



The Effect of Internal Marketing on Organizational Commitment: The case of Zemen Bank

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Statement of declaration

I, Tegbar Nakachew, declare that this research work entitled “The Effect of Internal Marketing on Organizational Commitment: The Case of Zemen Bank” is the outcome of my own effort and study and that, to the best of my knowledge, it neither contains material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

Tegbar Nakachew

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Date_____

STATEMENT OF CERTIFICATION

This is to certify that the thesis entitled “*The effect of internal marketing on organizational commitment: the case of Zemen bank*” submitted by Mr. Tegbar Nakachew to Addis Ababa University towards partial fulfillment of the requirements for the award of the degree of Master of Arts in Marketing Management is a genuine record of the work carried out by him under my supervision and guidance. Dr. Temesgen Belayneh (Ph.D.)

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Abstract

The objective of this study was to determine the effect of internal marketing on organizational commitment in the case of Zemen Bank. The population of interest in this study was employees of Zemen bank operating in Addis Ababa head office and main branch. Five dimensions of internal marketing namely: inter functional coordination, training, understanding and differentiation, integration and motivation and job satisfaction was the independent variables, on the other hand organizational commitment (Affective commitment, Continuance commitment and Normative commitment) was the dependent variable. The study employed a survey (structured questionnaire) with a five likert scale, 212 employees were sampled from which 187 respondents returned fully completed questionnaires (87% response rate). A quantitative study with explanatory research design, Simple random sampling specifically lottery method was used; SPSS 20 was used to analyze descriptive statistics to show the demographic characteristics of the respondents and inferential statistics (multiple regression and multiple correlation) to show the effect of each dimension on organizational commitment and to show their relationship as well. Data analysis indicated that understanding & differentiation and job satisfaction have positive and statistical significant effects on the organizational commitment of employees in Zemen banks. Therefore if the bank desires to ultimately provide a better service experience for their employees, it is recommended that more attention should be directed toward enhancing organizational commitment among personnel by focusing on these two internal marketing dimensions (job satisfaction and understanding & differentiation).

Key words: Internal marketing, organizational commitment, Zemen bank, Employee.

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TABLE OF CONTENTS

PAGE

Chapter One: Introduction	1
1.1 Background of the study	1
1.2 Statement of the problem	7
1.3 Research question	8
1.4 Research objectives.....	9
1.5 Significance of the study.....	9
1.6 Scope of the study	10
1.7 Limitation of the study.....	10
1.8 Definition of terms	10
1.9 Organization of the study	12
Chapter Two: Review of related literature	13
2.1 Internal Marketing.....	13
2.2 Theoretical Development and Evolution of the Internal Marketing	14
2.3 Fundamental Elements of Internal Marketing	17
2.4 Employee Motivation.....	22
2.5 Organizational Behavior	23
2.6 Organizational Commitment	24
2.7 Empirical Review.....	26
2.8 Hypothesis.....	30
Chapter Three: Research methodology	32
3.1 Introduction.....	32
3.2 Research approach	32
3.3 Research design	33
3.4 Sources and types of data	33
3.5 Population of the study	34
3.6 Sample Size.....	34
3.7 Sampling Technique	34
3.8 Data collection instrument	35
3.9 Data analysis	35
3.9.1 Validity and reliability	36
3.10 Ethical consideration	38
Chapter Four: Data presentation, Analysis and Interpretation	39
4.1 Introduction.....	39
4.2 Demographic profile of respondents	39
4.3 Descriptive statistics	42
4.3.1 Understanding & differentiation	42
4.3.2 Motivation.....	42
4.3.3 Job satisfaction.....	44
4.3.4 Training	45
4.3.5 Inter functional coordination & integration	45

4.3.6 Affective commitment	46
4.3.7 Continuance commitment	47
4.3.8 Normative commitment	48
4.4 Correlation analysis.....	50
4.5 Normality test.....	53
4.6 Multi co linearity test	54
4.7 Regression analysis.....	55
4.8 Discussion	61
Chapter Five: Summary, Conclusions and Recommendations.....	64
5.1 Introduction.....	64
5.2 Summary of the research findings	64
5.3 Conclusion	66
5.4 Recommendation	67
5.5 Suggestion for further research.....	68
Reference	70
Annex.....	78

LIST OF TABLES	PAGE
3.1 Reliability test	37
4.1 Demographic profile of respondents.....	40
4.2 Understanding & differentiation	42
4.3 Motivation.....	45
4.4 Job satisfaction.....	46
4.5 Training	47
4.6 Inter functional coordination & integration	47
4.7 Affective commitment	48
4.8 Continuance commitment	49
4.9 Normative commitment	50
4.10 Mean score and standard deviation	51
4.11 Correlation	53
4.12 Normality test.....	55
4.13 Multi co linearity test	56
4.14 Model summary	57
4.15 Multiple regression analysis	58
4.16 Hypotheses testing	61
4.17 Hypotheses with individual OC testing	62

LIST OF FIGURES	PAGE
2.1 A frame of internal marketing.....	18
2.2 <i>Multi-level model of internal marketing</i>	21
2.3 Conceptual frame work	31

Acronyms & Abbreviations

IM – Internal Marketing

OC – Organizational Commitment

HRM – Human Resource Management

HR – Human Resource

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Services have increasingly assumed a more vital role in the economic growth and development of countries worldwide. Services like telecommunication, hotel and hospitality, health and banking had led to a stiff and intensely competitive industry among various business firms. To a great extent, the level of customer satisfaction is embedded at the quality of service rendered by the service providers; hence, without the fundamental contribution of the customer-contact employees who provide the service, external customer-satisfaction cannot be achieved. In the majority of service activities, the customers interact with contact employees, whose roles have become an element of differentiation. Through contact employees' attitude, they could influence the level of service quality perceived by the customer. For this reason, contact employees and their attitude are often considered as the full service by the consumers, thus, the roles they play are highly relevant to the success of any service organization.

Over the last three decades internal marketing was proposed as a solution to the problem of delivering consistently high service quality. Banking has traditionally operated in a relatively stable environment for decades. However, today the industry is operating under new; more complex atmosphere resulted from the major changes in the economic and political conditions. All these factors have forced banks to find a new basis for competition in order to build and protect their competitive position. Most major banks have realized that improving service quality and creating customer relationships that deliver value beyond the provided by the core product itself is the key for fighting competition and driving performance Ghoneim and El-Tabie (2014).

The powerful forces of globalization have yielded significant effects on the levels of competition, efficiency and productivity of many companies in the world (Lings, 2004). On the other hand as stated by Ulrich (1998), successful organizations will be those that are able to quickly turn strategy into action manage processes intelligently and efficiently, maximize employee contribution and commitment and create the conditions that are seamless for change. According to Lings (2005) Companies are spending large sums of money in training programs

meant to improve their competitiveness and ability to deliver high quality service through their staff.

Internal Marketing

Internal Marketing is a concept which emphasizes that employees are a first market Gronroos (1990). Many have contributed to the enrichment of the internal marketing concept. Two of them were Rafiq and Ahmed (2000) who postulated five (5) specific dimensions of internal marketing, namely: job satisfaction, training, understanding and differentiation, inter-functional coordination and integration and motivation.

Job satisfaction is derived from the mental and physical satisfaction employees experience in the environment they work in and from the work itself; it also means the extent to which people like or is satisfied or dislike or dissatisfied in their jobs; training is a systematic development of employee knowledge, skills and attitudes required by employees to perform adequately on a given task or job; motivation is the movement of workers to act in a desired manner; it is the attribute that moves us to do or not to do something; inter-functional coordination and integration talks about how the different departments are working as one and thus flow of communication takes place smoothly; lastly, understanding and differentiation emphasizes how the organization fully recognizes how each employee is unique from the other employees thus listens to what employees have to say, and in essence treat each of them individually.

According to Rafiq and Ahmed (1995), internal marketing is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies, in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees.

The internal marketing concept emerged from service marketing and its main concern was to get everyone who was involved in service encounters - the front line or contact staff - to perform better in the interaction with customers Gummesson (2000).

Again as stated by Gronroos (1983), internal marketing is concerned with management methods, personnel policies, policies of internal training, and systems for planning, implementing and control.

Internal marketing is applying the philosophy and practices of marketing to the people that serve customers so that the best people can be employed and retained and they will do best possible work Berry (1991). The first definition of Internal Marketing was laid down by Berry in 1981. He defined internal marketing as viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization. Flipo (1986) argues, Internal Marketing strategies can be developed as the correspondence of the traditional 4 Ps marketing mix, i.e. the product as the job, the price as the opportunity cost of engaging in the job, the place as a location where the jobs are offered near the living places of internal customers, and promotion, such as reward policies and communication.

Yet Gronroos (1981) advocated that due to the importance of interactive marketing between seller and buyer it is crucial that organizations have highly customer oriented and sales minded employees in order to take the opportunity that come forward tiring buyer-seller interaction. According to Joseph (1996), internal marketing should be incorporated with HRM theories, technologies and principles. In a similar manner Yang (2001) argues that a marketing manager may not have the training skills for employees thus the need to have the HR function working closely with the Marketing function to incorporate the practices of marketing activities with employee's orientation and training program.

Greene, et al. (1994) hypothesized that internal marketing refers to the application of marketing philosophy and methods to employees who serve customers in order to utilize and conserve employees and guarantee they strive to finish tasks and duties.

