis of Employee Empowerment & Cust. Satisfaction	57
4.5.2.4 Regression Analysis of Employee Commitment & Cust. Satisfaction.....	58
4.5.2.5 Regression Analysis of Employee Training & Cust. Satisfaction	58
4.6. Summary of Hypothesis Testing.....	60
4.7 Results Discussion	61

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusions drawn from the study	65
---	----

5.2. Recommendation of the study	66
5.3. Limitations and future research	67
REFERENCES	69
Questionnaire to be filled by Customers (English).....	75
Questionnaire to be filled by Customers (Amharic).....	78
Questionnaire to be filled by Employees (English)	81
Questionnaire to be filled by Employees (Amharic)	84

List of Tables

Table 4.1 Demographic analysis of Employee of the bank	41
Table 4.2 Demographic Analysis of Customer of the bank.....	42
Table 4.3 Descriptive analysis of Internal Marketing Dimension	43
Table 4.4 Descriptive Statistics of Internal Communication	44
Table 4.5 Descriptive Statistics of Employee Motivation	45
Table 4.6 Descriptive Statistics of Employee Empowerment	45
Table 4.7 Descriptive Statistics of Employee Commitment.....	46
Table 4.8 Descriptive Statistics of Employee Training	46
Table 4.9 Correlation between Int. Communication & Cust. Satisfaction	47
Table 4.10 Correlation between Employee Motivations. & Cust. Satisfaction	48
Table 4.11 Correlation between Employee Empowerment & Cust. Satisfaction.....	49
Table 4.12 Correlation between Employee Commitments & Cust. Satisfaction.....	50
Table 4.13 Correlation between Employee Training & Cust. Satisfaction.....	51
Table 4.14 Model Summary	52
Table 4.15 ANOVA	52
Table 4.16 Coefficients.....	53
Table 4.17 Regression analysis result for Int. Communication & Cust. Satisfaction.....	54
Table 4.18 ANOVA ^a	54
Table 4.19 Coefficients	54
Table 4.20 Model Summary	55
Table 4.21 ANOVA ^a	55
Table 4.22 Coefficients	56
Table 4.23 Model Summary	56
Table 4.24 ANOVA ^a	57
Table 4.25 Regression analysis result for Employee commitment & Cust. Satisfaction	57
Table 4.26 ANOVA ^a	58
Table 4.27 Coefficients.....	58
Table 4.28 Regression analysis result for Employee Training & cust. Satisfaction.....	59

Table 4.29 ANOVA ^a	59
Table 4.30 Table summary of Hypothesis Tests.....	60

List of Figures

Figure 2.1: The Interrelationship between the criteria for IM & Implementation of Organization Strategy	14
Figure 2.2: Maslow’s Hierarchy of Need	19
Figure 2.3: Service Triangle	27
Figure 2.4: The Service Profit Chain	29
Figure 2.5: Conceptual Frame work of the study	34

Acronyms/ Abbreviations

AG.....	Agree
DISAG	Disagree
ANOVA	Analysis of Variance
BP.....	Business Performance
CS.....	Customer Satisfaction
HRM	Human Resource Management
IM.....	Internal Marketing
SD	Standard Deviation
VIF	Variance Inflation Factor
RM	Relationship Marketing
Sig.....	Significance
SPSS.....	Statistical Package for Social Science
SA	Strongly Agree
SDA.....	Strongly Disagree
R.....	Overall correlation
R2.....	Correlation Coefficient

Abstract

The purpose of this study is to explain the role of internal marketing on customer satisfaction of Bunna International Bank. Samples of respondents were drawn from employee and customer of Bunna bank in Addis Ababa branches, where structured questionnaires were distributed. A theoretical framework was used as a guideline to test the role of internal marketing dimensions on customer Satisfaction. An explanatory type of research design was chosen in this study with quantitative method and deductive approach at a cross-section. SPSS V 23 was used to analyze the data collected and to test the hypotheses put forward. The findings of this study then showed that all the dimensions of internal marketing namely, Internal communication, Employee motivation, Employee commitment, Employee empowerment and Employee training have a positive and significant relationship with customer satisfaction of the bank in which led to the acceptance of the five hypotheses. And this was found by running correlation and multiple linear regression analysis on SPSS. These findings can be beneficial to the bank to work on the role of internal marketing in order to make their customers satisfied.

Key Words: internal communication, employee motivation, employee empowerment, employee commitment, employee training, and customer satisfaction.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Marketing is a term usually reserved for the process of marketing a product, service or idea to the final customer outside the firm but marketing also takes place within an organization. In this instance the market is not only the ultimate consumer but also an individual or a group of individuals, within the organization. These internal customers are potentially as important as the external customers. Internal marketing is also a mutual valuable system between internal customer (employees) and organization which attracts and retains employees as a resource of surviving growth and profitability, and tries to pave the way for partnership of employees in promoting quality of product and services for external customers.

Organizations need to understand that their commitments to internal customer service must match the company's external focus on customer cares. "Internal marketing plays an important role in enabling an organization deliver excellent customer service, as internal marketing is the philosophy/approach of treating employees as customers." Leonard L. Berry and A. Parasuraman in their book of marketing service; competing through quality (1991: p151) said "Companies by treating employees as customers, can increase employee satisfaction which will then lead to provision of better services to the customers and a better service means increase in customer satisfaction which is perceived as excellent customer service.

Today, due to increasing expansion of service industries, the issues of service marketing and service quality have become an important issue for organizations. In recent years, organizations have tried to provide appropriate service quality and better satisfaction for external customer through external marketing concepts and approaches. One important property of services is direct interaction of staffs with customers and the important role of customization behaviors with customers. Therefore, in order to have better quality services and finally satisfaction of external customers, staffs (internal customers) should undertake company's objectives and views and have customization behaviors. Previous studies show that very close interaction and relationship is necessary between external and internal marketing.

One method of creating this 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, 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 its external market/customers (Bansal et al., 2005).

In service giving companies like banks, customer's satisfaction or dissatisfaction takes place during the moments of truth, when customers come in contact with front-line employees of the firm. Actually, at the moments of truth, the quality of provided services is the customer's judgment resulted from the discrepancy between customers' expectations and perceptions (Parasuraman et al., 1988; Taylor and Baker, 1994). So, external customer's satisfaction cannot be achieved without the fundamental contribution of the internal customers/employees/ who provides the service. Thus, sells person employees should stay focused on customers' needs. Many researchers have conducted researches globally regarding the measurement of external customer's satisfaction (Codotte et al., 1987).

Grönroos (1990) recognized that an improved service quality will lead to customer satisfaction. He also added that this in turn has a twofold effect. Internally this will lead to an improved working atmosphere since increased customer satisfaction is noticed by the employees and this will create obvious positive effects which are supported by the service-oriented strategic direction that is chosen by management. Strategic decisions like this have a positive effect on the internal environment of the firm and on employee motivation.

Generally, Very few studies were undertaken related to internal marketing practices in our country. The practice of satisfying internal customers (employees) to get satisfied external customers is low in our country. Among the studies "The Role of Internal Marketing on Employee Motivation: the Case of Ethiopian Airline Enterprise" is one by Yomiyu Dhaba (2014), and "The Impact of Internal Marketing on quality customer service delivery in Ethiopian Electric Power Corporation" by Nardos Tsegaye (2012), are some of the studies done on internal marketing impacts. Under these researches the researchers aimed to focus on effects of internal marketing on employee motivation and employee satisfaction particularly in the Airlines and EEPCO.

The banking business in the service sector is expanding in Ethiopia, and competition is becoming tighter from time to time. The Bank's front-line employees interact with the majority of customers and generally handle a wide range of banking transactions every day. It is, therefore, imperative for banking institutions to put forth the importance of internal marketing for handling long life customers. However when we look at the actual practices, we can judge that they lacked to understand the need to give due attention to their employees (internal customers) in order to increase the commitment and capacity of the workers and at the end increase their customers satisfaction. In line with this idea the governing body of the commercial banks in Ethiopia i.e. The National Bank of Ethiopia forced them to budget 2% of their annual expenses for training and employee development expenses. This paper is therefore intended to give a clue for the banks the importance of internal marketing activities for the achievement of the company's objectives.

1.2 Statement of the Problem

Service sector is the largest and fastest growing sector, 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 through their involvement and contribution become a critical resource with a vital role in long-term success in serving customers and achieving customers' satisfaction. (Dunne & Barnes, 2000)

To have satisfied customers the organization must also have satisfied employees (George, 1977). (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; customers' needs will only be successfully met after those of employees have been satisfactorily met.

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. 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, 2000). Top management must treat the middle management as an internal customer of the product or service

and determine what middle management perceives as the technical qualities, functional qualities and image of the organization. The researcher needs to pay more attention and highlight the importance of internal marketing as a pre-requisite for external marketing.

The number of Bank branches operating in the country is increasing considerably due to the regulatory organ's requirement that necessitate every bank to increase its number of branches by 25% every year for the consecutive five years thus, making intense competition. The market place is changing radically due to the struggle for market share, which has created new behaviors and challenges. To stay in business and be profitable therefore companies must ensure that customers continuously use their services.

In the global literature, a number of studies have been done more in developed economies in various dimensions of role of Internal Marketing. However, in the developing economies like Ethiopia, very little attention had been paid to the concept of Internal Marketing until recent times. Even in my empirical reviews to the studies made in Ethiopia, I have found the following gaps.

- I found no works that are studied to test the role of internal marketing on customer satisfaction in the banking sector.
- Some studies such as, Nardos Tsegaye (2012), Amare Birhanu (2013), Yomiyu Dhaba (2014) and Shimles (2014) considered the impact of internal marketing on quality service delivery and on employee motivation & satisfaction in the Ethiopian Electric Power Corporation (EEPCO) and the next two studied the impact of IM on customer satisfaction on the case of Ethiopian Airlines Enterprise. Their concern was to show the impact of independent variables that is employee motivation and employee training to employee motivation and job satisfaction, which I thought to be less inclusive.

Hence, this research will attempt to investigate the relationship between Internal Marketing (IM) programs and customer satisfaction by using selected Internal Marketing variables from the view point of satisfaction of employees and customers in that order. I considered five IM variables as determining factors for external customer satisfaction: these are Internal Communication, Employee Motivation, Employee Empowerment, Employee Commitment and Employee Training

1.3 Research Questions

Using the problem statement as a foundation, this study raises the following questions to get a clearer picture and correct answer about the role of Internal Marketing on Customer Satisfaction in the case of Bunna International Bank S.C. in Addis Ababa Branches.

Main Research Question

- Do Internal Marketing programs have effect on customer satisfaction?

Sub- research Questions

- How does internal communication among employees influence external customer satisfaction?
- Can employee motivation influence external customer satisfaction? How?
- How does employee empowerment affect external customer satisfaction?
- How employee commitment and external customer satisfaction relationship does explained?
- How does employee training influence external customer satisfaction?

1.4 Objectives of the study

Main Objective

The main objective of the study is to investigate and show the impact of internal marketing on customer satisfaction, the case of Bunna International Bank in Addis Ababa Branches.

Specific objectives of the study look for an answer for the following five issues:

- To show how internal communication among employees influence the bank customer's satisfaction.
- To discuss how employee motivation influences the external customer's satisfaction.
- To show how employee empowerment influences the bank customer's satisfaction.
- To assess the relationship between employee commitment and external customer satisfaction, and finally
- To examine the impact of employee training and preparedness on the firm's customer satisfaction.

1.5 Significance of the Study

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

- One of the benefits of this study will be to provide a better understanding of IM as determinant of external customers' satisfaction in the service sector.
- Secondly, the study aims to provide an understanding in terms of the elements of IM and the extent to which each of them explains customer satisfaction.
- The study can also contribute to the theoretical knowledge and serves as a reference material for similar studies in the future in the field of internal marketing.
- Provide as guidelines for formulation of policies on improving service delivery in the banking industry.
- Last but not least the finding and the conclusions of the study may help the Bank's management in decision making by understanding the problems from this finding with regards to internal marketing practice of the organization.

1.6 Scope of the Study

The scope of this research generally has been limited to assess the effect of internal marketing activities by considering only five dimensions on customers satisfaction these are; internal communication, employee motivation, employee commitment, employee empowerment and employee training.

Internal Marketing includes so many components such as effective internal communication, education on the company's products and services, trust and transparent communication with in the company, positive workplace culture and others. Among the many components of internal marketing this research raised only five variables to be considered.

This research has limited its target population of customers and employees of Bunna International Bank located in Addis Ababa branches to discuss the above variables. Customers of branches and employees residing out of Addis Ababa are not included in the survey.

1.7 Organization of the Study

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

1.8 Definition of Terms

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

Internal Marketing (IM): IM is defined as “viewing employees as internal customers and 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). Job satisfaction is defined as the extent to which an employee feels self-motivated, content and satisfied with his/her job.

Relationship Marketing: Relationship Marketing is a strategy designed to foster customer loyalty, interaction and long-term engagement. “It is establishing, maintaining , and enhancing 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).

Customer Satisfaction: Customer Satisfaction is the consumer’s fulfillment response. It is a pleasurable level of consumption provided by the product or service. It includes levels of under or over fulfillment. (Oliver, 1997). Or in other words it is a measurement that determines how happy customers are with a company’s products, services, and capabilities.

The most comprehensive definition of customer satisfaction has been offered by Kotler and Keller who define satisfaction as: “person’s feeling of pleasure or disappointment which resulted

from comparing a product's perceived performance or outcome against his/ her expectations” (Kotler and Keller, 2006, p.144).

Internal Communication: Internal communication is the transmission of information between organizational members or parts of the organization. It takes place across all levels and organizational units of an organization.

Employee Motivation: Employee motivation is defined as the enthusiasm, energy level, commitment and the amount of creativity that an employee brings to the organization on a daily basis. Campbell and Pritchard (1976, p.78)

Employee Commitment: Employee commitment is defined as the level of enthusiasm an employee has towards his/her tasks assigned at a workplace. (Kotler and Keller, 2006, p.221-222)

Employee Empowerment: Employee empowerment is giving employees a certain degree of autonomy and responsibility for decision-making regarding their specific organizational tasks.

Employee Training: Training is a process by which the aptitude, skills and abilities of employees to perform specific jobs is enhanced.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Organizations need to attract and retain customers to ensure a sustainable competitive advantage. To achieve this objective, service organizations must focus on their efforts to developing and sustaining an organizational culture that emphasizes internal customer wellbeing as a means to attract and retain external customer patronage. This rationale is based on the notion that to the external customer the internal customer represents the firm. In services marketing, the employee plays a central role in attracting, building and maintaining relationships with customers. The recognition of the central role of employees has given rise to "Internal Marketing" programs strongly oriented to employee development.

In this section a range of literatures on key concepts which are essential for the study are reviewed. Points like theoretical development and evolution of internal marketing concept, internal marketing in banking and other retail and services industry, dimensions of internal marketing, role of internal marketing on service quality, customer satisfaction and determinants of customer satisfaction are reviewed.

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 intra-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 (1998), internal marketing should be seen as communication process for developing a customer conscious culture within 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).

2.1 Historical Perspectives

The internal marketing concept emerged and has been developed in literature since the 1970s. A number of firms have gradually identified and utilized the internal marketing program; one possible reason for this is that "internal marketing is considered a prerequisite for successful

external marketing” (Gronroos, 1990a, 9.8). Berry (1981) pioneered the term internal marketing and originally defined it as “viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization”. The effects on employees, organizations, external customer satisfaction, and the development of cross functional units assist in the creation of internal marketing.

Internal marketing is for the care of both customers and employees. It is based on the relationship between employee satisfaction and customer satisfaction (take care of the employees, and they'll take care of the customers). It has been proposed as a way of increasing lower level commitment to corporate strategies and improving organizational integration. Internal marketing is about attracting, training, motivating, and retaining qualified employees through job products that satisfy their needs. Scholars consider internal marketing as the philosophy of treating employees as customer and it is the strategy of shaping job-products to fit human needs. Kotler explained that the act of internal marketing is more important than conventional external marketing. The key to have satisfied customers lies in having satisfied employees. In line with this strategy Ahmed and Rafiq state that “to have satisfied customers, the firm must also have satisfied employees”.

2.2 Theoretical Development of the Concept of Internal Marketing

The concept of internal marketing was first derived from the work of Sasser and Arbeit who stated “personnel is the first market of a service company”. Berry was the first to give a definition of Internal marketing by defining internal marketing as “viewing employees as internal customers, and jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization”. A careful examination of the literature over the last 20 years indicates the existence of three separate yet closely intertwined strands of theoretical development of the Internal marketing conceptualization, namely employee satisfaction phase, customer orientation phase, and strategy implementation or change management phase (Rafiq and Ahmed, 1995; Schultz 2004; Stershic 2005).

Phase 1: Employee motivation and Satisfaction

In the early developmental phase, the majority of the literature on internal marketing focused on the issue of employee motivation and satisfaction. The major reason behind this was the fact that the roots of the internal marketing concept lie in efforts to improve service quality. Not being automatons, individuals exhibit inconsistencies in the performance of service tasks and as a

consequence cause variation in the level of delivered service quality. The problem of “Variability” focused organizational efforts on getting employees to deliver consistently high quality service. The overall effect of this was to bring to the forefront the issue of employee motivation and satisfaction.

‘The focus on employee satisfaction within these new approaches to employee management can largely be attributed to the fact that in the marketing of services much of what customers buy is labor, or human acts of performance. Consequently, attraction of the best personnel, their retention and motivation becomes of critical importance (Thompson et al., 1978; Sasser and Arbeit, 1996). Attraction, retention and motivation of high quality staff is especially critical in situations where the quality of the service is the only real differentiating factor between competitors. Infused with this logic, the challenge of creating satisfied employees and hence customer satisfaction received a vigorous impetus. The fundamental tool for achieving employee satisfaction is the treatment of employees as customers.

Phase 2: Customer Orientation: Interactive Marketing

The second major step in the development of the internal marketing concept was undertaken by Gronroos (1981). His starting point was the concern that because contact employees in services become involved in what he termed “Interactive Marketing” it is essential that they are responsive to customers’ needs. Gronroos recognized that not only do buyer-seller interactions have an impact on purchasing and repeat purchasing decisions but also, crucially, those buyer-seller interactions provide a marketing opportunity for the organization. To take advantage of these opportunities requires customer oriented and sales minded people. Hence, the object of the IM is to “get motivated and customer conscious employees” (Gronroos, 1991). In this view, it is not sufficient that employees are motivated to perform better (as in the approach of Berry and his Followers), but they must also be sales minded. Furthermore, effective service also requires effective co-ordination between contact staff and BackOffice support staff. Gronroos also views the IM concept as a means of integrating the different functions that are vital to the customer relations of service companies (Gronroos, 1991).

Phase 3: Strategy Implementation and Change Management-A Vehicle for Strategy Implementation

The beginning of the third phase is marked by insights drawn from a number of authors who explicitly began to recognize the role of IM as a vehicle for strategy implementation. Winter

(1985) was one of the earliest to bring to prominence the potential role of IM as a technique for managing employees towards the achievement of organizational goals. Winter emphasized that IM has a role of: aligning, educating and motivating staff towards institutional objectives. Initially, this viewpoint appeared in the context of services marketing in the works of Flipo (1996), and Tansuhaj et al., (1997). Later it was generalized to any type of marketing strategy by Piercy and Morgan (1991).

These extensions led to IM being advocated as a general tool for the implementation of any organizational strategy whether internal or external. In due course, IM has come to be considered as a mechanism for reducing departmental isolation (Martin, 1992), reducing inter-functional friction, and overcoming resistance to change (Darling and Taylor, 1989; Rafiq and Ahmed, 1993). This has led to a widening of IM applications to any type of organization, not merely to services. For example, Harrell and Fors (1992) apply the concept to manufacturing firms, and Ahmed & Rafiq (1995) propose it as a change management implementation methodology suitable for a wide range of contexts. The discussion of the third phase suggests that the scope of IM activity is much wider than motivation of employees towards customer consciousness. For instance, it can also be used to motivate non-contact employees towards behaving in a manner that enhances the service for end-customers.

2.3 Dimensions of Internal Marketing

Companies continuously update and improve external marketing plans to meet external customer demands, in the same way they should also constantly attempt to develop programs and strategies for enhancing employee satisfaction. 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 come before external marketing, if not the organization may offer a service it is unable to provide. Some dimensions of internal Marketing are the following:

a. 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.

b. 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.

c. Internal communication

In order to build trust, it is important that organizations function in a transparent manner. To do so, organizations must be prepared to openly share with their members, information on their strategy, financial performance, and expenditures (Dessler, 1999; Pfeffer & Veiga, 1999; Walton, 1985). If you're trying to create a high trust organization, an organization where people are all-for-one and one-for-all, you can't have secrets'' (in Fishman, 1996, p. 106). Another critical reason for openly sharing organizational information is to ensure that people are better able to make important decisions when armed with information affecting those decisions (Pfeffer, 1995, 1998). It also represents a powerful feedback mechanism to help organizational members see how their activities are affecting key performance indicators and it enhances the likelihood of the organization being a knowledge generator rather than an adaptive learner (Robbins & Langton, 1999; Slater & Narver, 1995). Another potential benefit of openly sharing information is enhancing frontline employees' ability to provide other organizational members and customers with useful information and better service.

d. Employee Satisfaction

In service environments customers are highly demanding of employees, employees 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.

e. 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) employees are part time marketers of the organization, but in order to act like a marketer employees competence need to develop and capable enough to bring external customer satisfaction. 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. The whole idea of training is provision of accurate information and the reassurance they need in order to execute their job effectively.

f. 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.

g. Enhancing Organizational Commitment

It is harmful to an organization if employees lack commitment, resulting in poorer performance arising from inferior service offerings and higher costs. The major drive 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, co-operative, 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.

h. Employee Motivation

Since motivation influences productivity, supervisors need to understand what motivates employees to reach peak performance. It is not an easy task to increase employee motivation because employees respond in different ways to their jobs and their organization's practices. Motivation is the set of processes that moves a person toward a goal. Thus, motivated behaviors are voluntary choices controlled by the individual employee. The supervisor (motivator) wants to influence the factors that motivate employees to higher levels of productivity. Factors that affect work motivation include individual differences, job characteristics, and organizational practices. Individual differences are the personal needs, values, and attitudes, interests and abilities that people bring to their jobs. Job characteristics are the aspects of the position that determine its limitations and challenges. Organizational practices are the rules, human resources policies, managerial practices, and rewards systems of an organization. Supervisors must consider how these factors interact to affect employee job performance.

Maslow's Hierarchy of Needs identifies five levels of needs, which are best seen as a hierarchy with the most basic need emerging first and the most sophisticated need last (Maslow, 1954). People move up the hierarchy one level at a time. Gratified needs lose their strength and the next level of needs is activated. As basic or lower-level needs are satisfied, higher-level needs become operative. A satisfied need is not a motivator; the most powerful employee need is the one that has not been satisfied.

According to Maslow's hierarchy of need theory there are five levels; these are Level 1-physiological needs, Level 2-Safety needs, Level 3-Social needs, Level 4-Esteem needs, and Level 5-Self-actualization needs. Employees within the lower levels of organizations are more likely to be motivated by lower order needs, and employees within the higher levels of

organizations are more likely motivated by higher order needs (Berl et al, 1984). In 1966 Herzberg examined motivation in the light of job content and context.

Motivating employees is a two-step process. First provide hygiene and then motivators. One continuum ranges from no satisfaction to satisfaction. The other continuum ranges from dissatisfaction to no dissatisfaction. Satisfaction comes from motivators that are intrinsic or job content, such as achievement, recognition, advancement, responsibility, the work itself, and growth possibilities.

Hertzberg uses the term motivators for job satisfiers since they involve job content and the satisfaction that results from them. Motivators are considered job turn-ones. They are necessary for substantial improvements in work performance and move the employee beyond satisfaction to superior performance. Motivators correspond to Maslow's higher-level needs of esteem and self-actualization. Dissatisfaction occurs when the following hygiene factors, extrinsic or job context, are not present on the job: pay, status, job security, working conditions, company policy, peer relations, and supervision. Herzberg uses the term hygiene for these factors because they are preventive in nature. They will not produce motivation, but they can prevent motivation from occurring. Hygiene factors can be considered job stay-ones because they encourage an employee to stay on a job. Once these factors are provided, they do not necessarily promote motivation; but their absence can create employee dissatisfaction. Hygiene factors correspond to Maslow's physiological, safety, and social needs in that they are extrinsic, or peripheral, to the job. They are present in the work environment of job context. (Allen. 1998)

Maslow's Hierarchy of Needs

Herzberg's Motivation Hygiene Theory

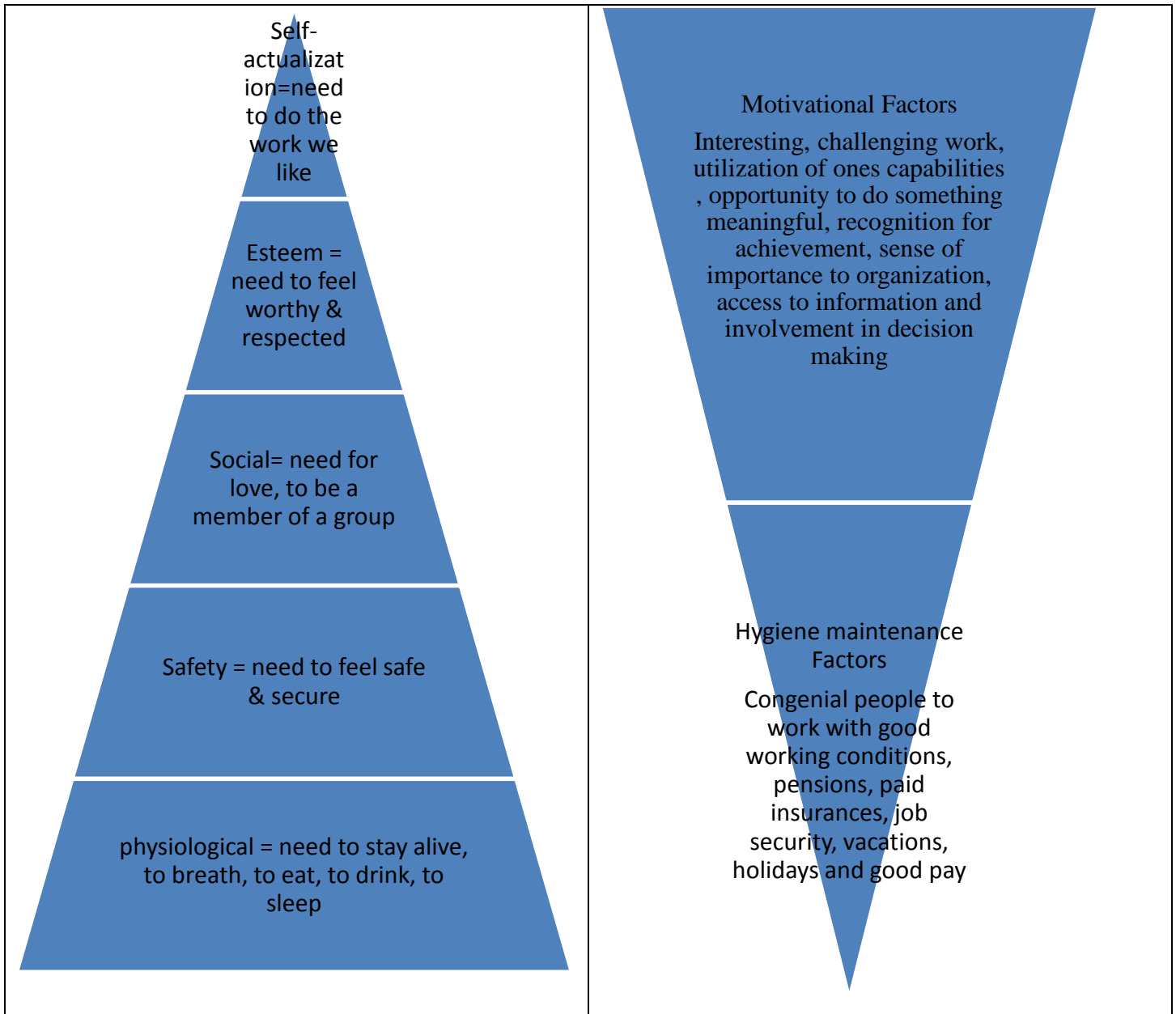


Figure 2.2: Source: (Allen, 1998)

2.4 Main Elements of Internal Marketing

The review of the literature indicates that there are a number of competing definitions and activities all claiming to address internal marketing. In order to check the validity of these competing claims, what is required is a set of criteria against which to assess each definition. In

2000 Refiq and Ahmed identified the main elements of IM from the analysis of the key literature. These are:

- (1) Employee motivation and satisfaction
- (2) Customer orientation and customer satisfaction
- (3) Inter-functional co-ordination and integration
- (4) Marketing-like approach to the above
- (5) Implementation of specific corporate or functional strategies

Based on these, they defined IM as a “planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer-oriented employees”. Basic activities of internal marketing are e.g. internal information, training of personnel, creating community spirit and motivation. These means include elements of personnel administration. Figure 2.1 shows the interrelationship between the criteria for IM and the implementation of one particular organizational strategy that is at the heart of service organizations, namely, service quality. At the center of this framework is customer orientation which is achieved through a marketing-like approach to the motivation of employees, and inter-functional co-ordination. 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. (Refiq and Ahmed, 2000)