Organizational Commitment

Organizational commitment emerged in the 1970's and 1980's as a key factor of the relationship between individuals and organizations Mowday (1979). In organizational commitment, lack of consensus among scholars concerning its definition is the major issue. To begin with, Mathieu and Zajac (1990) defined the OC concept as the involvement of the individual's attachment, identification and contribution to the organization, on the other hand Sagie (1998) described it as being influenced by organizational factors such as, leadership, culture, norms and organizational values. Organizational commitment was summarized by Ko, et al. (1997) as loyalty to the

organization. Likewise, Miller and Lee (2001) perceived it to be loyalty to the organization along with the development of the employees' aims, purpose and infrastructure.

In essence, literature provides two approaches to organizational commitment, which are commitment as an attitude and commitment as behavior Mowday, et al. (1982). Commitment as an attitude concentrates on a process of the relationship between individuals and the organization, where the individual perceives that level to which his values and goals are consistent with those of the organization. On the other hand, commitment as behavior is a process of the entrenchment of the individual in the organization.

Analyzing all these aspects, the research attempted to advance knowledge by providing more insight about the evolving causal relationship between internal marketing and organizational commitment.

Background of the company

In Ethiopia the first bank was established in 1905 by the agreement that was reached between Emperor Minilik II and Mr. MaGillivray, representative of the British owned National Bank of Egypt marked the introduction of modern banking in Ethiopia.

Following the agreement, the first bank called Bank of Abyssinia was inaugurated on Feb.16, 1906 by the Emperor. The Bank was totally managed by the Egyptian National Bank and the following rights and concessions were agreed upon the establishment of Bank of Abyssinia, The society at that time being new for the banking service, Bank of Abyssinia had faced difficulty of familiarizing the public with it. It had also need to meet considerable cost of installation and the costly journeys by its administrative personnel though it Owen monopolistic position. Thus by 1931 Bank of Abyssinia was legally replaced by Bank of Ethiopia shortly after Emperor Haile Selassie came to power which was purely Ethiopian.

During the invasion which is 1935, the Italians established branches of their main Banks namely Bancad'Italia, Banco di Roma, Banco di Napoli and BancaNazionale del lavoro and started operation in the main towns of Ethiopia. However, they all ceased operation soon after liberation except Banco di Roma and Banco di Napoli which remained in Asmara.

In 1941 another foreign bank, Barclays Bank, came to Ethiopia with the British troops and organized banking services in Addis Ababa, until its withdrawal in 1943.

Then on 15th April 1943, the State Bank of Ethiopia commenced full operation after 8 months of preparatory activities. It acted as the central Bank of Ethiopia. The State Bank of Ethiopia had ceased to exist by bank proclamation issued on December, 1963. Then the Ethiopian Monetary and Banking law that came into force in 1963 separated the function of commercial and central banking creating National Bank of Ethiopia and commercial Bank of Ethiopia. Moreover it allowed foreign banks to operate in Ethiopia limiting their maximum ownership to be 49 percent while the remaining balance should be owned by Ethiopians.

The National Bank of Ethiopia with more power and duties started its operation in January 1964. Following the incorporation as a share company on December 16, 1963 as per proclamation No.207/1955 of October 1963, Commercial Bank of Ethiopia took over the commercial banking activities of the former State Bank of Ethiopia. It started operation on January 1, 1964. With two other banks in operation namely Banco di Roma S.C and Bank odi Napoli S.C. The first privately owned bank, Addis Ababa Bank Share Company, was established on Ethiopians initiative and started operation in 1964.

On the other hand, there was a bank called Agricultural Bank that provides loan for the agricultural and other relevant projects established in 1945. But in 1951 the Investment Bank of Ethiopia replaced it. In 1965, the name of the bank once again changed to Ethiopian Investment Corporation Share Company. However, proclamation No.55 of 1970 established the Agricultural and Industrial Development Bank Share Company by taking over the asset and liability of the former Development Bank and Investment Corporation of Ethiopia.

Following the declaration of socialism in 1974 the government extended its control over the whole economy and nationalized all large corporations. Organizational setups were taken in order to create stronger institutions by merging those that perform similar functions. Accordingly, the three private owned banks, Addis Ababa Bank, Banco di Roma and Banco di Napoli Merged in 1976 to form the second largest Bank in Ethiopia called Addis Bank. Before the merger, the foreign participation of these banks was first nationalized in early 1975.

Then Addis Bank and Commercial Bank of Ethiopia S.C. were merged by proclamation No.184 of August 2, 1980 to form the sole commercial bank in the country until the establishment of private commercial banks in 1994.

Proclamation No.99 of 1976 brought into existence the Agricultural and Industrial Bank, which was formed in 1970 as a 100 percent state ownership, was brought under the umbrella of the National Bank of Ethiopia. Then it was reestablished by proclamation No. 158 of 1979 as a public finance agency possessing judicial personality and named Agricultural and Industrial Development Bank (AIDB). It was entrusted with the financing of the economic development of the agricultural, industrial and other sectors of the national economy extending credits of medium and long-term nature as well as short-term agricultural production loans.

The financial sector that the socialist oriented government left behind constituted only 3 banks and each enjoying monopoly namely The National Bank of Ethiopia (NBE), The Commercial Bank of Ethiopia (CBE) and Agricultural and Industrial Development Bank (AIDB).

Following the demise of the Dergue regime in 1991 that ruled the country for 17 years under the rule of command economy, the EPRDF declared a liberal economy system. In line with this, Monetary and Banking proclamation of 1994 established the national bank of Ethiopia as a judicial entity, separated from the government and outlined its main function. Monetary and Banking proclamation No.83/1994 and the Licensing and Supervision of Banking Business No.84/1994 laid down the legal basis for investment in the banking sector.

Consequently shortly after the proclamation the first private bank, Awash International Bank was established in 1994. (<http://www.nbe.gov.et/aboutus/index.html> accessed on November 15, 2017). At present there are 2 government banks; Commercial bank of Ethiopia, Development Bank of Ethiopia, and 16 Private Banks; Awash Bank, Abyssinia Bank, Dashen Bank, Wegagen Bank, United Bank, Nib International Bank, Cooperative bank of Oromia, Lion International Bank, Zemen Bank, Oromia International Bank, Enat Bank, Berhan Bank, Bunna Bank, Addis International Bank, Abay Bank, Debub Global Bank currently Operate in the industry which makes the banking environment more competitive.

Zemen Bank S.C

As stated on (<http://www.zemenbank.com/index.html> accessed on November 15, 2017). Zemen Bank sc based in Addis Ababa –Ethiopia, was established in 2006 and has been in operation since 2008. It was founded with 3000+ shareholders with a view to attend to the gap in the market and address the needs of corporate, institutional and high net-worth individuals in the country.

Within just a few years, it has built a very strong presence as a preferred corporate/institutional bank in Ethiopia. The Bank has a unique business model that can be catered to specific requirements of each client, who is now in every sector of the Ethiopian economy.

The Bank's key differentiators are its commitment to corporate clients, its use of state-of-the-art technology, its operational efficiency, and its excellence in customer service delivery. In just a few years of operation, the bank has won blue-chip clients such as Coca-Cola (EAB), TULLOW, Emirates airline, TOTAL oil, DFID, IATA to mention a few.

1.2 Statement of the problem

It becomes clear that successful marketing can only be implemented if the firm is involved not only in external but also in internal marketing. The internal marketing concept holds that the organization's personnel are the first market of a company. The key motive behind the launch of internal marketing within banks is the need to achieve attitudinal change among staff towards service-mindedness and customer focus that will enable the organization to compete more successfully in the external market place Papasolomous and Kitchen (2004).

Over the last three decades internal marketing was proposed as a solution to the problem of delivering consistently high service quality. Banking has traditionally operated in a relatively stable environment for decades. However, today the industry is operating under new; more complex atmosphere resulted from the major changes in the economic and political conditions. All these factors have forced banks to find a new basis for competition in order to build and protect their competitive position. Most major banks have realized that improving service quality and creating customer relationships that deliver value beyond the provided by the core product itself is the key for fighting competition and driving performance Ghoneim and El-Tabie (2014).

As stated by Piercy and Morgan (1991) external customer satisfaction cannot be achieved without the fundamental contribution of the customer-contact employees who provide the service. The front-line employees of the bank interact with the majority of customers and generally handle a wide range of banking transactions.

On the other hand Sasser (1996) links the loyalty of employees with the loyalty of customers. Permanent and loyal employees indicate permanent and loyal customers. Employees who are committed demonstrate higher job performance, less job displeasure. More ethical behavior, diminished intent to leave, and less stress.

Although many researches have been done abroad in different sectors and various industries, there is a scarcity of studies in Ethiopia especially in the banking sector. Among the studies conducted abroad: Internal marketing leads to improved employees' commitment to the organization Gronroos (1985); Tansuhaj, et al. (1991) and Caruana and Calleya (1998).

Furthermore, there is very little work concentrating on systematic investigations of the effects of internal marketing on organizational commitment in the banking sector. Still, most of previous internal marketing studies were conducted in Europe, USA and some part of Asia, even if they were conducted in other disciplines; their findings might not be generalized in the Ethiopian market without empirical testing. Dawar and Parker (1994) supported this idea by stating consumers in different part of the world vary in their perception, attitude and behavior towards a certain marketing practices. Hence, the main purpose of this study is to examine the effects of internal marketing on organizational commitment in the Ethiopian banking sector, specifically by conducting a case study on Zemen Bank S.C.