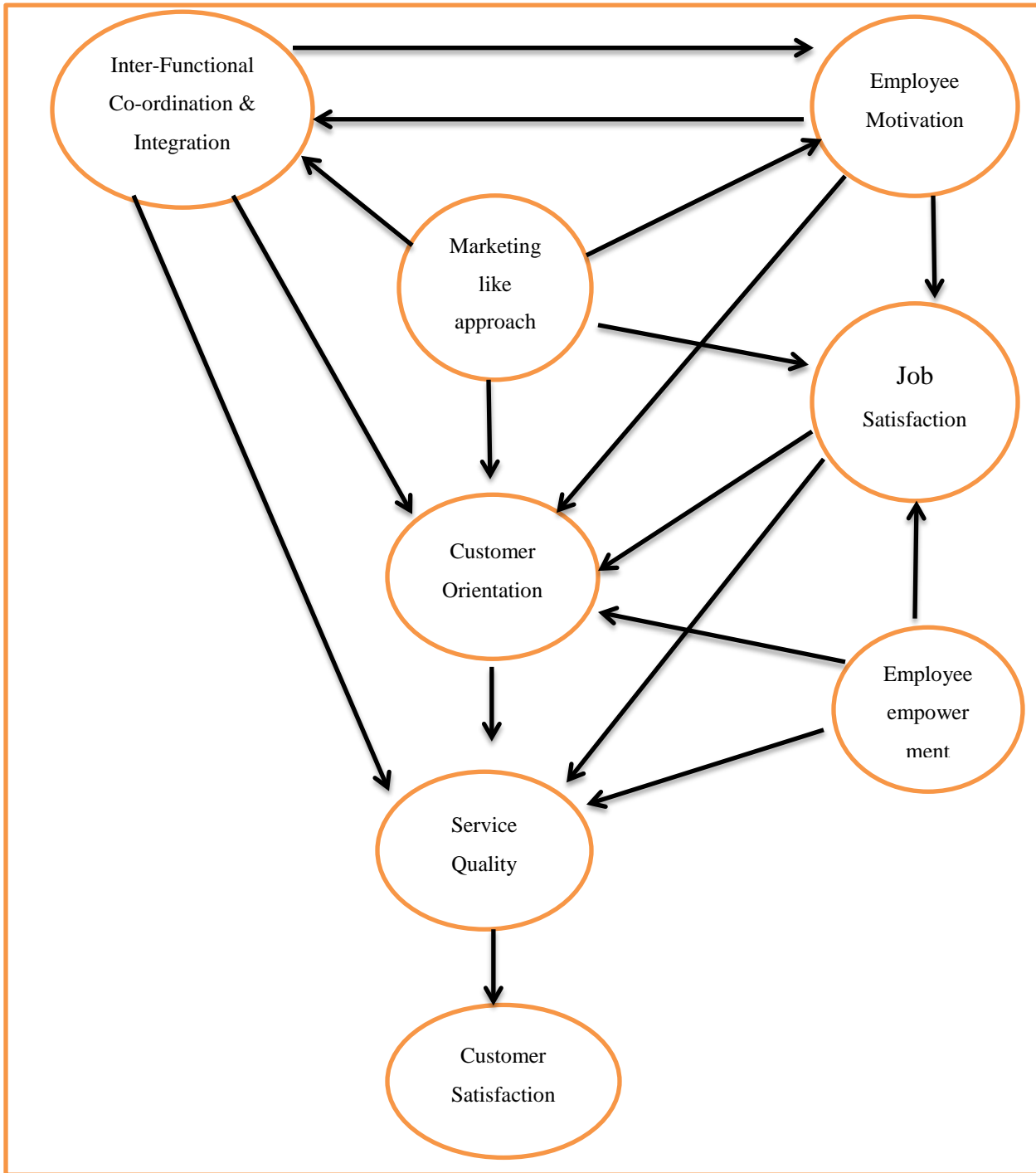


Figure 2.1: The Interrelationship between the criteria for IM and implementation of Organizational strategy

2.5 Drivers of Internal Marketing

There are many signals that internal marketing can be just as potently used as external marketing. These are some clear forces of change driving this momentum. Each of these drivers is increasing the need for internal marketing. (Samms, 1990)

- 1) Many enterprises are continually in some form of transformation-mergers, alliances, downsizing and rightsizing generating the need for constant communication.
- 2) Some enterprises may rename themselves as a result and this re-branding requires communication to all stakeholders including employees.
- 3) More companies are empowering staff to take on increased focus in the customer relationship. This needs full involvement, immersion and training in brand values.
- 4) When there is more contractual and less full-time employment. Project staffs also need to understand the brand vision as they are working. This force of change is accentuated with the increasing trend to outsourcing.
- 5) There is less reciprocal loyalty between employer and employee; the employee's time becomes transactional. The internal brand can be a way to bind the two parties together with shared goals and values.

2.6 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 staffs to work as a team to provide customer satisfaction (Armstrong & Kotler, 2002). 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 will be 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 error 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.

2.7 Service Quality Dimensions

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

a. Reliability: Delivering on Promise

Reliability is defined as the ability and capacity 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.

b. 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.

c. 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.

d. 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.

e. 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.

2.8 Internal Marketing in Banking Industry

Banking has witnessed epoch-making changes from traditional banking to modern, from manual to technological, from inward looking to outward looking, from inbound efforts to outbound strategies, from task oriented to customer-centric. This transformation has been triggered by bank reforms, deregulation, and competitive environment. Banks have, thus, moved from the sellers' market to buyers' market. As a result, banks have been exposed to an environment of Economic Darwinism where "survival of the fittest" is the ruling principle of the game. Against this backdrop, the banking industry has realized the importance of internalizing the marketing skills by all staff in banks to facilitate external marketing to improve service quality and customer orientation.

In the increasingly competitive global world, internal marketing has been advocated as an excellent way for banking industry to establish a unique long-term relationship with their

customers. Most of the core product/service in banking industry is generic, and it is difficult for most industries to compete purely on this core product/service (Panda, 2003). Thus recognition of internal marketing is desirable to ensure the satisfaction of employees and development of quality products and services in order to achieve the organization's external customer satisfaction, which is a process of internal clients to the external customer flows (Davoudi, 2012).

Today the banking industry is expanding rapidly in Ethiopia, in order to win and maintain the market share of the industry; banks must give due attention to the existing and potential customer's needs, wants and preferences to maximize their satisfaction and loyalty. Banks must be committed to make a continuous customer service improvement program in order to be profitable, build good images, lead market, and retain customers and so on.

In summary internal marketing is considered as an academic, scientific, and commercial awareness in terms of promoting the employees and customers' satisfaction. This field of marketing science can be influenced by quality management and services marketing and focuses on the importance and necessity of creating quality in total process of services delivery. It also discusses the relationship between inter-organizational customers and suppliers in creating value for external customers. It can be considered as a value chain and an instrument for developing quality of products and services and also interaction between inter-organizational and intra-organizational interactions (Ling, 2010). Therefore, it can be said that the purpose of internal marketing is to ensuring the employees' satisfaction and developing quality of products and services in order to achieve external customers' satisfaction. This is a process that starts from internal customers and moves toward external customers. The results of the studies that have been done in this area revealed a positive relationship between internal customers (employees) job satisfaction and external customers' satisfaction. The results of the study done by Cohort (1992) also indicated that the employees' satisfaction influences products quality significantly and thereby results in the external customers' satisfaction.

Proper IM programs potentially have a number of significant benefits for both the individual and the organization. At the individual level, IM enhances and improves work motivation as it links peoples' goals to the organization's goals. At the organizational level, IM ensures effective implementation of cross-functional activities by creating inter-departmental awareness among people within the business (Rafiq & Ahmed, 1993).

Therefore the formulation and co-ordination of internal and external marketing plans has been urged, with the effective application of the former providing a bridge between the formulation and implementation of the latter by creating knowledge, understanding, involvement and consensus for marketing strategy and plans (Ballantyne, 1991a; Ballantyne et al., 1992)

2.9 Customer Satisfaction

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) pointed 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) 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), even though they differ one is a component of the other. Zeithaml et al (2003) 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. Although it tends to be measured as a static quantity, it is dynamic and evolves over time being influenced by a variety of factors.

According to Zeithaml et al, (2006), 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), "Through improved customer retention and more cross-sales, the organization expected to have a positive effect on profit."

2.9.1 Determinates 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 far 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.

2.9.2 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:

- I. **To get close to the customer** – this will help to understand customers' needs more. 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.
- II. **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).
- III. **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).
- IV. **To measure competitive strengths and weaknesses** - determine customer perceptions of competitive choices and companies.

- V. **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 wrote that customer satisfaction measurement provides significant information for modern management processes and additionally, it provides a warning signal about the future business performance.

2.10 The Role of 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) 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) 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 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. Zeithaml et al (2006), defines their 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 given below:

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

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.

2.11 The Service Triangle

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. As illustrated in the diagram below the contact employee is the boundary spanner between the organization and the customer. 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.

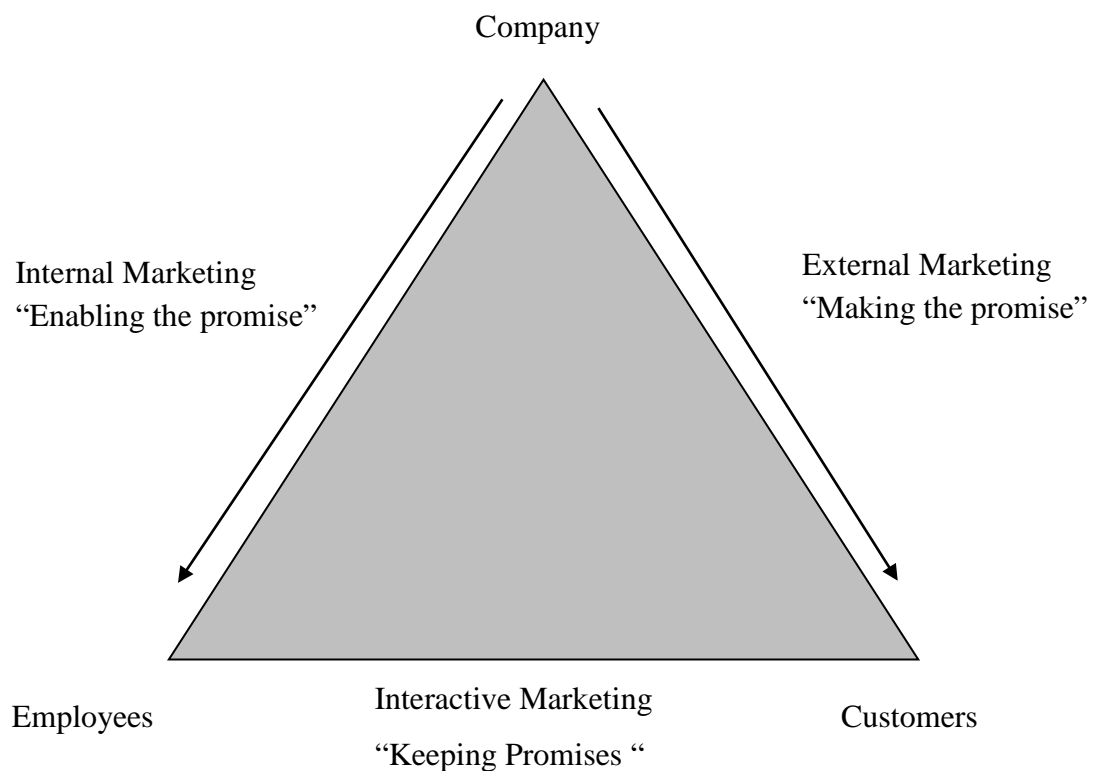


Figure 2.3: - Service triangle (Zeithaml et al)

The triangle shows three interlinked groups that work together to develop, promote and deliver services. Through a process of external marketing, the company engages in activities to set up customers' expectations and make promises regarding what is to be delivered.

Through the process of internal marketing, the company aids the service providers in their ability to deliver on the service promise by recruiting, training, motivating, rewarding, and providing equipment and technology.

As Durkin et al (1999), argues that the process is based on the idea of the employee as the customer, and the concept is considered to have considerable value, as it directs management's attention to employees and emphasizes the role of employees in the implementation of strategies. The first customers of the organization are its employees also referred to as by many researchers as the internal customers. Employees would pursue the goals of an organization if they feel they are part of it and are also responsible for it. Grönroos (2001) puts forward that when employees realize that they are able to involve themselves in improving something that is important to them, they will be more inclined to the business and to the goals of the internal marketing strategy.

Through a process of interactive marketing or real time marketing, the promises are either kept or broken by the service providers. People are critical at this juncture, if promises are not kept customers are dissatisfied and eventually leave or switch to other service providers. The role of the employee is very important, as the other two, but more critical because, it is the make or break point in the process.

2.12 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 hinge 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), "Satisfied employees make for satisfied customers" and customers can in turn reinforce employees' sense of satisfaction in their jobs. Looy et al (2003), Grönroos (2001), have suggested that if employees are not satisfied with their jobs, achieving customer satisfaction will be difficult.

Looy et al (2003) and Grönroos (2001) further suggest that the service climate and the human resource experience that employees have within the organization are reflected in how customers experience the service. 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.

They coin the logic that employee satisfaction and loyalty precedes customer satisfaction and loyalty and ultimately profits using the service profit chain.

2.13 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;

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). 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).

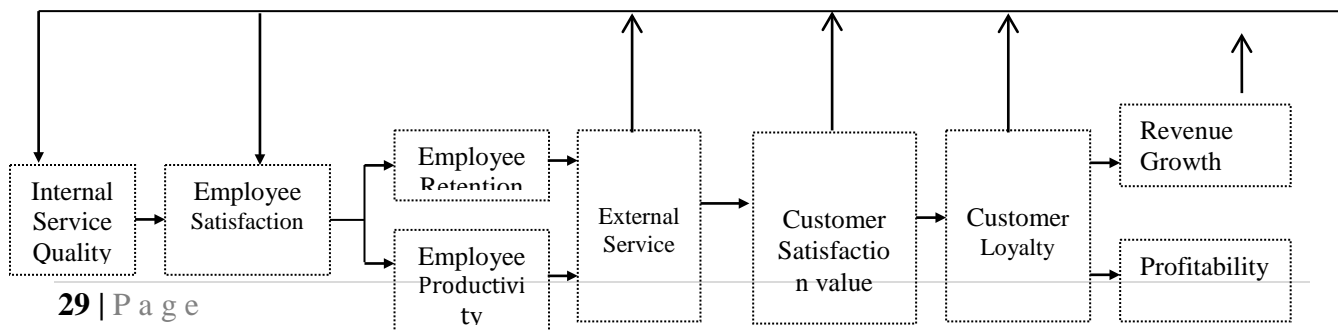


Figure 2.4: - The service profit chain (Zeithaml et al)

2.14 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) and Panigyrakis & Theodoridis (2009) examined how the non-financial indicators like product or service quality, market share, customer loyalty and customer satisfaction influencing the overall performance of the firm.

2.14.1 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.

2.15 Empirical Literature Review and Research Hypothesis

2.15.1 Internal Communication versus customer satisfaction

Internal communication is the transmission of information between organizational members or parts of the organization. It takes place across all levels and organizational units of an organization. The quality of a company's internal communications plays a key role in their company dynamics. Through internal communications, the various different parts of a company can work together with a common goal in mind, move in the same direction and generally be more productive. It develops a cohesive culture and empowers employees to make the right decision in line with the organization's goals.

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 and 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.

The purpose of internal communication is to ensure that everybody in the organization has the information they need to work towards and eventually achieve a common goal. Internal communications bridges the gap between a company's many different collaborators, helping to foster teamwork and increase engagement among all of the company's stakeholders to create a satisfied and loyal customer.

2.15.2 Employee motivation versus customer satisfaction

Employee motivation is the level of energy, commitment, and creativity that a company's workers bring to their jobs. Whether the economy is growing or shrinking, finding ways to motivate employees is always a management concern. Employees play a vital role in shaping the perception customers carry in their minds with regard to any company services through their actions and behavior. Companies spend large amounts of money to create customer loyalty but often ignore the critical aspect of enhancing employee motivation in order to achieve their financial and nonfinancial goals. In the conditions of intense competition that companies operate in today, employees can play a very important role in winning customers' hearts and minds. Motivated employees can lead to increased productivity and allow an organization to achieve higher levels of output. Hays and Hill, (1999) claimed that customer satisfaction is difficult in services from manufacturing due to direct interaction of employee and customers which resulted in inconsistency and intangibility of services. They claimed that employee motivation is important determinants of service quality which leads to customer satisfaction.

2.15.3 Employee Empowerment versus Customer Satisfaction

Employee empowerment is giving employees a certain degree of autonomy and responsibility for decision-making regarding their specific organizational tasks. It allows decisions to be made at the lower levels of an organization where employees have a unique view of the issues and problems facing the organization at a certain level. As companies empower staff to build stronger customer relationship, internal marketing underpins the drive for greater involvement,

commitment, and understanding. Employee empowerment should lead to increased organizational responsiveness to issues and problems. Another advantage of employee empowerment should be an increase in productivity. It should also lead to a greater degree of employee commitment to organizational goals since employees can take some degree of ownership in the decisions made toward goal achievement. Many researchers concluded that various leadership styles and employee empowerment may be used as an effective strategy to create job satisfaction in employees. Satisfied employees would always play their major role in satisfying their customers.

2.15.4 Employee Commitment versus Customer Satisfaction

Employee commitment is defined as the level of enthusiasm an employee has towards his/her tasks assigned at a workplace. It is the feeling of responsibility that a person has towards the goals, mission, and vision of the organization he/she is associated with. The success or failure of an organization is closely related to the effort and motivation of its employees. The motivation of employees is often the product of their commitment towards their job or career. It is harmful to an organization if an employee lacks commitment, resulting in poorer performance arising from inferior service offerings and higher costs and customer dissatisfaction. Increasing employee's commitment is increasing the performance and service quality and finally customer's satisfaction.

2.15.5 Employee training versus customer satisfaction

If you want to truly grow a business you must have a good product or service to offer and a staff of trained professionals who can address any potential problems, concerns or questions. Your in-house staff should always have the basic knowledge of the functions of your business. They should be polite, courteous and well versed in the business. 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. Training is well 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 Shimles 2014) 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".

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 Shimles Admasu 2014) 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.

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. 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. Therefore, the following figure shows the relationship between the independent variables and the dependent variable.

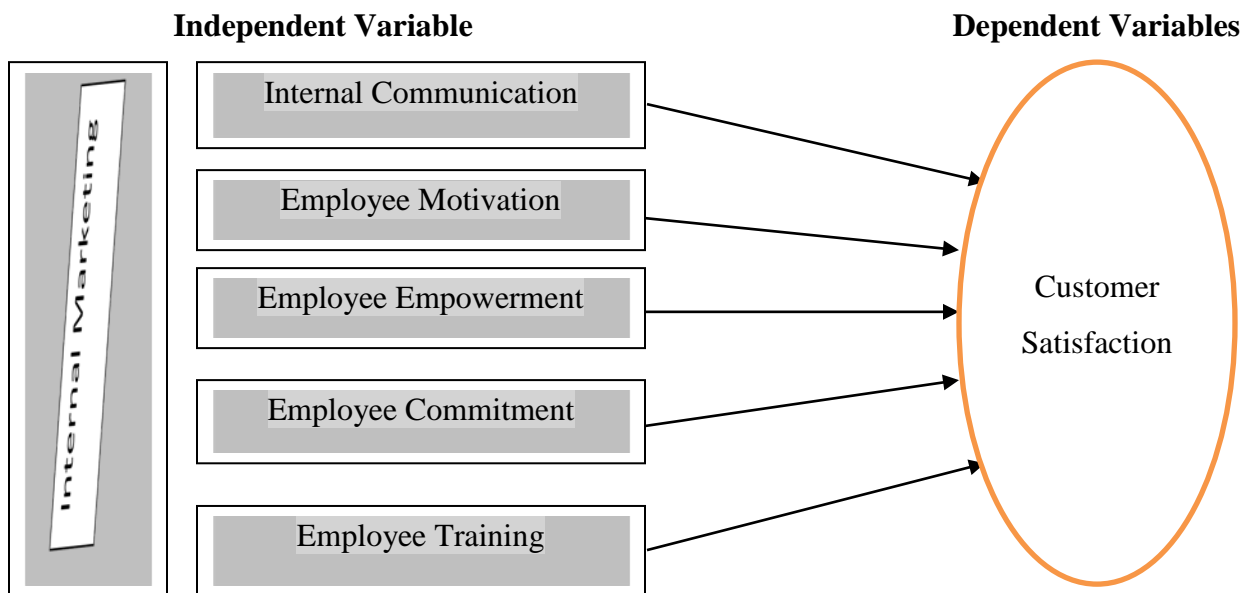


Figure 2.5: Conceptual frame work of the study (Adopted from Rafiq and Ahmed (2002))

2.2 My Research Hypotheses

Though there are many internal marketing activities that could be done to increase external customers' satisfaction, this study will restrict its focus on the five independent variables to explain the relationship between the dependent and independent variables. Accordingly the following research hypothesizes are drawn:

(H1) there is significant positive relationship between internal communication and customer satisfaction.

(H2) there is significant positive relationship between employee motivation and customer Satisfaction.

(H3) there is significant positive relationship between employee empowerment and customer satisfaction.

(H4) there is significant positive relationship between employee commitment and customer satisfaction.

(H5) there is significant positive relationship between employee training and customer satisfaction.

CHAPTER THREE

RESEARCH METHODOLOGY

This research is explanatory research. The research is carried out as a quantitative study with the aim of finding out the different dimensions of role of internal marketing on customer satisfaction of Bunna Bank in Addis Ababa branches. And this is done through testing different hypotheses proposed in the second chapter. To this end, the internal marketing offered by Bunna Bank is investigated to meet the objectives of this study as the unit of analysis. Currently almost half of the branches of the bank are found in Addis Ababa city, hence the researcher thoughts it is representative to limit the scope in Addis Ababa branches only. The relatively modern and economically advanced city of Addis Ababa is selected as the sampling area to get a heterogeneous sample comprising various demographic characteristics.

3.1 Research Design

The study employs a quantitative, descriptive survey study design to answer the research questions as it is found to be appropriate. The study is interested to assess the likely association of role of internal marketing and customer satisfaction that demands a large amount of numeric data from a large number of instances without further prediction of cause and effect relationship which could be further studied. Furthermore, the study is cross-sectional, where respondents are contacted once to collect empirical evidences.

Generally research methods can either be quantitative, qualitative or a combination of both. In the quantitative research method data is quantified and statistical methods are 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 characteristic or a relationship between internal marketing and customer satisfaction and to ask and assess does those internal marketing activities really have a significant effect on the customer satisfaction by using statistical inference to generalize obtained results from a sample to a population.

3.2 Data Type and Source

The study uses a structured questionnaire to obtain firsthand information through direct solicitation of responses from staffs and customers of Bunna Bank branches found in Addis Ababa. Secondary information is secured from books, journals, published/unpublished materials, and from the Bank's website. Finally, a careful inspection is done to extract important inputs for

the study. Self-administered questionnaires are chosen as it offers respondents greater anonymity, thereby encouraging the respondent to more readily disclose feelings and attitudes.

3.3 Target Population

The study is particularly interested to identify the role of the internal marketing activities of Bunna International Bank and its potential effect on external customer satisfaction. Accordingly, the target population of the study is employees and customers of the bank in Addis Ababa branches. According to the Bank's annual report on the year ended 2011 E.C. the bank has a total of 1709 permanent and 1811 outsourced contractual employees, and about half of them are working in Addis Ababa branches and head office and there are more than 541,000 registered deposit accounts throughout the 205 branches, in the same manner about half of the customers are found in Addis Ababa.

3.4 Sample Size

There are different methods to determine the sample size in statistics. Using a widely used sample size formula for the population size of above 100,000 the following formula is recommended. Therefore for customers I used this method to determine the sample size since there are above 250,000 customers in Addis Ababa branches

$$\text{Necessary Sample Size} = \frac{(\text{Z-score})^2 * \text{StdDev} * (1 - \text{StdDev})}{(\text{Margin of error})^2}$$

Where Z-Score = Confidence Level (given for 95% confidence)

StdDev = Standard deviation

Margin of Error = Confidence Interval for sampling error

Assuming a 95% confidence level, a 0.5 standard deviation, and a margin of error (confidence interval) of +/- 5%.

$$n = \frac{((1.96)^2 * .5(.5))}{(.05)^2}$$

$$n = (3.8416 * .25) / .0025$$

$$n = 0.9604 / .0025$$

$$n = 384.16$$

$$n = 384 \text{ respondents are needed}$$

Therefore 384 questionnaires were distributed to customers, and for employees 250 questionnaires were distributed to meet up to the required number of responses in Addis Ababa branches.

3.5 Sampling Techniques

A non-probability sampling technique /Judgment sampling/ will be used. When using this survey, one criterion that needs to be met in defining the qualified respondents is selecting more representative respondents who have had service encounters with in the bank.

The following two reasons can be put forward in favor of using Judgment Sampling:

- It allows to select a more representative sample
- This gives a better result within a small budget and time constraints.

3.6 Data Collection Instruments

The study uses a structured paper questionnaire to obtain firsthand information through direct solicitation of responses from employees and customers of the bank. Secondary information was collected from annual reports and from the bank's website. Finally, a careful inspection is done to extract important inputs for the study. The rationale for using questionnaire as the method of data collection for this research is it is relatively easy to analyze and simple to administer and the format is familiar to most respondents to complete.

Primary Sources: empirical data collected from selected samples through self-administered structured paper questionnaire using a five point likert response scale which includes strongly disagree (1), disagree (2), neutral (3), agree (4) and strongly agree (5) method was given to both employees and customers of the organization. It has two sections, the first section incorporates closed-ended questions to gather demographic profile of employee and the second section encompasses IM constructs which are developed through a review of literature that measures the firm's IM practices.

Validity and Reliability

The precision with which things are measured in a study is expressed in terms of validity and reliability. These two are related because if a measure is valid then it is reliable. Validity represents how well a variable measures what it is supposed to measure. Reliability refers to the extent to which the data collection techniques or analysis procedure will yield consistent findings (Saunders et. al., 2003).

3.6.1 Validity

Validity is concerned with whether the findings are really about what they appear to be about (Saunders et. al., 2003). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Saunders et. al., 2003). Validity is concerned with whether the findings are really about what they appear to be about. A number of different steps were taken to ensure the validity of the study. First data was collected from reliable sources, survey question were made based on literature review and frame of reference to ensure the validity of the result.

3.6.2 Reliability Test

Reliability test will be conducted on the dependent and independent variables, internationalization factors and entrepreneurial orientation. The Cronbach's alpha is used in this study to assess the internal consistency of the research instrument, the developed α (Alpha) is a coefficient of reliability used to measure the internal consistency of a test or scale, and the result ranges a number between 0 and 1. As the result approaches to 1 the more is the internal consistency of the items, which means all the items measure the same variable.

3.7 Data Analysis Technique

Statistical Package for Social Science (SPSS) software version 23.0 was employed to analyze and present the data. The statistical tools namely descriptive, correlation and multiple regression analysis are used and the results achieved from summary statistics were presented by tables, frequency distributions and percentages to give a condensed picture of the data. In this study Pearson's correlation coefficient was used to determine the relationships between internal marketing dimensions (internal communication, employee motivation, employee empowerment, employee commitment, and employee training) and customer satisfaction. Multiple regression analysis was used to investigate the effect of internal marketing dimensions on customer satisfaction.

3.8 Ethical Consideration

The study considered some ethical issues. This is the respondent had the right to respond or not, the respondents had the right to participate or not, the study informed respondents the purpose of the questioner and the study considers the confidentiality of the response by not asking to state name. While the study was conducted, emerging ethical issues was considered and was given attention.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

The general objective of this study was to investigate the Role of internal marketing on Customer Satisfaction on the case of Bunna International Bank under Addis Ababa Branches. Therefore, data was collected from the relevant sources through questionnaire were classified, organized and analyzed. The trends, and patterns and relationship among data were identified, grouped and interpreted. The data classification has been carried from employee and customers of Bunna International Bank in Addis Ababa branches. The hypotheses formulated for this study actually guided through the arrangement of the tables. Each hypothesis focuses on the variables identified under the summary of the main findings.

The researcher has used the software called SPSS 23 to analyze the collected data to see the effect of internal marketing dimensions on customers' satisfaction. To identify the major issues and to present feasible recommendations the researcher has collected data through self-administered questionnaire. In this chapter the findings of the study are presented. During the survey 250 questionnaires were distributed to employee and 384 questionnaires to customers of Bunna bank in Addis Ababa branches and 224 and 330 respondents are responded respectively. Descriptive analysis was used for demographic factors and correlation and regression analysis were conducted for scale typed questionnaires. The questionnaires used are attached at the end of the fifth chapter.

4.1 MEASUREMENT OF MODEL VALIDITY

4.1.1 NORMAL DISTRIBUTION

A common test for normality is to run descriptive statistics to get skewness and kurtosis. Skewness should be within +2 and -2 range if the data is normally distributed. Kurtosis is the peakedness or flatness of a distribution and this distribution shall also commonly fall between +2 and - 2, although a few other authors according to (Garson, 2012), are more lenient and allow kurtosis to fall within +3 and -3.

Following the above justification, the normality test was done for five variables on SPSS, which resulted in all the variables' skewness to fall within +2 and -2 range and all the variables' kurtosis to fall within +3 and -3 range. Consequently, the data utilized for this research are normally distributed.

4.2. DATA SCREENING AND CLEANING

In order to ensure the accuracy of questionnaire data analysis, the student researcher screened and cleaned the data prior to data analysis. The errors in the data file were checked. Correction was made when an error was found. According to Hair et al. (2010), cases with over 50% missing data should be deleted. In this research above 90% of the responses are clean.

If there was a poorly completed case it could affect the reliability of the results (Gill and Johnson 1997). As the two parts of the questionnaire were independent sections, no missing values were treated separately. Based on the data cleaning and data screening, 330 out of the 384 responses from customers and 224 out of 250 responses from employees were found valid for data analysis of section one and section two both employee and customer questioner . Hair et al. (2010) claim factors with over 15% missing data should be deleted. No such factors were detected.