1.3 Research question

The research attempted to answer the following basic questions:

1. What is the level of organizational commitment in Zemen bank?
2. Is there any significant relationship between internal marketing and organizational commitment in Zemen bank?

3. Which internal marketing dimensions significantly affect organizational commitment in Zemen bank?

1.4 Research Objectives

General Objectives

To determine the effect of internal marketing on organizational commitment in the case of Zemen Bank.

Specific objectives

- 1) Determining the effect of job satisfaction on organizational commitment.
- 2) Determining the effect of understanding & differentiation on organizational commitment.
- 3) Determining the effect of motivation on organizational commitment.
- 4) Determining the effect of training on organizational commitment.
- 5) Determining the effect of inter-functional coordination and integration on organizational commitment.

1.5 Significance of the study

The results of the study may be useful to various stakeholders such as the government of Ethiopia, Researchers, Management and staff of Zemen Bank, practitioners, Policy makers etc.

The government can benefit from the research and be informed on how internal marketing can be used in the public sector to develop human potential by empowering employees and give them responsibility and accountability. This will lead to job satisfaction and commitment from the employees which will contribute to the achievements of organizational goals.

The managers of Zemen bank will be informed on how internal marketing program can be implemented as a comprehensive solution for the improvement of employees within their organizations and how it can also be used positively to influence employees' long term commitment towards their organization in order to gain competitive advantage and achieve desirable performance.

The study will be of value to future scholars by stimulating further research to develop a better understanding of internal marketing best practices applied in other firms. The Study will also contribute to wider body of knowledge in marketing and Human Resource management.

1.6 Scope of the study

The findings of the research would have been more fruitful if it had been conducted widely by including all branches of the bank and all dimensions of internal marketing, different scholars postulate different dimensions of internal marketing; this study only used the five dimensions postulated by Rafiq & Ahmed. Regardless since more than 60% of the employees work in the head office and the main branch every characteristics that exists in all branches not only exist in the head office and the main branch but also other departments and positions exist as well. Hence the representativeness of the study was excellent. Although the study used only five dimensions of internal marketing, these are the ones that are mostly related to organizational commitment. Thus, the study was delimited to address the issue only on the head office and the main branch which is in Addis Ababa and from this population the sample size was 212 employees.

1.7 Limitation of the study

Since the questionnaire had to cover both internal marketing and organizational commitment dimensions it was a bit long and employees had difficulty allocating time to fill the questionnaire but the researcher convinced them to fill it even after work. Studies which are related to internal marketing and its effect on organizational commitment in the banking industry in Ethiopia are very few which hindered the researcher to understand the topic and smoothen the whole process. The research was a case study of a single private bank in Ethiopia; as a result the conclusions derived from this study might not necessarily be the real reflection of the situation in the country's banking industry.

1.8 Definition of terms

Internal Marketing

Internal marketing concept is defined as the process of promoting the firm, its products and /or services to employees and communicating the brand mission, philosophy, core values, corporate vision, organizational goals and priorities to staff Piercy and Morgan (1991). Internal marketing was first proposed as a solution to the persistent challenge of consistently delivering high quality service Rafiq & Ahmed (2000).

The five dimensions of Internal Marketing according to Rafiq & Ahmed (2000) are:

- I. Inter- functional coordination & integration: talks about how the different departments are working as one and thus flow of communication takes place smoothly.

- II. Job satisfaction: is derived from the mental and physical satisfaction employees experience in the environment they work in and from the work itself; it also means the extent to which people like or is satisfied or dislike or dissatisfied in their jobs.
- III. Training: is a systematic development of employee knowledge, skills and attitudes required from employees to perform adequately on a given task or job.
- IV. Motivation: is the movement of workers to act in a desired manner; it is the attribute that moves us to do or not to do something.
- V. Understanding and differentiation: emphasizes how the organization fully recognizes how each employee is unique from the other employees thus listens to what employees have to say, and in essence treat each of them individually.

Organizational Commitment

Organizational commitment involves the relative strength of an individual's identification with, and involvement in a particular organization. Here the employee is seen to be emotionally attached, identifies with the organization, and is therefore committed to pursue its goals

Sagie (1998) described it as being influenced by organizational factors such as, leadership, culture, norms and organizational values

Organizational commitment has three specific dimensions namely:

- I. *Affective commitment*: refers to the employee's positive emotional attachment to the organization.
- II. *Continuance commitment*: refers to an employee's commitment to an organization due to the fact that he calculates how high the *costs* of losing one's organizational membership are.
- III. *Normative commitment*: refers to an individual's commitment to an organization because of feelings of obligation.

Organizational Behavior

Organizational behavior is a field of study that draws on theory, methods, and principles from various disciplines to learn about individual's perceptions, values, learning capabilities and actions, while working in group and within the organization and to analyze the external environment's effect on the organization and its human resources, missions, objectives and strategies.

Customer orientation

Customer orientation is defined as the understanding of the need of one's target buyer in order to create value for them continuously.

Thorsten (2004) offered the concept of customer orientation of service employees that indicates the degree that can satisfy the customers' need of the behavior that employees show in the work during the process of interaction between service employee and customers.

Marketing-like approach

Marketing-like approach is defined as a business management philosophy based on the need for customer orientation, profit orientation, and recognition of the role of marketing to communicate the needs of the market to all major corporate departments Gronroos (1994).

1.9 Organization of the study

The research paper consisted of five chapters: The first chapter is the introductory chapter and contains background of the study, statement of the problem, research questions, and objective of the study, significant of the study, scope of the study, limitation of the study and definition of terms. The assessment of the theoretical foundations and relevant literatures is presented in chapter two. The third chapter dealt with the methodology used in the research activity. Data analysis and interpretation of the research results is discussed in Chapter four. The final chapter covered the summary of findings, conclusions and recommendations. In addition list of references and annexes are also parts of the research framework

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Internal Marketing

Internal Marketing concept has been evolving in the management literature for over a decade. It relies on two principles; namely that it is important to satisfy the needs of employees before the business can satisfy the needs of its customers; and the rule that apply in the market area of business. It stresses that in order to create and offer value for the customers; a strong focus on specific internal marketing components is mandatory. The concept is a complement to the traditional marketing concept and holds that an organization's internal market of employees can be influenced most effectively and hence motivated to customer-consciousness, market-orientation and sales mindedness flowing from a marketing-like internal approach and by applying marketing-like activities internally Gronroos (1983).

He further states that all the concepts had a single aim, to improve service quality of the firm towards the customers. Internal marketing concept is defined as the process of promoting the firm, its products and /or services to employees and communicating the brand mission, philosophy, core values, corporate vision, organizational goals and priorities to staff Piercy and Morgan (1991). Internal marketing refers to a management strategy that views employees as customers and jobs as products. It meets the satisfaction of internal customers' demands and needs by using internal products so that qualified employees can be attracted, developed, motivated and retained Berry and Parasuraman (1991).

On the other hand Hales and Mecrate-Butcher (1994) suggested that the purpose of internal marketing activities is to create, at least, a stable workforce, with reduced absenteeism and labor turnover and, at best, a workforce with high levels of morale, initiative and responsibility, committed to customer service.

The concept of internal marketing as a philosophy, strategy, and process was described by MaGuire (1999). Internal Marketing as a philosophy describes a customer-orientated culture in which everyone understands the strategic intent or purpose, and is motivated to participate in implementing the strategy. He further states that integrating 'front- and backstage' activities

requires a shared and common understanding of objectives and desired outcomes, as well as clarity of the roles of these activities in the service delivery process.

Yet at the strategic level Internal Marketing should create environments that foster customer consciousness amongst employees and thus the concepts are concerned with challenging the attitudes and behavior of employees to make them more customers conscious Ewing and Caruana (1995).

2.2 Theoretical Development and Evolution of the Internal Marketing Concept

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 IM conceptualization, namely an employee satisfaction phase, a customer orientation phase, and a strategy implementation/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 upon 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 fore the issue of employee motivation and satisfaction.

Viewing Employees as Internal Customers

As Berry (1991) defined, internal marketing is 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.

Viewing their Job Offerings as Product and their Employees as Customer forces

Managers have to devote the same care to their jobs as they devote to the purchases of their services Sasser and Arbeit (1996).

Focus on Employee 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 IM concept was undertaken by Gronroos (1981) whose starting point was the concern that because contact employees in services become involved in what he termed “Interactive Marketing” it is essential that they are responsive to customers’ needs. Gronroos recognized that not only do buyer- seller interactions have an impact on purchasing and repeat purchasing decisions but also, crucially, 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 backroom support staff. Gronroos also views the IM concept as a means of integrating the different functions that are vital to the customer relations of service companies Gronroos (1991). In 1995 Gronroos extended his original definitions of IM as a method of motivating personnel towards customer consciousness and sales mindedness, to include the use of marketing- like activities in this pursuit: holding that an organization’s internal market of employees can be influenced most effectively and hence motivated to customer-consciousness, market orientation and sales mindedness by a marketing- like internal approach and by applying marketing- like activities internally Gronroos (1995).