From the total respondents a total of 118 were males representing 52.7% and 106 respondents were females representing 47.3%, this indicates higher number of male in the distribution. The disparity between the number of male and female respondents is not too wide. This close representation signifies that whatever information obtained from these two categories of respondents will be highly representative of people. In terms of age of the respondents as presented in table revealed that a total of 108 participants were between 21-30 years which is 48.2% of the total respondents, a total of 91 participants were between 31-40 years which is 40.6% of the total respondents, above 40 years there are 25 respondents representing 11.2% of the total respondents and no respondent was included below 20 years. Looking at this table at a glance one would realize that adults dominated the participants of this study and this has indeed contributed to the quality of opinions gathered.

Table 4.1 Demographic Analysis of Employee of the Bank

Variables	Categories	Number of respondents	Percentages
Gender	Male	118	52.7%
	Female	106	47.3%
Age	20 and below Years	0	0.0%
	21-30 Years	108	48.2%
	31-40 years	91	40.6%
	41 and above years	25	11.2%
Educational Qualification	Primary	0	0%
	Secondary	0	0%
	Diploma	12	5.3%
	First Degree	165	73.7%
	Postgraduate	33	14.7%
	Others	14	6.3%

Source: Survey Result, SPSS (2020)

As regards of educational qualification 12 (5.3%) respondents were diploma holder, 33 (14.7%) respondents were postgraduates, 165 (73.7%) of the respondents are first degree holders and 14 (6.3%) respondents show that they had other qualification which was not stated. The educational background of the participants revealed that first degree and postgraduate holders were nearly 88.4% of the participants as presented in table. The high literacy level of respondents helped the researcher in getting good, well-informed and quality responses from respondents.

Table 4.2 Demographic Analysis of customers of the Bank

Variables	Categories	Number of respondents	Percentages
Gender	Male	206	62.5%
	Female	124	37.5%
Age	Below 20 Years	34	10.2%
	21-30 Years	132	40%
	31-40 years	65	19.8%
	41 years and above	99	30%
Educational Qualification	Primary	32	9.63%
	Secondary	51	15.4%
	Diploma	89	27%
	First Degree	99	30%
	Postgraduate	59	18%
	Others		
Total		384	100%

Source: Survey Result, SPSS (2020)

The total respondents of customer of the bank as presented in the above table revealed that a total of 206 males in the distribution representing 62.5% and 124 females representing 37.5 %, this indicates higher number of male in the distribution. In terms of age of the respondents as presented in table revealed that a total of 132 participants were between 21-30 years which is 40% of the total respondents, a total of 65 participants were between 31-40 years which is 19.8% of the total respondents, above 40 years there are 99 respondents which represent 30% and the rest 34 respondents which constitute 10.2% of the total respondents were 20 years and below. As regards of educational qualification 89 (27%) respondents were diploma holder, 59 (18%) respondents were postgraduate degree holders, 99 (30%) of the respondents hold a first degree, 51 (15.4%) of the respondents have secondary educational qualification and 32 (9.6%) respondents show that they had primary educational qualification. Out of the 384 questionnaires which were given out for the bank customers at Addis Ababa area 330 valid responses were obtained.

4.3 DESCRIPTIVE ANALYSES

Table 4.3 Descriptive Analysis of Internal marketing Dimensions

	Internal Communication	Employee Motivation	Employee Empowerment	Employee Commitment	Employee Training	Customer Satisfaction
N Valid	224	224	224	224	224	330
Missing	0	0	0	0	0	0
Mean	3.8900	2.9893	2.9955	4.1189	3.1639	3.9516
Stand.Error of Mean	.01553	.01351	.01828	.01576	.01683	0.02133
Median	3.8750	4.0000	3.9667	4.1667	4.0000	4.0000
Mode	3.88	4.00	4.19	4.17	4.00	4.0
Std. Diva.	.30435	.26475	.35821	.30876	.32985	0.41793
Variance	.093	.070	.128	.095	.109	0.175
Range	3.25	2.50	3.00	2.83	3.63	3.86
Minimum	1.75	2.50	2.00	2.17	1.38	1.14
Maximum	5.00	5.00	5.00	5.00	5.00	5.0

Source: Survey Result, SPSS (2020)

Table 4.3 Shows that internal communication, has a mean value of 3.89 and standard deviation of .304, Employee motivation has a mean value of 2.9893 and standard deviation of 264, Employee empowerment has a mean value of 2.9955 and standard deviation of .358, Employee commitment has a mean value of 4.11 and standard deviation of .308, Employee training has a mean value of 3.16 and standard deviation of .329, finally Customer satisfaction has mean value 3.95 and standard deviation of .417. It has been observed in the above table that the Mean value of employee motivation and Employee Empowerment are similar. And the Mean Value of Internal communication, Employee Commitment and customer satisfaction are similar. High Standard Deviation means the data are widely spread, which means that customers give variety of opinion and the low standard deviation means that customers express close opinion.

4.3.1 Descriptive Analysis of Internal communication

As shown in the table below, Internal communication is measured by four items for which, the mean score values were calculated and were found to range between 3.765 for respondents who said 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 and a mean score value of 3.99 for respondents who said there is regular meeting with top level management and staff members to communicate about issues relating to the organization. By and large the mean score value of internal communication dimension was found to be 3.89, which is well above average. Generally, almost all items have a medium standard deviation but the highest calculated was .55386, where there was a high variation in response among sample respondents for the item that states “I am satisfied with the relationship between my fellow workers in this organization.

Table 4.4 Descriptive Statistics of Internal communication

Internal communication	N	Mean	Std. Deviation
The bank provides strong, positive service encounters with employees.	224	3.9740	.45053
I am satisfied with the relationship between my fellow workers in this organization.	224	3.8302	.55386
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.	224	3.7650	.53592
There is regular meeting with top level management and staff members to communicate about issues relating to the organization.	224	3.9922	.30220

Source: Survey Result, SPSS (2020)

4.3.2 Descriptive Statistics of Employee Motivation

Employee motivation was measured by four items for which the mean score values fall between 3.1370 for respondents who said I feel good about working for this bank because I am satisfied with my job and a mean score value of 2.91923 for respondents who said, The bank recognizes the employee as a customer of the organization. By and large the mean score value of employee motivation dimension was found to be 2.9893.

Table 4.5 Descriptive Statistics of Employee Motivation

Employee Motivation	N	Mean	Std. Deviation
I feel good about working for this bank because I am satisfied with my job.	224	3.1370	.37873
I am satisfied with the salary I draw at present.	224	2.9744	.43928
I am satisfied with the promotion opportunity offered by this bank	224	2.92923	.38859
The bank recognizes the employee as a customer of the organization	224	2.91923	.37177

Source: Survey Result, SPSS (2020)

4.3.3 Descriptive Analysis of Employees Empowerment

In the table below, Employees Empowerment was also measured by three items, the mean score of which ranged between respondents who said I am satisfied with the responsibility and role that I have in my work (3.28), My supervisor allows me to use my own judgment in solving problems (2.73), and respondents who believed Management of the bank makes changes when employees’ feedback indicates that they are dissatisfied about with a mean score of 2.96. The overall mean score of Employees Empowerment was calculated to be 2.99.

Table 4.6 Descriptive Statistics of Employee Empowerment

Employees Empowerment	N	Mean	Std. Deviation
I am satisfied with the responsibility and role that I have in my work.	224	3.2815	.45053
My supervisor allows me to use my own judgment in solving problems	224	2.7391	.34812
Management of the bank makes changes when employees’ feedback indicates that they are dissatisfied.	224	2.9674	.36490

Source: Survey Result, SPSS (2020)

4.3.4 Descriptive Statistics of Employee Commitment

The table below shows that three items were used to measure the dimension of Employee Commitment for which the calculated mean value fall between 4.83 for sample respondents’

response regarding the question The bank identifies your level of emotionally attachment in a proper manner and 3.57 for sample respondents' response regarding No matter I feel, I always do the best I can for every customer I serve. And the overall mean value for the dimension was calculated to be 4.11

Table 4.7 Descriptive Statistics of Employee commitment

Employee commitment	N	Mean	Std. Deviation
The bank identifies your level of emotionally attachment in a proper manner.	224	4.8385	.59147
The organization tries its best to give comfortable work environment to its employees.	224	3.9323	.49604
No matter I feel, I always do the best I can for every customer I serve.	224	3.5702	.55386

Source: Survey Result, SPSS (2020)

4.3.5 Descriptive Statistics of Employee Training

As shown in the table below, Employee training was measured by four items for which the mean score values fall between 3.2740 for respondents who agreed when 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 and 3.0157 for respondents who consider On joining this bank an employee is mentored by his/her immediate hierarchical superior. The overall mean score of Employee training was calculated to be 3.1639.

Table 4.8 Descriptive Statistics of Employee Training

Employee Training	N	Mean	Std. Deviation
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.	224	3.2740	.45053
The bank gives continual training that help me and other colleagues to develop a sense of confident, reassurance, and satisfaction in service delivery process.	224	3.2605	.45146
Training is related to the employees' training needs.	224	3.1083	.38690
On joining this bank an employee is mentored by his/her immediate hierarchical superior.	224	3.0157	.36221

Source: Survey Result, SPSS (2020)

4.4 INFERENCE ANALYSIS OF VARIABLES

The next paragraphs will deal with testing the hypotheses proposed in the second chapter of this study. To this end, hypotheses one through five were tested using multiple regression as expressed in chapter three after making sure the model fulfills all the assumptions related with multiple regression.

4.4.1 CORRELATION ANALYSIS

Correlation analysis is used when independent variables are correlated with one another and with the dependent variable.

4.4.1.1 CORRELATION ANALYSIS BETWEEN INTERNAL COMMUNICATION AND CUSTOMERS' SATISFACTION

Variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.10. There is a significant positive correlation between internal communication and customers' satisfaction. In other words internal communication dimension and customers' satisfaction are related with moderate relationship ($r = 0.328^{**}$). This means the more the employee of the bank enhances in their internal communication, the more customers are satisfied.

Table 4.9 Correlation between Internal communication and Customers' satisfaction

		Internal Communication	Customer Satisfaction
Internal Communication	Pearson Correlation	1	.328 ^{**}
	Sig. (2-tailed)		.01
	N	330	330
Customer Satisfaction	Pearson Correlation	.328 ^{**}	1
	Sig. (2-tailed)	.000	
	N	330	330

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

Source: Survey Result, SPSS (2020)

4.4.1.2 CORRELATION ANALYSIS BETWEEN EMPLOYEE MOTIVATION AND CUSTOMERS' SATISFACTION

Since both variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.11. There is a significant positive correlation between Employee motivation dimension and customers' satisfaction. In other words Employee motivation dimension and customers' satisfaction are related with high relationship ($r = 0.591^{**}$). This means the more the employee of the bank motivated, the more customers will be satisfied.

Table 4.10 - Correlation between Employee motivation and customers' satisfaction

		Employee motivation	Customer Satisfaction
Employee Motivation	Pearson Correlation	1	.591 ^{**}
	Sig. (2-tailed)		.01
	N	330	330
Customer satisfaction	Pearson Correlation	.591 ^{**}	1
	Sig. (2-tailed)	.000	
	N	330	330

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

Source: Survey Result, SPSS (2020)

4.4.1.3 CORRELATION ANALYSIS BETWEEN EMPLOYEE EMPOWERMENT AND CUSTOMERS' SATISFACTION

Since both variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.12. There is significant positive correlation between Employee empowerment dimension and customers' Satisfaction. In other words Employee empowerment dimension and customers' satisfaction are related with high relationship ($r = 0.779^{**}$). This means the more the banks empower the employee, the more customers are satisfied.

Table 4.11 Correlation between Employee Empowerment and Customers' Satisfaction

		Employee Empowerment	Customer Satisfaction
Employee Empowerment	Pearson Correlation	1	.779**
	Sig. (2-tailed)		.01
	N	330	330
Customer satisfaction	Pearson Correlation	.779**	1
	Sig. (2-tailed)	.000	
	N	330	330

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

Source: Survey Result, SPSS (2020)

4.4.1.4 CORRELATION ANALYSIS BETWEEN EMPLOYEE COMMITMENT AND CUSTOMERS' SATISFACTION

Since both variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.13. There is a significant positive correlation between Employee Commitment dimension and customers' satisfaction. In other words Employees commitment and customers' satisfaction are related with a strong relationship ($r=0.685^{**}$). This means the more the employee of the banks committed effectively, the more customers are satisfied.

Table 4.12 Correlation between Employee Commitment and Customers' satisfaction

		Employee commitment	Customer satisfaction
Employee Commitment	Pearson Correlation	1	.685 ^{**}
	Sig. (2-tailed)		.01
	N	330	330
Customer Satisfaction	Pearson Correlation	.685 ^{**}	1
	Sig. (2-tailed)	.000	
	N	330	330

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

Source: Survey Result, SPSS (2020)

4.4.1.5 CORRELATION ANALYSIS BETWEEN EMPLOYEE TRAINING AND CUSTOMERS' SATISFACTION

Since both variables are interval, Pearson Correlation test was conducted and the results are shown in Table 4.14. There is a significant positive correlation between Employee Training dimension and customers' Satisfaction. In other words Employee Training dimension and customers' satisfaction are related with a strong relationship ($r=0.590^{**}$). This means the more the employee of the banks trained effectively, the more customers are Satisfied.

4.5 REGRESSION ANALYSIS

Regression analysis is a way of predicting an outcome variable from one predictor variable (simple regression) or several predictor variables (multiple regressions) (Field, 2009). But before carrying out a regression analysis, there are a few assumptions of linear regression analysis that must be maintained.

Table 4.13 Correlation between Employee Training and Customers' Satisfaction

		Employee Training	Customer satisfaction
Employee Training	Pearson Correlation	1	.590 ^{**}
	Sig. (2-tailed)		.01
	N	330	330
Customer satisfaction	Pearson Correlation	.590 ^{**}	1
	Sig. (2-tailed)	.000	
	N	330	330

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

Source: Survey Result, SPSS (2020)

4.5.1 MULTICOLLINEARITY TEST

The researcher uses Variance Inflation factor (VIF) to check the Multi-collinearity among the independent variables. Multi-collinearity exists if VIF is greater than 10. (Freund and Littell 2000: 98). The value of VIF for each independent variable Internal communication, Employee motivation, Employee Empowerments, Employment commitment, and Employee training is 2.104,4.626,3.324,3.297, and 3.617 respectively which is smaller than 10, so the problem of Multicollinearity does not exist.

4.5.2 REGRESSION ANALYSIS OF INTERNAL MARKETING AND CUSTOMERS' SATISFACTION

The results showed that there is a significant relationship between IM and customer satisfaction ($p < 0.05$). This means internal communication, Employee motivation, Employee Empowerment, Employee Commitment, and Employee Training determine customer satisfaction. Adjusted R-Square of 0.621 was obtained indicating that all the five internal marketing practices jointly determine 62.1 % of customer satisfaction. An attempt made to estimate how the individual variables contribute to customer satisfaction revealed that amongst the five dimensions of IM,

Table 4.17. Titled as coefficients of internal marketing dimensions, helps to understand which variables among the five independent variables are the most important in explaining the variance in customers' satisfaction. When we see the Beta column under standardized coefficients below, we can understand that the highest number in the beta is employee empowerment, and high beta value shows that it is significant in explaining the dependent variable (Customer satisfaction). 0.606 for employee empowerment is the leader driver of customer satisfaction, followed by employee commitment with 0.468, employee motivation with 0.348, employee training with 0.346, and internal communication with 0.105 respectively. The findings also revealed that all the dimensions have significant relationship with customer satisfaction with ($p < 0.05$) hence they constitute the major determinants of customer satisfaction in Bunna International Bank in Addis Ababa branches. As the variables of internal marketing which are used for prediction was found to be significantly related to customers' satisfaction as the p-value is less than 0.05.