George (1990) similarly accepts this position by asserting that IM holds that employees are “best motivated for service- mindedness and customer oriented behavior by an active marketing-like approach, where marketing like activities are used internally”. The addition of marketing like techniques internally, moves Gronroos’ definition closer to that of Berry’s (1991) definition in that both sets of approaches stress the need to motivate employees, and advocate the use of marketing like techniques to do it.

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 the role of IM is that of: Aligning, educating and motivating staff towards institutional objectives. Initially, this viewpoint appeared in the context of services marketing in the works of Flippo (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 seen 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 Fundamental Elements of Internal Marketing

The review of 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.

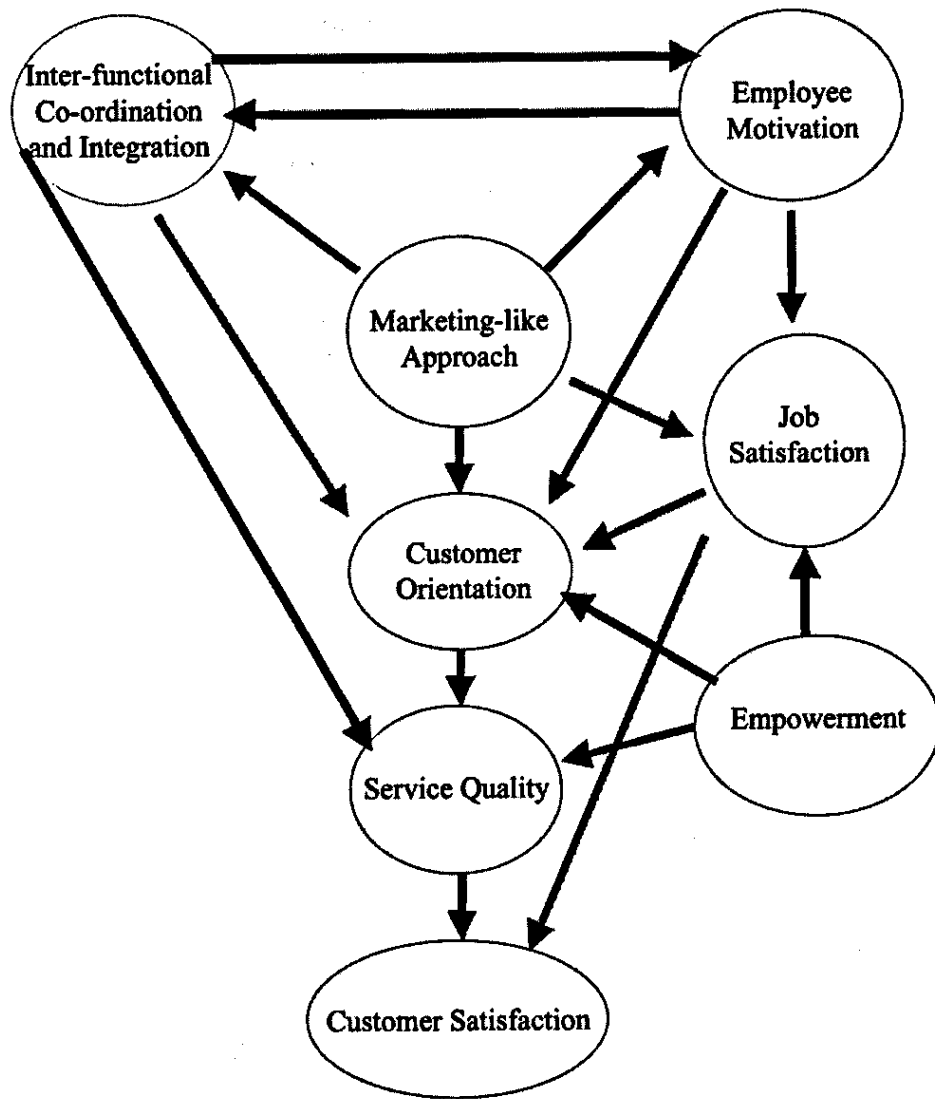
Rafiq and Ahmed (2000) identified the main elements of IM from the analysis of the key literature.

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

Based on these, they define IM as “ a planned effort using a marketing –like approach to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer –oriented employees”. Basic activities of internal marketing are e.g. internal information, training of personal, creating community spirit and motivation. These means include elements of personnel administration.

Figure 1 shows the interrelationships 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 coordination Lambert (2002); Ho (2006).

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 (2000), highlighted the key role of training in customer orientation and customer satisfaction. They explained that employees also need the right type and level of training to perform their jobs. This can help to reduce ambiguity surrounding their role and help employees to meet the needs of customers more effectively Rafiq and Ahmed (2000); Marketing Teacher LTD (2000).



Source Rafiq and Ahmed (2000)
 Figure 1 A model for internal marketing

The major idea of internal marketing is to apply concept of external marketing in the organization's internal market. Therefore by applying of 4p's of marketing in internal marketing we can explain the elements of internal marketing mix as below:

Product: Products in internal marketing are jobs that are necessary for changing and influencing on employees' attitudes and behaviors. Moreover, it is not possible to determine the product just from the management viewpoint and position, to perform internal marketing successfully, rather needs and conditions of employees must be considered. Applied techniques in planning of jobs are used in the determination process of the product in internal marketing Ahmed and Rafiq (1995). Berry (1981) also describes internal marketing as the process of "attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs. Thus, from one viewpoint we can know product in internal marketing equivalent to job products.

Promotion: The promotion element in internal marketing and internal context of the organization could be followed through studying of the manner of applying of communicative mechanisms in order to enhance knowledge, skill and awareness of employees from issues related to their jobs. Hence, we can consider promotion equal to communications that could be regarded as an effective tool in increasing of employees' awareness from what should they do, when they do and how exactly do that. In fact this factor could demonstrate the role of employees in execution of the organization's strategy Sasser and Arbiet (1980).

Price: Element of price in the internal context of organization could be considered as an equivalent of employees' received values from the organization instead of their played costs. For example, by creating change in programs of the organization it is possible that employees are forced to perform more difficult and different activities than before (cost or the paid price on behalf of employees). Now it should be observed that employees receive what value against the paid cost. Perhaps new tasks provide an opportunity for increasing of the salary or receiving of reward or provide the possibility of job promotion in the organization for the person Ahmed and Rafiq (1995).

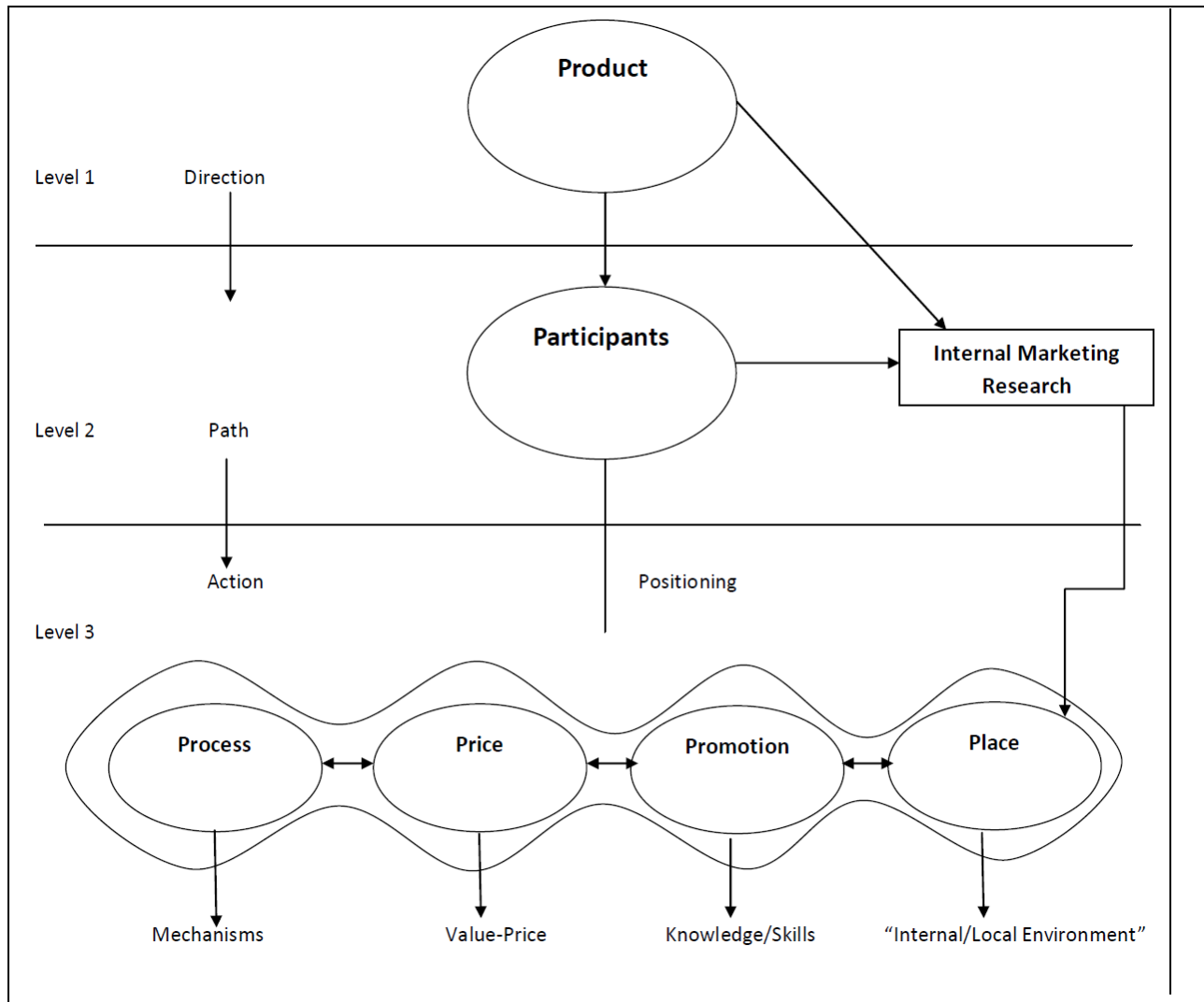
Place: Element of place in the internal context of organization could indicate visible and tangible and invisible and intangible aspects of the work and working environment. In other words, this factor illustrates the environment in which transactions/exchanges among the parties i.e. the

organization and its employees are occurred. Therefore, this element in internal marketing is equivalent to the job place and environment of the organization that includes cultural, symbolic and metaphorical aspects of the organization in addition to physical aspects of the working environment. In such environment employees learn loyalty and following from the organization Sasser and Arbiet (1980).