Table 4.14 Model summary

Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Durbin Watson
1	0.791	0.626	.621	.25714	1.793

- a. Predictors : (constant) Internal communication, Employee commitment, Employee motivation, Employee Empowerment and Employee Training
- b. Dependent Variable: Customer Satisfaction.

Source: Survey result, SPSS (2020)

Table 4.15 ANOVA^s

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.903	5	8.381	126.744	.000 ^b
	Residual	24.994	378	.066		
	Total	66.898	383			

- a. Dependent Variable: Customer Satisfaction
- b. Predictors: (Constant), Internal Communication, Employee motivation, Employee Empowerment, Employee Training, and Employee commitment

Source: Survey Result, SPSS (2020)

Table 4.16 Coefficients

Model		Un standardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	-.316	.222		-1.425	.155
	Internal Communication	.328	.063	.105	.452	0.04
	Employee Motivation	.591	.107	.348	.317	0.01
	Employee Empowerment	.779	.067	.606	10.382	0.00
	Employee Commitment	.685	.077	.468	3.274	0.01
	Employee training	.590	.076	.346	.433	0.04

Source: Survey Result, SPSS (2020)

Source: Survey Result, SPSS (2020)

4.5.2.1 REGRESSION ANALYSIS OF INTERNAL COMMUNICATION AND CUSTOMERS' SATISFACTION

Hypothesis One: There is significant positive relationship between internal communication and customer satisfaction.

As indicated in the model summary of table 4.19. Internal communication can explain customers' satisfaction in relatively lesser extent. In this case, the results of correlation internal communication and R Square (0.107) are taken into consideration. This R square is the explained variance and it is actually the square of the multiple R (0.328)² which is 0.107. Therefore, it is pointed out that 10.70% of customers' satisfaction is explained by internal communication. The R square value of 0.107 confirming that, 10.7% of the variation in customer satisfaction is explained by internal communication. Internal communications used for prediction was found to

be significantly related to customers' satisfaction as the p-value is less than 0.05. Therefore, H1 is accepted.

Table 4.17 Regression analysis result for Internal communication and customers' satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.328 ^a	.108	.105	.39534	1.077

a. Predictors: (Constant), internal communication

b. Dependent Variable: customer satisfaction

Source: Survey Result, SPSS (2020)

Table 4.18 ANOVA^a

Model		Sum Squares	df	Mean Square	F	Sig.
1	Regression	7.193	1	7.193	46.023	.000 ^b
	Residual	59.705	382	.156		
	Total	66.898	383			

a. Dependent Variable: Customer Satisfaction

b. Predictors:(Constant), Internal communication

Source: Survey Result, SPSS (2020)

Table 4.19 Coefficients

Model		Unstandardized Coef		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.200	.259		8.495	.000
	Internal communication	.450	.066	.108	6.784	.000

a. Dependent Variable: Customer satisfaction

b. Predictors :(Constant), internal communication.

4.5.2.2 REGRESSION ANALYSIS OF EMPLOYEE MOTIVATION AND CUSTOMER'S SATISFACTION

Hypothesis Two: There is significant positive relationship between employee motivation and customer satisfaction.

Table 4.21 shows the result of regression analysis for employee motivation and customers' satisfaction. In this case, the results of correlation of these two variables and R Square (0.348) are taken into consideration. Here the R square is the explained variance and it is actually the square of the multiple R (0.591)² which is 0.348. Therefore, it is possible to state that 34.8% of customers' satisfaction is explained by employee motivation. Employee motivation used for prediction was found to be significantly related to customers' satisfaction as p-value is less than 0.05. Therefore, H2 is accepted.

Table 4.20 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.591 ^a	.349	.348	.33754	1.208

a. Predictors: (Constant), Employee motivation

b. Dependent Variable: Customer Satisfaction

Source: Survey Result, SPSS (2020)

Table 4.21 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.375	1	23.375	205.160	.000 ^b
	Residual	43.523	382	.114		
	Total	66.898	383			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Employee Motivation

Source: Survey Result, SPSS (2020)

Table 4.22 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.229	.260		.880	.379
	Motivation	.933	.065	.348	14.323	.000

a. Dependent Variable: Customer Satisfaction

Source: Survey Result, SPSS (2020)

4.5.2.3 REGRESSION ANALYSIS OF EMPLOYEE EMPOWERMENT AND CUSTOMERS' SATISFACTION

Hypothesis Three: There is significant positive relationship between employee empowerment and customer satisfaction.

As the result of regression analysis of employee empowerment and customers' satisfaction indicates, employee empowerment can explain customers' satisfaction. In this case again, the correlation result of the variables and the R square are taken. The R square is the explained variance and it is actually the square of the multiple R (0.779)² which is 0.606. Therefore, it is possible to conclude that 60.6% of customers' satisfaction is explained by employee empowerment. Employee empowerment as used for prediction was found to be significantly related to customers' satisfaction as p-value is less than 0.05. It is the highest of all the independent variables in explaining customers' satisfaction. Therefore, H3 is accepted.

Table 4.23 Model Summary

Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Durbin-Watson
1	.779 ^a	.607	.606	.26234	1.893

a. Predictors: (Constant), Employee Empowerment

b. Dependent Variable: Customer Satisfaction

Source: Survey Result, SPSS (2020)

Table 4.24 ANOVA

Model		Un standardized Coef		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.220	.154		1.425	.155
	Empowerment	.909	.037	.607	24.291	.000

a. Dependent Variable: Satisfaction

Source: Survey Result, SPSS (2020)

4.5.2.4 EREGRESSION ANALYSIS OF EMPLOYEE COMMITMENT AND CUSTOMERS' SATISFACTION

Hypothesis Four: There is significant positive relationship between Employee commitment and customer satisfaction.

We can also look the regression analysis result of Employee commitment and customers' Satisfaction in table 4.26. As it is clearly indicated in the table, Employee commitment can explain customer satisfaction in private Commercial Banks Ethiopia Addis Ababa branch. The correlation result of these variables and the R Square are considered. In this case the R square is the explained variance and it is actually the square of the multiple R (0.685)² which is 0.468. Therefore, it is possible to state that 46.8% of customers' satisfaction is significantly and highly explained by employee commitment. Employee commitment as used for independent factor was found to be significantly related to customers' satisfaction as p-value is less than 0.05. Therefore, H4 is accepted

Table 4.25 Regression analysis result for employee commitment and customers' satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.685 ^a	.469	.468	.30491	1.252

a. Predictors: (Constant), Employee Commitment

b. Dependent Variable: Satisfaction

Source: Survey Result, SPSS (2020)

Table 4.26 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.383	1	31.383	337.566	.000 ^b
	Residual	35.514	382	.093		
	Total	66.898	383			

a. Dependent Variable: Satisfaction

b. Predictors: (Constant), Employee Commitment

Source: Survey Result, SPSS (2020)

Table 4.27 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
		B	Std. Error			
1	(Constant)	.133	.208		.638	.524
	Employee Commitment	.927	.050	.469	18.373	.000

a. Dependent Variable: Customer Satisfaction

Source: Survey Result, SPSS (2020)

4.5.2.5 REGRESSION ANALYSIS OF EMPLOYEE TRAINING AND CUSTOMERS' SATISFACTION

Hypothesis Five: There is significant positive relationship between employee training and customer satisfaction.

We can also look the regression analysis result of employee training and customers' satisfaction in table 4.29. As it is clearly indicated in the table, employee training can explain customer satisfaction in Bunna Bank at Addis Ababa branches. The correlation result of these variables and the R Square are considered. In this case the R square is the explained variance and it is actually the square of the multiple R $(0.590)^2$ which is 0.346. Therefore, it is possible to state that 34.6% of customers' satisfaction is significantly and highly explained by employee training.

Employee training as used for explanation was found to be significantly related to customers' satisfaction as p-value is less than 0.05. Therefore, H5 is accepted.

Table 4.28 Regression analysis result for Employee training and customers' Satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	St. Error of the Estimate	Durbin-Watson
1	.590a	.348	.346	.33789	1.176

- a. Predictors: (Constant), Employee Training
- b. Dependent Variable : Customer Satisfaction

Source: Survey Result, SPSS (2020)

Table 4.29 ANOVA

<i>Model</i>		<i>Unstandardized Coefficient</i>		<i>Standardized Coefficient Beta</i>	<i>T</i>	<i>Sig.</i>
		<i>B</i>	<i>Std. Error</i>			
<i>1</i>	<i>Constant</i>	<i>0.988</i>	<i>0.208</i>		<i>4.748</i>	<i>.000</i>
	<i>Employee Training</i>	<i>0.748</i>	<i>0.052</i>	<i>0.348</i>	<i>14.282</i>	<i>.000</i>

- a. Dependent Variable : Customer Satisfaction

Source: Survey Result, SPSS (2020)

4.6 SUMMARY OF HYPOTHESIS TESTING

Table 4.30 Table summary of Hypotheses Tests

Hypotheses	Statement of Hypothesis	Method of analysis used	Result
H1	There is significant positive relationship between internal communication and customer Satisfaction.	Multiple Regressions.	Supported
H2	There is a significant positive relationship between Employee motivation and customer Satisfactions.	Multiple Regressions.	Supported
H3	There is a significant positive relationship between Employee empowerment customer satisfactions.	Multiple Regressions.	Supported
H4	There is a significant positive relationship between Employee Commitment and customer satisfaction.	Multiple Regressions.	Supported
H5	There is a significant positive relationship between Employee training and customer satisfaction.	Multiple Regressions.	Supported

Source: Survey Result, SPSS (2020)

Generally, appropriate measures were identified based on the empirical research to test the hypothesized relationships. Quantitative data that are obtained and gathered were being treated by using the statistical software program namely statistical package for social science (SPSS) which were proposed earlier were answered by using a sample of version 23 for analysis and for summarization purpose, several techniques of analysis were used including ANOVA test, Correlation and linear regression, therefore from the analysis it is clearly indicated that internal marketing and customer satisfaction are related and the measure of correlation between these variables as it is indicated in the correlation analysis is positive. And also it is noticed that the independent variables which are included in the elements of internal marketing have the power to explain the dependent variable as it is indicated in the regression analysis. Therefore, the research questions are answered based on the test conducted and internal marketing has the power to explain customer satisfaction in the bank. And also it is found that internal marketing have a significant impact in banks in terms of their customer satisfaction.

4.7 RESULTS DISCUSSION

The objective of this study is to examine the role of internal marketing on customer satisfaction in Bunna International Bank, by analyzing the relationship that construct in the theoretical framework. Demographic factors such as gender, age, and educational qualification of the employee and the customers have been used to know the general characteristics of the respondents. Based on the results from this research, internal marketing is correlated with customer's satisfaction. The findings show that internal marketing activities can explain 62 % of customer's satisfaction in the bank. Internal marketing elements particularly employee empowerment and employee commitment have greater role on customers' satisfaction and it is more important in shaping how to increase customers' satisfaction in the banks.

In today's competitive environment, banks should build and maintain good internal marketing practices with the target increasing customers' satisfaction in order to succeed and survive. To maintain good relationship with customers, internal marketing is an important tool. In this case, banks must prepare invaluable information to build strong internal marketing with the employee for the purpose of gaining their customer satisfaction and preventing customers from switching to other banks. Customers can be remaining satisfied towards a bank for a number of reasons. This research have identified five elements of internal marketing that will have a role on customers satisfaction in the bank namely internal communication, employee motivation, employee empowerment, employee commitment, and employee training.

Based on the Pearson correlation test of correlation results, internal communication dimension positively correlated with customers' satisfaction ($r=0.328$). In other words if employee of the bank's internal communication is good, and then it is possible to gain satisfied external customers.

Because of this result the bank should be able to create and deliver a better environment to its employee in order to better communicate and enhance strong customer satisfaction.

Therefore, internal communication has power to determine the satisfaction of external customers of the bank. The potential benefit of openly sharing information is enhancing frontline employees' ability to provide other organizational members and customers with useful information and better service.

When employee's internal communication is getting improved it means that there will be an easy access and movement of information about other departments and sections activities of a particular work and in effect individual knowledge will increase to give a one window service to external customers of the bank and as a results external customers satisfaction will be improved. With regard to regression analysis of internal communication dimension and customer satisfaction indicates that 10.5% of the variance R square in customers satisfaction has been moderately explained by internal communication. The finding of Atusa Farzad (2006) showed that internal communication is an important ingredient in firm-internal marketing and ultimately in the development of customer satisfaction. Therefore, the result of this study on internal marketing dimension is similar with the above findings that internal communication has the power to increase customers' satisfaction.

Employee Motivation is another element of internal marketing that is taken into account to explain Customer's satisfaction. Based on the correlation result as it is shown by Pearson correlation test, employee motivation dimension is positively and highly correlated with customers' satisfaction. The correlation coefficient between employee motivation and customers' satisfaction is 0.591. In that employee motivation dimension is a major determinant of customers' satisfaction and customers will critically evaluate the employee motivation of the banks employees towards the services gained from the bank. The employee motivation of the banks will help to satisfy customers by improving the services of the bank. By having motivated employees, banks can continue retaining existed customers and attracting new customers to generate more profit. To this extent the employee motivation dimension of internal marketing plays very big role.

Therefore, banks are expected to have motivated employees to offer appropriate services and treat the customers as they want. This was also supported by the study of Fullerton (2003). According to this researcher, employee motivation has a strong positive effect on the softer aspects of customer satisfaction such as advocacy and willingness to pay more for the service. With regard to the regression analysis of employee motivation dimension and customers' satisfaction, 34.8% of the variance R square in customers satisfaction is explained by employee motivation. Therefore, the result of this research on employee motivation dimension is similar with the above findings that employee motivation has the power to increase customers' satisfaction.

Employee empowerment is the other factor that is included in the dimensions of internal marketing. It has positive and strong relationship with customer's satisfaction. The correlation coefficient between these variables is 0.779 which implied that employee empowerment is one of the important tools to create satisfied customers in service provider organizations like bank. Employee empowerment is an essential way to impact employee attitudes and behaviors and, hence, the level of service provided to the external customer (Piercy, 1998). It is obvious that customers will become satisfied when they are treated up to their expectation, but to bring this employee empowerment is a prerequisite to empower an employee to serve the customer in that way and to create lasting relationship with customers. Therefore, banks need to understand that empowering an employee has a power to bring customer's satisfaction. With regard to the regression analysis of employee empowerment and customers' satisfaction, the variance R square in customers satisfaction shows 60.6% which implies that customer satisfaction is significantly explained by employee empowerment. The finding of Zeithaml and Bitner (2003) also showed that it is difficult to imagine an organization would deliver caring, individualized attention to customers independent of its employees. Employee empowerment is giving employees the accountability and responsibility for the work they are performing. 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. The result of this research also supports that there is strong relationship between employee empowerment and external customer satisfaction.