Applying Marketing -like Approach and Techniques Internally

Rafiq and Ahmed (1995); Rafiq and Ahmed (2003); Naude et al (2003) presented a multi-stage model which highlighted how a marketing- like approach and techniques can be used internally in an organization. That model is operationalized by closely inter- twining and inter-linking an internal marketing mix to internal marketing research, segmentation, and positioning within a strategic context. Briefly at stage one, namely that of direction, internal marketing research helps to link external marketing research efforts to define realistic opportunities in line with current and future competencies and capabilities. In so doing, it acts as the first step to translate visions or missions of change into reality. At stage two, internal marketing research is shown to play a role in the process of internal segmentation by helping to define the participants into segments as well as probe their characteristics, motivations and resistances. This helps identify for each segment specific barriers which need to be overcome in order that implementation can successfully occur.

At level three through the process of positioning removing obstacles, and there by facilitate implementation, effort occurs. Internal positioning aims to overcome the barriers or gaps to implementation by virtue of creating a consistent and positive frame toward the change, through a process of planned manipulation of the internal marketing mix elements. Finally, the whole change process requires a longitudinal monitoring mechanism in the form of continuous internal and external research. Another point which needs to be highlighted is that the marketing department should not solely be charged with the responsibility of running internal marketing programs. The dominance of single functional department will have a tendency to lead to, in reality or simply in perception, a sense of functional/departmental bias. The imposition perceived or otherwise, of that view point is likely to create strong resistance. This strongly indicates the need to use cross-functional teams or task forces in the development and running of internal marketing programs Rafiq and Ahmed (1995).



Source: Rafiq and Ahmed (1995)

Figure 2: Multi-level model of internal marketing for applying marketing- like approach and techniques internally.

2.4 Employee Motivation

Motivation is among the most important factors that determines organizational efficiency. All organizational facilities go to waste in lack of motivated people to utilize the facilities. Attractive motivational schemes bring about satisfaction to employees and by this their commitment to organization increases. 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 a set of processes that moves a person toward a goal Maslow (1954). Thus, motivated behaviors are voluntary choices controlled by the individual employee. The supervisor or motivator wants to influence the factor that motivates employees to higher levels of productivity. Factor that affect work motivation include individual differences, job characteristics, 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 resource policies, managerial practices and reward system of an organization. Supervisors must consider how the 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 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 of needs satisfied, higher level needs operative. A satisfied need is not a motivator. The most powerful employee need is the one that has not been satisfied.

Level 1- physiological needs, level 2- safety needs, level 3- social needs, level 4- esteem needs, level 5- self-actualization needs. Further, 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 to be motivated higher order needs .In 1996 Herzberg examined motivation in light of job content and context. Motivating employee is a two- step process. First provides hygiene and then motivator. One continuum range from satisfaction to no satisfaction. The other continuum ranges from dissatisfaction to no dissatisfaction. Satisfaction comes from

motivator that is intrinsic or job content, such as achievement, recognition, advancement, responsibility, the work itself, and growth possibility.

Herzberg uses the term motivators for job satisfiers since they involve job content and the satisfaction that results from them. Motivators are considered the job-turn-ons. 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-ons because they encourage an employee to stay on the job. Once these factors are provided, they do not necessarily promote motivation; but their absence can create employee dissatisfaction. Hygiene factors corresponds to Maslow's lower-level needs of physiological, safety needs and social needs in that they are extrinsic, or peripheral, to the job. They are present in the work environment of job context Herzberg (1996).

2.5 Organizational Behavior

Internal marketing bridges two normally separate disciplines: marketing (especially services marketing) and organizational sciences (especially organizational behavior). Organizational behavior is a field of study that draws on theory, methods, and principles from various disciplines to learn about individual's perceptions, values, learning capabilities and actions, while working in group and within the organization and to analyze the external environment's effect on the organization and its human resources, missions, objectives and strategies.

The multidisciplinary definitions of organizational behavior illustrate a number of points Gibson et al. (2005). First organizational behavior indicates that behaviors of people operate at individual, group, and organizational levels. This approach suggests that when studying organizational behavior, we identify clearly the level of analysis- individual, group and/ or organization being used. Second organizational behavior is multidisciplinary; it uses principles, models, theories, and method from other disciplines. Third, there is a distinctly humanistic orientation within organizational behavior, people, their attitudes, perceptions, learning capabilities, feeling and goals are important to the organization.

2.6 Organizational Commitment

Organizational commitment involves the relative strength of an individual's identification with, and involvement in a particular organization. Here the employee is seen to be emotionally attached, identifies with the organization, and is therefore committed to pursue its goals. Allen and Meyer (1994) refer to this aspect of organizational commitment as affective commitment. Also basing on side-bet theory Becker (1990) there is another dimension of organizational commitment namely continuance commitment. This views the employee as being less affective and more calculative considering the costs that would result in terms of interests such as pensions and security. Namely an individual wants to stay in an organization waiting for one's pension Mullins (1995). This type of commitment has been measured with scales developed by Ritzer and Trice (1996) which were later amended by Hrebiniak and Alutto(1992). Continuance commitment means that withdrawal from the object would cause costs for an individual, because of invests and offers (side-bets') one has done. Costs may be social and economic in nature Brown (1996); Jaros (1997); Mathieu and Zajac (1990). And finally, Allen and Meyer (1990) have added a further dimension resulting in a conceptualization of organizational commitment that encompasses not only affective commitment and continuance commitment but also normative commitment.

Meyer and Allen (1991) analyzed a number of one-dimensional models of organizational commitment in order to detect different factors related to the emergence of this phenomenon in distinct theories. The following three types of commitment appeared in most of the studies they looked at: commitment based on emotion, commitment based on the calculation of cost, and commitment based on obligations.

According to Meyer and Allen, these three types are present at the same time when organizational commitment develops; however, each component is based on different experience and does not affect behavior in the same way.

The three dimensions are defined in the following way:

1. Affective commitment: refers to the employee's positive emotional attachment to the organization. Such an individual also strongly identifies with the goals of the organization and desires to maintain his membership. Individuals are committed to an organization because they "want to". This dimension is based on Mowday et al. (1979) theory of commitment.

2. Continuance commitment: refers to an employee's commitment to an organization due to the fact that he calculates how high the costs of losing one's organizational membership are. Such considerations might include economic costs (for instance, pension accruals) and social costs (relationships/friendships with colleagues might cease to exist) too. Individuals feel that they "have to" commit to the organization.
3. Normative commitment: refers to an individual's commitment to an organization because of feeling of obligation. Such feelings might be derived from the fact, for example, that the organization invested a certain amount of resources when employing the person (training, courses, etc), which makes the employee feeling obliged to put considerable effort into the job and stay with the organization until "repaying the debt". Furthermore, such feelings can also stem from personal reasons, triggered by some socialization processes, or one wishes to remain loyal to his family or any other person. Therefore, the employee stays with the organization because he "ought to" do so. These feelings arise out of a sense of duty or obligation. This particular component is affected largely by one's personal experience, cultural background, and socialization. There are cultures, for example, that of the Japanese, which are characterized by normative commitment, whereas affective commitment is typical of the Americans Jaros (2005).

2.7 Empirical Literature Review

Effect of Internal Marketing on Organizational Commitment

According to Akinyele and Olorunleke (2011) on their study titled “An empirical analysis of internal marketing on organizational commitment: a study of Banks in Lagos- Nigeria”. Data analysis indicated that inter-functional coordination and integration, training and motivation have positive effects on the organizational commitment of employees among Nigerian banks. With significance level less than 5% they state with 95% confidence that “training”, and “inter-functional coordination and integration” and “motivation” have a positive effect on organizational commitment of employees proposed by the hypotheses are observed in their data. Also the findings fail to support the 2 hypotheses namely understanding and differentiation and job satisfaction but do not provide evidence against it.