Employee commitment also the other factor that is included in the dimensions of internal marketing. It has positive and strong relationship with customer's satisfaction. The correlation coefficient between these variables is 0.590 which shows that employee commitment is one of the important tools to create satisfied customer with in service provider organizations. The result of the regression analysis of employee commitment to customers' satisfaction also proves that 34.6% of the variance R square in customers satisfactions are explained by employee commitment.

The other factor that is included in the dimensions of internal marketing is employee training. It has a positive and strong relationship with customer's satisfaction. The correlation coefficient between these variables is 0.590 which supported the hypothesis that employee trainings are one

of the important tools to create customers satisfaction in service providing organizations. With regard to the regression analysis of employee training and customers' satisfaction, it stood at 34.6% of the variance R square in customers satisfactions significantly explained by Employee training.

Based on the regression analysis result for all variables against customers' satisfaction it is assured that all independent variables can explain customers' satisfaction in the bank keeping that the degree is different for different variables.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION OF THE STUDY

This chapter presents the recommendation and conclusions derived from the data analysis carried out in the previous section. Further area of research that may be of interest for other researchers were also described

5.1 CONCLUSIONS DRAWN FROM THE STUDY

The researcher tried to assess the effect of internal marketing activities on external customer's satisfaction in the case of Bunna Bank in Addis Ababa branches in this study. This chapter presents, major findings, conclusions and recommendations based on the analysis and interpretations made at the pervious chapter.

The list of internal marketing activities which I selected to see their effects on the external customer satisfaction consisted five dimensions these are; internal communication, employee motivation, employee empowerment, employee commitment and employee training. In order to look their effects questionnaires were distributed to employee and customers of the bank in Addis Ababa branches. 224 employees and 330 customers were properly filled and responded the questionnaires and all the workable data were added to the SPSS program to get the correlation and regression results.

Coefficient alpha was then used to measure the reliability of the respective variables stated to explain the dependent variable; customer satisfaction, which was found to be well above the threshold level. Then, correlation analysis and regression analysis run to test the acceptance or rejection of the hypotheses that were put forward by this work.

Fitness of the model or the power of the independent variables in explaining customer satisfaction of the bank has found that the dependent variable was positively explained (62%) by the five dimensions of internal marketing which are known, for all uses and purposes of this study, as independent variables.

The findings of hypotheses one through five were verified by running a multiple regression analysis, which then showed that all the dimensions of internal marketing have a positive and significant role on customer satisfaction. This leads to the conclusion that a one unit increase in all of the dimensions, results in a positive increase in customer satisfaction of the bank.

From the finding, the researcher found that there were problems related to the internal marketing practice by the bank which is related to inadequate availability of employee training, employee motivation, and employee empowerment.

5.2 RECOMMENDATION OF THE STUDY

Based on the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the bank for improving its internal marketing activities to assure customer satisfaction.

- The researcher suggest that management of the bank should constantly work on exploring appropriate service excellent combinations which can influence the satisfaction of different employees, in order to deliver quality internal services in all service production process.
- When hiring employees, the bank should look at the interest and ability of an employee to establish and maintain strong relationship with the customers and other employees of the organization. Potential candidates who are strong in internal communication behavior, strong commitment and motivation should be considered.
- 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, management of the bank must understand that the “bonding” that frequently occurs in customer service provider employee relationships, can have a significant effect on the level of customer satisfaction. Therefore, management of the bank 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 their 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. It also conducts regular improvements in the work environment and depends on the latest technology in order to improve the performance.
- To improve internal communication the bank need to make sure that internal communication channels are effectively implemented to share information internally.
- The bank should apply a marketing mechanisms and initiatives internally to understand employees' needs and wants.

In general, the bank should make its whole system on work with customers' preferential. As it is known, customers are the reason for the survival of banks. So, banks are expected to invest more on its employee for attracting new customers and retaining the existed ones. The banks should recognize the importance of internal marketing in creating satisfied customers and implement properly.

5.3 LIMITATIONS AND FUTURE RESEARCH

The recommendations to be given should be considered in the light of some limitations of this study. One limitation is that the analysis depends on the information it gets exclusively from the branches found in Addis Ababa by considering only five dimensions of internal marketing among the many dimensions. On satisfying customers, there are other important elements of internal marketing such as employment security and cooperation, customer orientation which could influence customer satisfaction, are not be discussed in this study. Thus further research needs to contain more desirable dimensions, in order to gain better insight.

The other limitation is it is understood that cross-sectional research design does not offer nearly the same insight into the dynamics of internal marketing with the firms as a longitudinal design. As such a longitudinal design would afford greater insight into this in the future. The study's focus on cross-sectional study design may also limit the extent to which the findings can be generalized.

This research used nonrandom convenient sampling technique to select samples and respondents; however this sampling technique has the opportunity for bias to cloud the results of the survey.

Interested researchers may seek a comparative study to find out which bank holds the most strong in applying internal marketing dimensions. Future researches may also want to collect

their data from different cities of Ethiopia and may incorporate different branches of banks other than mentioned in this work.

During the study, the researcher also faced some challenges due to the effect of Corona virus which hampers the movement of people and it was very hard to get as much people to take the necessary data for the analysis.

Last but not least, future researchers may seek to know and carry out a study on the financial impact of internal marketing underpinnings.

REFERENCES

- Ahmed P.K. and Rafiq M. (1993), "The scope of internal marketing: defining the Boundary between marketing and human resource management", *Journal of Marketing Management*, Vol.9-3, pp. 21932
- Ahmed P.K; Rafiq M; Norizan M Saar. (2003), "Internal marketing and the mediating role of organizational competencies", *European Journal of Marketing*; Vol.3
- Allen G. (1998) *Modern Management* [on line].Dallas, Mountain View College.
- Allen N.J and Mayer J.P (1990) "The measurement and Antecedent of Affective, Continuance and Normative commitment to the organization", *Journal of occupational Psychology*, Vol 63 pp. 1-18.
- Amare Birhanu (2013), *The Impact of Internal Marketing on Quality Customer Service the Case of Ethiopian Airlines*.
- Bak (1998), *A journal of Marketing Management*.
- Ballantyne et al., (1992), *The Evolution of Brand Choice in Journal of Brand Management*.
- Bansal, H.S. et al, (2005), *Journal of the Academy of Marketing Science* 33(1), pp. 96-115.
- Boris, et al., (2005), *Non Profit Marketing, Journal of the Academy of Marketing*, pp. 42-44.
- Campbell and Pritchard, (1976), *An Integrated Control Theory Model for Motivation*, p.78.
- Caruana, A. (2002), "Service loyalty: the effects of service quality and the mediating role of customer satisfaction", *European Journal of Marketing*, Vol. 36 No. 7, pp. 811-28.
- Codotte et al., (1987), *The Measurement of External Customer's Satisfaction*.
- Cronin J and Taylor (1992)," *Internal Marketing: A competitive strategy for the long term care industry* "Journal of business recherché, June, pp., 77
- Christian Grönroos, (2001) *Service management and marketing: a customer relationship management approach*. England: John Wiley and sons limited, 2nd edition.
- Christian Grönroos, (2001) "Service management and marketing: a customer relationship management approach", England: John Wiley and sons limited, 2nd edition.
- Conduit (2001), "The impact of internal marketing activities on external marketing outcomes", *Journal of Quality Management*.
- Darling and Taylor, (1989), *European Journal of Marketing* 23(7), pp.34-41.
- Donovan, (2004), *Principles and Practices of Social Marketing*, pp. 88-91.
- Durkin, (1999), *Relationship Marketing in Banking Sector*, pp. 51-53.

Dunne and Barnes, (2000), *Internal Marketing: a relationships and value creation view*, pp. 192-220.

Davoudi, (2012), *the Planning Theory and Practice*.

Ewing M. and Caruana, A. (1995). "An Internal marketing approach to public sector management, the marketing and human resources interface", *The International Journal of Public Sector Management*, Vol. 12. No. 1, pp. 17-26.

Flipo J. (1986) "Service firms Interdependence of external and internal marketing strategies", *European Journal of Marketing*, Vol 20 No.8 pp. 5-14

Fishman, (1996), *A Journal in University of Minnesota, Internal Marketing*, p. 106.

Garson, G.D., 2012a, *Sampling*, pp. 1–30.

Gary Dessler, *Human Resource Management*, Prentice Hall, 1999, pp. 106-120.

George W.R (1990), "Internal marketing and Organizational behavior: a partnership in developing customer conscious employees at every level", *Journal of business Research* Vol.20 No.1 January, pp.63-70

Gilmore and D. Carson, (1995), *Developing Strategic Marketing Through The Use of Marketing Networks*, pp. 76-80.

Gronroos C. (1984) "A service Quality Model and its Marketing Implication", *European Journal of Marketing*, Vol.18 No4, pp. 36-44

Gounaris, S.P. (2006). "Internal market orientation and its measurement", *journal of business research*, Vol. 59 No. 4, pp. 432-48.

Gremler D., Bitner, M.J. and Evans, K. (1994), "The internal service encounter", *International Journal of Service Industry Management*, Vol. 5 No. 2, pp. 34-56.

Harell G.D, and Fors MF (1992), "Internal Marketing of service ", *Journal of Industrial Marketing Managemnt* Vol.21 November,pp 299-306

Helgesen, Nettet & Voldsund, (2009) Business Education and Ethics: Concepts, Methodologies, Tools, and Applications.

Heskett, et al (1997), “The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value”.

Hoffman and Ingram,(1992), Service Provider Job Satisfaction and Customer, Journal of Services Marketing.

Isabella R.et.al, (2005). “Internal Marketing”.

J Walton, (1999) Strategic Human Resource Development, pp. 86-90.

Jones T.O. and Sasser W.E. Jr (1995) – “Why satisfied customers defect”, Harvard Business Review, Vol. 73, November-December, pp. 88-99.

Kamakura et al (1998), Journal of Interactive Marketing, 12(1), pp.63-71.

Keki R. Bhole, (1996), Beyond Customer Satisfaction to Customer Loyalty: The key to Greater Profitability.

Leonard L. Berry and A. Parasuraman (1991), Marketing Service; Competing through Quality, p.151

Lewis, B.R. and Mitchell, V.W. (1990), Defining & Measuring the Quality of Customer Service.

Ling, (2010), International Business Research/ Vol. 3, No. 3.

Martin, (1992), Managing Organizational Culture

Maslow A., The Five-tier Hierarchy of Needs, New york: Harper and Row, 1954

Michael Hartline and Ferrell, (1999) Marketing Strategy, pp. 116-126.

Morgan, Robert M, and Shelby D. Hunt (1994), “The Commitment-Trust Theory of Relationship Marketing.” Journal of Marketing 58 (July), 20–38.

Nardos Tsegaye, (2012), The Influence of Internal Marketing on Customers’ Perceived service quality: A Case Study on Ethiopian Electric Power Corporation (EEPCO), unpublished MA

Odom et al., (1990) Public Productivity and Management Review.

Oliver, (1997) Customer Loyalty.

Panda, (2003) Evaluating of CRM in Banking Sector: A Case Study on Employees of Banks in Konya.

Parasuraman, A. Berry, L. and Zeithaml, V.A. (1985), "A Conceptual Model of Service Quality and Its Implication for Future Research", Journal of Marketing, Vol.49, No.4, pp.41-50.

Parasuraman, A. Zeithaml, V. A. and Berry, L. (spring 1988). SERVQUAL: A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality. Journal of Retailing,

Pardee, (1990), Motivation Theories of Maslow, Herzberg, McGregor & McClelland. A Literature Review of Selected Theories Dealing with Job Satisfaction and Motivation.

Pfeffer J., & JF Veiga, Academy of Management Perspectives Journal 1999;

Panigyrakis and Theodoris, (2009), Internal Marketing Impact on Business Performance in Retail Context.

Philip Kotler & Gray Armstrong John (1999), Principle of Marketing, 2nd edition, published by Prentice Hall Inc USA

Philip Kotler and Kevin Keller (2006), Marketing Management, Pearson education, Prentice Hall, 12th edition.

Philip Kotler (2002), Marketing Management Millennium Edition, 10th edition, by Pearson Custom Publishing USA.

Piercy N. and Morgan N. (1991) "Internal Marketing-The Missing Half of the Marketing Program" Long Range Planning Vol.24, No 2 pp82-93

Prasad A. and Steffens, E. (2002), Internal Marketing at Continental Airlines: Convincing employees that management knows best, Marketing Letters, Vol. 13(2), pp.75-89.

Richard J. Varey and Lewis, (2000), *Internal Marketing: Directions for Management*.

Robbins & Langton, 1999; Slater & Narver, 1995: "The Effect of Relationship Marketing Dimensions on Customer Satisfaction to Customer Loyalty". *Australian Journal of Basic and Applied Sciences*, 5(9):1547-1553.

Samms, (1990), *An empirical analysis of Internal Marketing on Organizational Commitment*.

Schultz D.E (1996) "Building an Internal Marketing Management Calculus" Henry Stewart Publication, *Interactive Marketing* .VOL.6 NO 2,PP.111-129

Silvestro R. & Cross, S. (2000). *Applying the Service Profit Chain in a Retail Environment—Challenging the "Satisfaction Mirror"*. *International Journal of Service Industry Management*, vol.11, no.3, pp. 244-268.

SPSS Inc, (2007). *SPSS Statistics 17. 0 Brief Guide*, Chicago, IL.

Stershic, S, F, (2005). "Internal Marketing Fundamentals-Gaining Employees Commitment.

Sureshchander et al (2002) *The Effect of Internal Marketing on Organizational Commitment*, *International Journal of Bank Marketing*, 16(3):108-116.

Thompson T.W., Berry L.L and Davidson P.H(1978), *Banking Tomorrow : Managing Markets Through Planning*, NewYork:Van Nortrand Reinhold, pp 24

Tansuhaj, P.S Wong J., and McCullough J. (1997), "Internal and External Marketing Effect on Customer Satisfaction in Bank in Thailand"

Tortosa, V., Moliner, M.A., & Sa´nchez, J. (2009). *International Journal of Bank Marketing*, Vol5 No 3 pp. 73-83

Uchenna, (2008), *Integrating Internal Customer Orientation, Internal Service Quality, and Customer Orientation in the Banking Sector*.

Venkatraman & Ramanujam (1986), *Measurement of Business Performance in Strategy*.

Ward T. and Dagger, T. S. hip (2007) Marketing for Service Customers“, Journal of services marketing, 24(4), pp. 281-290.

Xu and Goedegebuure, (2005), “Perception, customer satisfaction and customer loyalty”.

Yomiyu Dhaba (2014), “The Role of Internal Marketing on Customer Satisfaction: The Case of Ethiopian Airline Enterprise”.

Zeithaml, V.A., Berry, L.L. and Parasuraman, A., (1996), “The Behavioral Consequences of Service Quality”, Journal of Marketing, Vol. 60, No. 2, Pp. 31-4.