On the other hand Ismail and Sheriff (2017) did a research titled the effect of internal marketing on organizational commitment: an empirical study in banking sector in Yemen. The obtained results showed that internal marketing: Vision, Development, Rewards, Empowerment, and Internal Communication significantly affected organizational commitment with the path coefficient value being 0.928, indicating that the employees’ organizational commitment among the banks is impacted by the internal marketing provided by the banks. Based on the results, internal marketing has a positive impact on organizational commitment at ($p=0.026$ $p<0.01$), indicating that the study hypothesis is supported. .

Braimah (2016) carried out a research on internal marketing and employee commitment in the hospitality industry the study hypothesized that all the seven internal marketing dimensions under study had significant impact on employee commitment in the small hotel sector. From the regression results, six of the seven internal marketing dimensions all had statistically significant impact on employee commitment to the hotel, thus accepting hypotheses H1-H6. The impact of motivation on employee commitment to the hotel was however not statistically significant, thus failing to accept hypothesis H7. Communication, Staff development, ICT, Fairness, Empowerment, and Teamwork had statistical significance and affected organizational commitment positively.

Yet another study by Farzad, Nahavandi and Caruana (2008) on The Effect of Internal Marketing on Organizational Commitment in Iranian Banks. A questionnaire survey of managers established

that inter-functional coordination and integration, training and motivation have positive effects on organizational commitment of employees. The results revealed that managers believe that inter functional coordination and integration has the first priority and then respectively training and motivation, therefore they are more important. Understanding and differentiation and job satisfaction have the lowest ranks, therefore they are less important for the enhancement of organizational commitment among state-owned banks in Isfahan.

Similar studies also showed that internal marketing leads to improved employees' commitment to the organization Gronroos (1985); Tansuhaj et al., (1991). In addition to this outcome, internal marketing also results in higher job performance and decreased turnover among employees Jenkins and Thomlinson (1992); Mathieu and Zajac (1990); Schlesinger and Heskett (1991).

In a related study, a significant relationship was found between internal marketing and organizational commitment by Caruana and Calleya (1998) among managers of retail banks, with the relationship being highly significant with the affective dimension of the organizational commitment.

The effect of internal marketing on job satisfaction and organizational commitment

Khalaf and Al-Borie (2012) conducted a research on Impact of Internal Marketing on Job Satisfaction and Organizational Commitment: A Study of Teaching Hospitals in Saudi Arabia. The research's findings showed that internal marketing (selection and appointment, training and development, organizational support, incentives and motivation, and retention policy) had a positive effect on Saudi teaching hospitals physicians' job satisfaction, and organizational commitment.

Also another study was conducted by Selamawit (2015) on the Impact of Internal Marketing on Employee's Job Satisfaction (A case Study in Zemen Bank). The study targets 200 samples of the Bank Employee. The result showed that generally employees were dissatisfied with their Bank Internal Marketing activity majorly on Organizational support variable, the correlation analysis showed that all variables of internal marketing have a Positive association with employees' job satisfaction. Further, hypotheses were posited at the beginning which to be proved if the five components of internal marketing (Empowerment, Training, Communication, Reward and Organizational support) as the independent variables correlated positively with that

of employee's job satisfaction, The result proved that all five hypotheses have a positive relationship with employee job satisfaction.

After going through related literatures that connect the dimensions of internal marketing to organizational commitment the following hypotheses were formulated and had been tested.

H₁: Job satisfaction has a positive and statistically significant effect on organizational Commitment.

A study by Ismail and Razak (2016). On the Effect of job satisfaction on organizational commitment, found out that both hypotheses: H1: intrinsic satisfaction has a positive and statistically significant effect on organizational Commitment.

And H2: extrinsic satisfaction has a positive and statistically significant effect on organizational Commitment were supported.

H₂: Understanding and differentiation has a positive and statistically significant effect on organizational Commitment.

Teshome (2015).Conducted a research on the Effect of Internal Marketing on Organizational Commitment: The Case of Cooperative Bank of Oromia. And his study revealed that Understanding and differentiation has a positive and statistically significant effect on organizational Commitment.

H₃: Motivation has a positive and statistically significant effect on organizational commitment.

According to Akinyele and Olorunleke (2011) on their study titled "An empirical analysis of internal marketing on organizational commitment: a study of Banks in Lagos- Nigeria". They found among the five dimensions on internal marketing, motivation has a positive and statistically significant effect on organizational commitment.

On the other hand a study by Farzad, Nahavandi, and Caruana (2008) on The Effect of Internal Marketing on Organizational Commitment in Iranian Banks. A questionnaire survey of managers established that motivation has positive effects on organizational commitment of employees.

Teshome (2015) conducted a research on the Effect of Internal Marketing on Organizational Commitment: The Case of Cooperative Bank of Oromia. And his study revealed that motivation has a positive and statistically significant effect on organizational Commitment.

And finally Khalaf and Al-Borie (2012) conducted a research on Impact of Internal Marketing on Job Satisfaction and Organizational Commitment: A Study of Teaching Hospitals in Saudi Arabia. And showed motivation has a positive and statistically significant effect on organizational commitment.

H₄: Training has a positive and statistically significant effect on organizational commitment

A study by Selamawit (2015) on the Impact of Internal Marketing on Employee's Job Satisfaction (A case Study in Zemen Bank)The study targets 200 samples of the Bank Employee and she concluded training has a positive and statistical significance on job satisfaction.

Another study was by Akinyele and Olorunleke (2011) on their study titled "An empirical analysis of internal marketing on organizational commitment: a study of Banks in Lagos-Nigeria". They found among the five dimensions on internal marketing, training has a positive and statistically significant effect on organizational commitment.

Yet another study by Farzad, Nahavandi and Caruana (2008) on The Effect of Internal Marketing on Organizational Commitment in Iranian Banks. A questionnaire survey of managers established that training has positive effects on organizational commitment of employees.

Teshome (2015) conducted a research on the Effect of Internal Marketing on Organizational Commitment: The Case of Cooperative Bank of Oromia. And his study revealed that training has a positive and statistically significant effect on organizational Commitment.

And finally Khalaf and Al-Borie (2012) conducted a research on Impact of Internal Marketing on Job Satisfaction and Organizational Commitment: A Study of Teaching Hospitals in Saudi Arabia. And the research showed training has a positive and statistically significant effect on organizational commitment.

H₅: Inter functional coordination and integration has a positive and statistically significant effect on organizational Commitment.

According to Akinyele and Olorunleke (2011) on their study titled “An empirical analysis of internal marketing on organizational commitment: a study of Banks in Lagos- Nigeria”. They found among the five dimensions of internal marketing, inter-functional coordination and integration has a positive and statistically significant effect on organizational commitment.

Yet another study by Farzad, Nahavandi, and Caruana (2008) on The Effect of Internal Marketing on Organizational Commitment in Iranian Banks. A questionnaire survey of managers established that “inter-functional coordination and integration”, has positive effects on organizational commitment of employees.

2.8 Hypotheses

After going through related literatures that connect the dimensions of internal marketing to organizational commitment the following hypotheses were formulated and had been tested.

H₁: Job satisfaction has a positive and statistically significant effect on organizational commitment.

H₂: Understanding and differentiation has a positive and statistically significant effect on organizational Commitment.

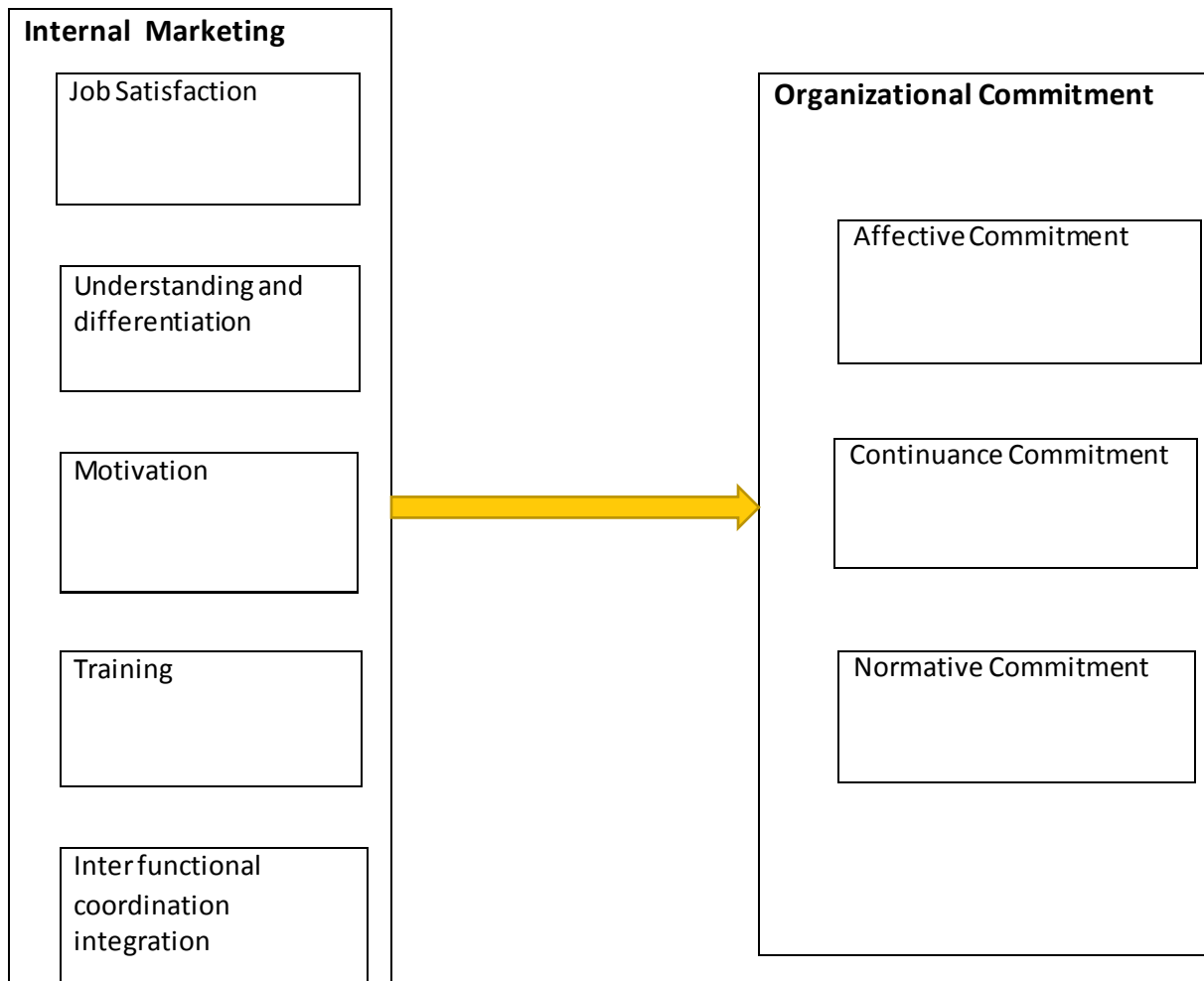
H₃: Motivation has a positive and statistically significant effect on organizational commitment

H₄: Training has a positive and statistically significant effect on organizational commitment.

H₅: Inter functional coordination and integration has a positive and statistically Significant effect on organizational Commitment.

2. 9 Conceptual Framework

Based on the hypotheses, the following conceptual framework was proposed in order to show the cause & effect and relationship between the independent and dependent variables.



CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

Since this chapter is the blue print of the whole research paper, the researcher took it seriously and laid down specific plans to achieve the desired goal. In order to extract true conclusions from the research it was necessary to use a proper and scientific approach with respect to the subject. Choosing a particular research method depended on the objectives and type of the subject. This chapter presented the research methodology utilized in the study. The population and sample of the study, source of data, sampling technique employed the type of data collected, methods of data analysis, and finally, ethical issues related to the study are explained and justified.

3.2 Research approach

The use of quantitative approach for this study was judged completely appropriate. According to Adams et al. (2007) quantitative research refers to the type of research that is based on the methodological principles of positivism and neo positivism, and adheres to the standards of a strict research design developed prior to the actual research. This type of research approach employ strategies of inquiry such as experiments and surveys, and collects information using preset standardized instruments that can generate relevant statistical data.

Saunders et al (2012) stated that “quantitative research is usually associated with a deductive approach as well as with positivism, where the focus is on using data to test theory. The deductive concept illustrates the research process of this study, where existing theory was presented in the literature review, forming the basis for the research objectives which was tested empirically. The main characteristic of a deductive approach is that the researcher develops a theory and one or more hypotheses. The researcher started from the hypotheses that were developed on the basis of general principles. Hence the theory that internal marketing has an effect on organizational commitment had been tested.

Therefore, a quantitative research was undertaken and a cross-sectional explanatory survey research design in nature was applied in the study. The study also employed self-administered survey questionnaire to gather information from the sample respondents to test hypotheses that were developed based on the conceptual framework.

3.3 Research design

According to Saunders et al. (2003), explanatory studies are studies with the emphasis to study a situation or problem in order to explain the cause and effect relationship between given variables. In order to accomplish that well defined research problem has to be done and hypotheses need to be stated. Explanatory research is mostly used within areas where extensive research has already been done. Explanatory research seeks explanations of observed phenomena, problems, or behaviors Kothari (2004); Bhattacharjee (2012); Creswell (1994). While descriptive research examines the what, where, and when of a phenomenon, explanatory research seeks answers to why and how types of questions. It attempts to connect the dots in research, by identifying causal factors and outcomes of the target phenomenon.

Based on the previous discussion, the study followed the explanatory approach for three reasons. First, the hypotheses developed in the previous chapter fit most closely with the description of the explanatory approach. This was because this study's hypotheses were developed based on suggested causal relationships between the variables. Saunders et al. (2007) suggest that researchers who establish causal relationships between variables may adopt an explanatory approach. The second reason is that internal marketing and organizational commitment have been studied and validated in a number of causal-type studies. Finally, the primary objective of the study was to examine the effect of internal marketing on organizational commitment. This addresses typical causal relationships between the variables. Consequently, a change in one variable perhaps cause a change in another variable.

3.4 Sources and types of data

The study used primary data source in order to gather relevant information. And data was collected from the selected employees of the bank understudy. The questionnaire had three parts; part A of the questionnaire collected data on general information of respondents. Part B collected data on the various internal marketing related questions. Part C collected data on organizational commitment.

3.5 Population of the study

All items in any field of inquiry constitute a population. The study was conducted in Zemen Bank S.C. According to the bank's human resource department as of February, 2018 the bank had 451 employees from which 119 were female and 332 were male at the head office and the

main branch in Addis Ababa. Thus, the statistical population of this research consisted employees working in the head office and the main branch of Zemen bank, Addis Ababa.

The researcher selected the head office and the main branch because more than 60% of employees work there and all activities, positions and even more departments can be found as well in this population.

3.6 Sample Size

Yamane (1967) provides a simplified formula to calculate sample sizes. A 95% confidence level and $P = 0.05$ are assumed. $n = N / [1 + N (e)^2]$ Where n is the sample size, N is the population size, and e is the level of precision. $n = N / [1 + N (e)^2]$

$$n = N / (1 + N e^2) =$$

n = Sample size to be selected

N = Population

e = error

$$451 / (1 + 451 \cdot 0.025^2) = 212$$

3.7 Sampling Technique

There are two major methods for selecting a sample of the population, probability and non-probability sampling. In probability sampling, a sample is selected using random selection so that each unit being selected from the population is known and usually equal for all units Bryman & Bell (2007). Bryman & Bell (2007) suggest that a researcher is likely to obtain a representative sample when this method of selection from the population is employed because probability sampling aims at keeping sampling error to a minimum. Probability sampling is associated mostly with survey and can be selected by various techniques, such as simple random, systematic, stratified random, cluster and multi-stage sampling Saunders et al. (2007). On the other hand, nonprobability samples involve personal judgment somewhere in the selection process, which means the elements do not have an equal chance of being selected as subjects Bryman & Bell (2007). Therefore, there is no way of ensuring that the sample that has been chosen is representative of the population Saunders et al. (2007). In this method, the sample can be selected by several techniques, such as convenience, judgment and quota samples.

In the present research, it was deemed appropriate to use simple random sampling technique to ensure equal chance to every unit, the main benefit of the simple random sample is that each member of the population has an equal chance of being chosen for the study. This means that it guarantees that the sample chosen is representative of the population and that the sample is selected in an unbiased way, hence from a population of 451 a sample of 212 had been drawn using the lottery method. The lottery method of creating a simple random sample is exactly what it sounds like. A researcher randomly picks numbers, with each number corresponding to a subject or item, in order to create the sample. While making a sample this way, the researcher made sure that the numbers were well mixed before the sample from the population were drawn.

3.8 Data collection instrument

Primary data were collected from the participants using survey questionnaire. Sekaran (2001) suggests that questionnaires are an efficient data collection mechanism provided the researcher knows exactly what is required and how to measure the variables of interest. Questionnaires were administered personally, the instrument used in this study is a close-ended questionnaire that have developed through the adaptation and modification of a questionnaire by Meyer and Allen (1997).The modifications added to fit the context of the country and the banking sector.

3.9 Data analysis

The analysis of the data collected consisted examining, categorizing, summarizing or by some means reorganizing collected data and tested the proposition of the study. Every study should however have a general framework for how the data is analyzed Yin (1994). The analyses was based on the framework developed from theory. This frame work was used to test the respondent's answer and check if they were agreeing with theory or were presenting something new or doing something differently than theory explains it.

Once the usable responses through the questionnaires were collected, the data was screened and coded into SPSS (version 20) software. The data-processing was carried out by using the SPSS after each respondent category data were checked, coded, and cleaned carefully to ensure the accuracy and validity of the research. Then descriptive statistic (frequency distribution) was utilized to summarize data related to demographic characteristics of the respondents. From the inferential section standard linear regression was used to test the hypotheses and multiple correlation to show the relationship between the independent & dependent variable.

3.9.1 Validity and reliability Analysis

Validity: - is the extent to which a measuring instrument provides adequate coverage of the topic under study. Is defined as the extent to which a measurement represents characteristics that exist in the phenomenon under investigation Malhotra & Birks (2007). Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it Kothari (2004). The study used a good instrument by Meyer and Allen (1997) and the questionnaires were checked and approved by the research advisor, hence the validity of this instrument is good.

Reliability

Reliability is the degree to which the measure of a construct is consistent or dependable. It is also the degree that an instrument is free from random measurement error Kline (2005). Since there are different sources of random error, there are several estimates of reliability. The most commonly reported estimate of reliability is Cronbach's coefficient alpha; this estimate of reliability assesses the consistency of responses across items within a single subscale or scale Kline (2005). Reliability coefficients around .90 are considered "excellent," coefficients around .80 are deemed "very good," while coefficients around .70 are "adequate" Kline (2005).