Zeithaml, V.A., Bitner, M.J., & Gremler, D.D. (2006). Services Marketing: Integrating Customer Focus Across the Firm (4th ed., pp.117). Singapore: McGraw-Hill

Zeithaml, V.A., Bitner, M.J., & Gremler, D.D. (1990). Services marketing: integrating customer focus across the firm (4th ed., pp.117). Singapore: McGraw-Hill

Part II: Overall Service Quality and Customer Satisfaction Level

The score levels are described as:

- | | |
|----------------------|-------------------|
| 1- Strongly Disagree | 4- Agree |
| 2- Disagree | 5- Strongly Agree |
| 3- Neutral | |

Service Quality Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I. Tangibility					
1. Visually appealing and attractive facilities and other equipment are available at the bank branch.	1	2	3	4	5
2. You are satisfied with Neatness and professionally groomed employees of the Bank.	1	2	3	4	5
3. Visually appealing communication material associated with service delivery of the Bank.	1	2	3	4	5
II .Reliability					
4. The Bank Perform the service right the first time.	1	2	3	4	5
5. The employee of the bank can provide you accurate information.	1	2	3	4	5
6. Employees show dependability in handling service problem	1	2	3	4	5
III. Responsiveness					
7. Employees are attentive and prompt to the customers need.	1	2	3	4	5
8. Employees of the bank show Willingness to help customers.	1	2	3	4	5

9. Readiness to respond to customers' request.	1	2	3	4	5
IV. Assurance					
10. The staff of the bank has good service knowledge.	1	2	3	4	5
11. Employees have required skill to perform service.	1	2	3	4	5
12. Employees of the bank are consistently courteous.	1	2	3	4	5
V. 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. Employees treat customers with great respect.	1	2	3	4	5
Customer satisfaction					
16. I am satisfied with overall banking service of the branch.	1	2	3	4	5
17. My experience with the bank is above my expectation.	1	2	3	4	5
18. I will recommend others to become a customer of the bank.	1	2	3	4	5
19. I am satisfied with the bank employees Professional competence.	1	2	3	4	5
20. The bank gives more benefits to its customers than the competitor.	1	2	3	4	5

Thank you for your time

ክፍል ሁለት: የአገልግሎት ጥራት ደረጃ መለኪያ እና የደንበኛ እርካታ

- የሚሰጡት መመዘኛ 1- በጣም አልስማማም 2- አልስማማም 3-መካከለኛ**
4- አስማማለሁ 5- በጣም እስማማለሁ

መመዘኛ መስፈርቶች	በጣም አልስማማም	አልስማማም	መካከለኛ	እስማማለሁ	በጣም እስማማለሁ
II. ተጨባጭ የአገልግሎት መስጫ					
1. የባንኩ ቢሮዎች እና የአገልግሎት መስጫ መስኮቶች ለዓይን ሳቢ ናቸው	1	2	3	4	5
2. የባንኩ ሰራተኞች ጽዱ እና በስርዓት የለበሱ ናቸው	1	2	3	4	5
3. ባንኩ ጽዱ እና ሰፊ የአገልግሎት መስጫ ቦታ አለው	1	2	3	4	5
II . አስተማማኝነት					
4. ባንኩ ትክክለኛውን አገልግሎት በመጀመሪያው ጊዜ ይሰጣል	1	2	3	4	5
5. የባንኩ ሰራተኞች ለደንበኞቻቸው ትክክለኛውን መረጃ ይሰጣሉ	1	2	3	4	5
6. ሰራተኞቹ የአገልግሎት ችግር ፈቺነታቸውን ያሳያሉ	1	2	3	4	5
III. ቀልጣፋ አገልግሎት					
7. የባንኩ ሰራተኞች ለደንበኞቻቸውን ጥያቄ ፈጣን ምላሽ ይሰጣሉ	1	2	3	4	5
8. የባንኩ ሰራተኞች ደንበኞቻቸውን ለማስተናገድ ፍቃደኞች እና ደስተኞች ናቸው	1	2	3	4	5
9. የባንኩ ሰራተኞች ደንበኞቻቸውን ለመርዳት ፍቃደኞች ናቸው	1	2	3	4	5
IV. እውቀት፣ ክህሎት					
10. የባንኩ ሰራተኞች የደንበኞቻቸውን ጥያቄ መመለስ የሚያስችል ዕውቀት አላቸው	1	2	3	4	5

11. የባንኩ ሰራተኞች ለሚሰጡት አገልግሎት በቂ ችሎታ አላቸው	1	2	3	4	5
12. የባንኩ ሰራተኞች ሁልጊዜም ትሁት ናቸው	1	2	3	4	5
V. ተቆርቋሪነት					
13. ባንኩ ሁልጊዜም የደንበኞቹን ፍላጎት ለሚሟላት ይሰራል	1	2	3	4	5
14. የባንኩ ሰራተኞች የደንበኞቻቸውን ልዩ ፍላጎት ለይተው ያውቃሉ	1	2	3	4	5
15. የባንኩ ሰራተኞች ደንበኞቻቸውን ሁልጊዜም በአክብሮት ያስተናግዳሉ	1	2	3	4	5
VI. የደንበኛ እርካታ					
16. በአጠቃላይ በክፍሉ በሚሰጡት አገልግሎቶች ረክቻለሁ	1	2	3	4	5
17. ከጠበኩት በላይ በባንኩ የተማላ አገልግሎት ረክቻለሁ	1	2	3	4	5
18. ሌሎችም የባንኩ ደንበኛ እንዲሆኑ አሳውቃለሁ።	1	2	3	4	5
19. በባንኩ ሠራተኞች ሙያዊ ክህሎት ረክቻለሁ ።	1	2	3	4	5
20. ከተፎካካሪ ባንኮች አንጻር ሲታይ ባንኩ ባንኩ ብዙ ጥቅም ለደንበኞች ያቀርባል ።	1	2	3	4	5

ስለ ጊዜዎ በጣም አመሰግናለሁ!!

Addis Ababa University School of Commerce

Department of Marketing Management

A survey on “The effect of internal marketing on customer satisfaction

The case of Bunna Bank in Addis Ababa Branches.”

(Questionnaire to be filled by Bunna Bank employee)

Dear Respondent,

I would like to share your wonderful insights on this questionnaire with regards to your service experience you have within the bank. The questionnaire is designed “ to measure the effect of internal marketing on customer satisfaction in the case of Bunna Bank” within the sampling area and the consumption is purely for academic research purpose for partial fulfillment of a post graduate program in Marketing Management at Addis Ababa University School of Commerce. Thank you for sharing your valuable time in filling this questionnaire. The questionnaire has two parts each referring to your satisfaction level of the service given by the Bank.

Should you require any further information about this study, or have problem in completing this questionnaire, please contact the researcher by the following address:

Wondwossen Legesse = Cell phone: +251-911 73 52 67 E-mail : wondesnl@gmail.com

I would be grateful for your cooperation and timely response to this survey.

Part 1: Personal Information

Direction: Please select the appropriate response *and tick (✓)* category the number against each question.

1. Sex: Female Male

2. Age: Below 25 years 25-35 Years
35-45 years above 45 years

3. Educational qualification: Primary Secondary Diploma
Degree Postgraduate Others

Part II

Please, indicate your opinion by marking the appropriate box on the five point scale where:

1=Strongly Disagree 2= Disagree 3= Neutral 4=Agree 5=Strongly Agree

Internal Marketing Study variables	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I. Internal Communication					
1. The bank provides strong, positive service encounters with employees	1	2	3	4	5
2. I am satisfied with the relationship between my fellow workers in this organization	1	2	3	4	5
3. 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
4. There is regular meeting with top level management and staff members to communicate about issues relating to the organization.	1	2	3	4	5
II. Employees Empowerment					
5. I am satisfied with the responsibility and role that I have in my work.	1	2	3	4	5
6. My supervisor allows me to use my own judgment in solving problems	1	2	3	4	5
7. Management of the bank makes changes when employees' feedback indicates that they are dissatisfied.	1	2	3	4	5
III. Employees Motivation					
8. I am satisfied with the salary I draw at present.	1	2	3	4	5

9. I feel good about working for this bank because I am satisfied with my job.	1	2	3	4	5
10. I am satisfied with the promotion opportunity offered by this bank.	1	2	3	4	5
11. The bank recognizes the employee as a customer of the organization	1	2	3	4	5
IV. Employees Commitment					
12. The organization tries its best to give comfortable work environment to its employees.	1	2	3	4	5
13. No matter what I feel, I always do the best I can for every customer I serve.	1	2	3	4	5
V. Employee Training					
14. 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
15. The bank 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
16 Training are related to the employees' training needs.	1	2	3	4	5
17 On joining this bank an employee is mentored by his/her immediate hierarchical superior.	1	2	3	4	5

Thank You for your Time

አዲስ አበባ ዩኒቨርሲቲ ንግድ ሥራ ኮሌጅ

የድህረ ምረቃ ትምህርት ዘርፍ የገበያ ስራ አመራር ትምህርት ክፍል

ለቡና ባንክ ሰራተኞች የተዘጋጀ መጠይቅ

ውድ የተከበራችሁ የቡና ባንክ ሰራተኞች ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ት/ቤት ድህረ ምረቃ ተማሪ ሲሆን አላማውም የባንኩ ሰራተኞች በባንኩ ውስጥ በመስራታቸው ያላቸው እርካታ ለውጭ ደንበኞች በሚሰጡት የአገልግሎት ጥራት በደንበኞች እርካታ ላይ ያለውን አስተዋጽኦ ወይም ተፅዕኖ ለማወቅ ነው። ይህ የሚሰጡት መረጃ ለትምህርት አገልግሎት የሚውል ሲሆን የርስዎ መልስ ለሌላ ሰነድ ወገን የማይደርስ ነው። እንዲሁም ከዚህ መጠይቅ የሚገኘው መረጃ በሚስጥራዊነት የሚያዝ ነው። ስም መጥቀስ አያስፈልግም። ጊዜዎን መስዋዕት አድርገው ለሚያደርጉልኝ መልካም ትብብር ሁሉ ምስጋናዬ ላቅ ያለ ነው።

መጠይቁን በሚመለከት ማንኛውንም ማብራሪያ ካስፈለገዎ እባክዎ ከዚህ በታች በተጠቀሱት አድራሻዎች ሊያገኙኝ ይችላሉ።

ወንደሰን ለገሰ ስልክ ቁጥር : 0911 735267 ኢሜይል : wondeseni@gmail.com

ክፍል አንድ : - የግል መረጃዎች

መመሪያ ፤ መልስዎን በተሰጡት ሳጥኖች ውስጥ የ(✓) ምልክት በመጠቀም ይሙሉ

1. ፆታ: ሴት ወንድ

2. ዕድሜ : ከ 25 ዓመት በታች ከ 25-35 ዓመት

ከ 35-45 ዓመት ከ 45 ዓመት በላይ

3. የትምህርት ደረጃ : 1ኛ ደረጃ 2ኛ ደረጃ ዲፕሎማ

የመጀመሪያ ዲግሪ ሁለተኛ ዲግሪ ሌላ

ክፍል ሁለት: የአገልግሎት ጥራት ደረጃ መለኪያ እና የሠራተኞች እርካታ

- የሚሰጡት መመዘኛ 1- በጣም አልሰማም 2- አልሰማም 3- መካከለኛ
4- እስማማለሁ 5- በጣም እስማማለሁ

መመዘኛ መስፈርቶች	በጣም አልሰማም	አልሰማም	መካከለኛ	እስማማለሁ	በጣም እስማማለሁ
ሀ. የውስጥ ግንኙነቶች					
1. በባንኩ ውስጥ ጥሩ የሆነ የመረጃ ማስተላለፊያ የግንኙነት መረብ አለ	1	2	3	4	5
2. በባንኩ ውስጥ ክስራ አጋሮቹ ጋር ባለኝ ግንኙነት ደስተኛ ነኝ	1	2	3	4	5
3. በባንኩ የቅርብ አለቆች ሠራተኞች በስራ ላይ ስለሚገጥማቸው ችግሮች እና በሠራተኞች የሚቀርቡ የመፍትሔ ሃሳቦችን ለማዳመጥ ፍላጎት አላቸው	1	2	3	4	5
4 . በባንኩ ሠራተኞች እና ከፍተኛ የስራ ኃላፊዎች መደበኛ ስብሰባ ያደርጋሉ	1	2	3	4	5
ለ. የሠራተኛ የመወሰን አቅም					
5. በባንኩ ባለኝ ሚና እና በተሠጠኝ የስራ ሃላፊነት ደስተኛ ነኝ	1	2	3	4	5
6. የቅርብ አለቆች በስራ ላይ ለሚገጥሙን ችግሮች ለመፍታት የራሴን መንገድ እንደጠቀም ይፈቅዱልኛል	1	2	3	4	5
7. ሠራተኞች እርካታ እንደሚደረገባቸው ለባንኩ የስራ ኃላፊዎች በሚያሳውቁበት ወቅት ችግሩን ለማስተካከል ፍቃደኞች ናቸው	1	2	3	4	5
ሐ. የሠራተኛ ተነሳሽነት					
8 . በመከፈለኝ የደመወዝ መጠን ደስተኛ ነኝ	1	2	3	4	5

9 . የቡና ባንክ ሠራተኛ በመሆኔ ደስተኛ ነኝ	1	2	3	4	5
10 . በቡና ባንክ ባሉ የስራ ዕድገት ዕድሎች ደስተኛ ነኝ	1	2	3	4	5
መ. የሠራተኞች ትጋት					
11 . ባንኩ ሠራተኞቹን የውስጥ ደንበኞች አድርጎ ይቆጥራቸዋል	1	2	3	4	5
12 . ባንኩ ለሠራተኞቹ ምቹ አካባቢን ለመፍጠር የሚያደርገው ጥረት ስራዬን በትጋት እንድሰራ አድርጎኛል	1	2	3	4	5
13 . በጥሩም ሆነ በመጥፎ ስሜት ውስጥ ብገኝ ሁልጊዜ ለደንበኞች እርካታ የምችለውን ሁሉ ጥረት አደርጋለሁ	1	2	3	4	5
መ. ሥልጠናዎች በተመለከተ					
14. ባንኩ አዳዲስ ለውጦችን/የስራ መመሪያዎች በሚጀምርበት ወቅት አስቀድሞ ለሠራተኞቹ በቂ የሆነ ስልጠናዎች እና የለውጡን አስፈላጊነት ግንዛቤ ይሰጣል	1	2	3	4	5
15 . ባንኩ የሠራተኞቹን በራስ የመተማመን ስሜት እና የደንበኞችን እርካታ ለመጨመር የሚያስችኩ ተከታታይ ስልጠናዎችን ይሰጣል	1	2	3	4	5
16 . በባንኩ የሚሰጡ ስልጠናዎች ከሰራተኞች የስልጠና ፍላጎት ጋር የተገናዘቡ ስልጠናዎች ናቸው	1	2	3	4	5
17 . ወደ ባንኩ በተቀጠርኩበት ወቅት ቅርብ የሆነ የስራ ባልደረባ ስልጠና እንዲሰጠኝ ተደርጎ ነበር	1	2	3	4	5

ስለ ጊዜዎ በጣም አመሰግናለሁ!!