Bhattacharjee (2012) suggested that by simplifying the words and avoiding ambiguous items reliability can be improved. So the researcher has attempted to boost reliability by avoiding difficult words whose meanings subjects may not know so that the items in the questionnaire could not be misinterpreted.

Table 3.1 Reliability test Statistics

Measurement	Number of Items	Cronbach's Alpha
Understanding & differentiation	13	.937
Motivation	16	.925
Job satisfaction	9	.931
Training	6	.926
Inter functional coordination & integration	6	.925
Affective commitment	8	.929
Continuance commitment	8	.928
Normative commitment	8	.928
Total	74	.93

Source: Own Survey SPSS result (2018)

As shown in the table 3.1 above, all the constructs were in the excellent range: understanding and differentiation .937, motivation .92, job satisfaction .931, training .926 and inter functional coordination and integration .925 and for organizational dimensions: affective commitment .929, continuance commitment .928 and normative commitment with a Cronbach's alpha value of .928. The overall Cronbach Alpha Coefficient for all internal marketing and organizational commitment items is .93 which makes all the constructs excellent in the reliability test.

3.10 Ethical consideration

The study considered ethical issues that aroused in the course of undertaking the research by precisely communicating with respondents about the objective of the study to get their free consent to respond to the questionnaire. They were promised that all data collected were to be used only for academic purpose and will be kept confidential. Finding and results obtained from the study was presented without any biases. The works of scholar cited in the study are properly acknowledged.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRATION

4.1 Introduction

This chapter deals with data presentation, analysis, findings and discussion of the research. The data for part I which is the demographic characteristics of respondents is summarized in one table with percentages and frequencies. Data for part II and part III was summarized using mean scores, correlation and regression analysis are presented in the form of tables. Out of the 212 respondents of Zemen Bank sc. 187 completed the questionnaires giving a response rate of 87%. The collected data has been analyzed and interpreted in line with the aim of the study, which is to establish the effect of internal marketing on organizational commitment.

4.2 Demographic Profile of the Respondents

This section elaborates the characteristics of the respondents who are employees of Zemen bank. Summary of their gender, age, educational level, years worked in the bank and current position is described in the table below.

Table 4.1 Demographic profile of the respondents

		Frequency	Percent	Valid percent	Cumulative percent
Gender	male	121	64.7	64.7	64.7
	female	66	35.3	35.3	100
	Total	100	100	100	
Age	<25	63	33.7	33.7	33.7
	26-35	66	35.3	35.3	69
	36-45	47	25.1	25.1	94.1
	46-55	11	5.9	5.9	100
	Total	100	100	100	
Education level of respondents	High school	1	0.5	0.5	0.5
	College Diploma	34	18.2	18.2	18.7
	Degree	129	69	69	87.7
	Masters	23	12.3	12.3	100
	Total	100	100	100	
Years worked in the bank	<=1 YEAR	65	34.8	34.8	34.8
	2-3 Years	55	29.4	29.4	64.2
	4-5 Years	52	27.8	27.8	92
	6-10 Years	15	8	8	100
	Total	100	100	100	
Current position in the bank	customer service officer	67	35.8	35.8	35.8
	Senior customer service officer	26	13.9	13.9	49.7
	Auditor	9	4.8	4.8	54.5
	Foreign tradesupervisor	9	4.8	4.8	59.4
	Manager	21	11.2	11.2	70.6
	Human resource	26	13.9	13.9	84.5
	Others	29	15.5	15.5	100
	Total	100	100	100	

Source: Own survey SPSS Result (2018)

The above table 4.1 shows gender of the respondents, when we look at the sex composition, female respondents account for 66 frequency and (35.3%) on the other hand male respondents accounts for 121 frequency and (64.7%). Hence, we can deduce that the majority of the respondents were male.

The same table above shows respondent's age group in four categories. The majority of employee are between the Ages of 26-35 (35.3%) next to this, employee below 25 (33.7%) and

36-45 (25.1%) age group, 46-55 (5.9%) were the third and the fourth groups of employees respectively. As we can see age group 26-35 is the most frequent category so, the workforce is young.

Table 4.1 above reveals the educational level of employees in four categories, respondents who are first degree holders are the highest with 69%, the second highest are diploma holders with 18.2%, the third highest are masters (second degree) holders with 12.3% and the last one is high school graduates with 0.5%. indicating the least qualification in Zemen bank is high school graduate.

Years worked in the bank by the employees is shown above in five categories. When we observe years worked, most Employees fall in the group ≤ 1 year they are with a 65 frequency and a (34.8%), the second highest employee stay at the Bank is between the group 2-3 years and they are with a frequency 55 and a (29.4%), 4–5 years is the third group which accounts for 15 frequency and a (27.8%) and 15 (8%) of employee worked 6–10 years. Therefore, one can infer that the experience of the employees is low and the majority of the respondents are those who stayed in the bank for one year or less thus indicating a high employee turnover.

It is apparent from the same table above that the current positions of employees is grouped in seven categories, from these we can understand the majority of the employees are engaged in customer service with 35.8 %, the second highest is other which includes secretaries, security guards and whatnot with 15.5%, the third highest are senior customer service officers and human resource staffs which amounts 13.9% both, the fourth highest are managers with 13.2% and the last ones are auditors and foreign trade supervisors they both amount 4.8% of the employees under study

4.3 Descriptive Statistics of Internal marketing & Organizational Commitment

To evaluate the mean value of internal marketing & organizational commitment, descriptive statistics of mean and standard deviation were used. The mean indicates the average degree of agreement or disagreement by the sample group to different items used in this study, where as the standard deviation describes how the responses are diverse from the mean for a given construct. The higher the mean, the more the respondents (employees of Zemen bank) agree with the statement while the lower the mean the more the respondents disagree with the statement.

Measurements of internal marketing & organizational commitment dimensions are presented in the following list of tables and the interpretations are under each table.

4.3.1 Understanding and differentiation

Understanding and differentiation emphasizes how the organization fully recognizes how each employee is unique from the other employees thus listens to what employees have to say, and in essence treat each of them individually Rafiq and Ahmed (200).

Table 4.2 Understanding and differentiation analysis

Items measuring understanding and differentiation	N	Mean	Std. Deviation
Delivering services based on employees' preferences	187	3.25	1.322
Suitable design of services based on desires of employees	187	3.14	1.296
Prioritize employees based on value creation capabilities	187	3.18	1.328
On time service delivery to employees	187	3.34	1.245
Offering service to employees based on their age	187	3.13	1.195
Offering service to employees based on their education	187	3.13	1.286
Offering service to employees based on their record, experience, performance etc	187	3.18	1.311
Assigning employees to the job based on their skills and abilities	187	3.29	1.296
Reception and attention to criticisms and suggestions of employees	187	3.02	1.344
Effective consultation and guidance of employees	187	3.04	1.267
Ability of creating and retaining close relationship with employees	187	3.05	1.282
Estimating the needs of employees	187	3.02	1.293
Assigning of employees in team work	187	3.21	1.265
Valid N (listwise)	187	3.15	

Source: Own survey SPSS result (2018)

As stated in the above table 4.2, the mean value of understanding and differentiation is 3.15 with 13 items mean value ranging from 3.02 to 3.34 the highest mean score being for “on time service delivery” and the least mean score value for “reception and attention to criticisms and suggestions of employees”. Based on the result above we can say that employees of the Zemen bank gave slightly above average response to company’s reception and attention to criticism and suggestions of employees and also gave a response of agree for on time service delivery. As a dimension understanding and differentiation has a mean score value of 3.15.

4.3.2 Motivation

Motivation is a set of processes that moves a person toward a goal Maslow (1954). Thus, motivated behaviors are voluntary choices controlled by the individual employee. The supervisor

or motivator wants to influence the factor that motivates employees to higher levels of productivity. Factor that affect work motivation include individual differences, job characteristics, 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 resource policies, managerial practices and reward system of an organization. Hence to measure motivation 16 related items were filled by respondents.

Table 4.3 Motivation analysis

Items measuring motivation	N	Mean	Std. Deviation
Job security	187	4.00	1.063
Sense of job importance	187	3.84	1.084
Task variation	187	3.65	1.179
Freedom in job	187	3.66	1.200
Growth possibilities	187	3.74	1.205
Well defined tasks and responsibilities	187	3.70	1.153
Informing employees about their performance results	187	3.79	1.061
Payment of salaries and benefits based on employees performance	187	3.96	1.092
Equity of salaries and fringe benefits	187	4.00	1.112
Involving employees in decision making	187	3.45	1.245
Friendly contacts with employees	187	3.48	1.250
Appreciation of employees' attempts by managers	187	3.45	1.151
Managers view of employee as the main asset of the bank	187	3.50	1.156
Clear advancement policy and procedures	187	3.75	1.044
Giving self-responsibility of a similar purpose activities	187	3.62	1.127
Challenging work	187	3.56	1.127
Valid N (listwise)	187	3.70	

Source: Own survey SPSS result (2018)

As shown in Table 4.3 the mean value of motivation is 3.7 which means employees of Zemen bank agreed to motivation items, apparently the company motivates its employees according to the listed results of the items above. The highest mean score value among the items is job security with 4.0 value and the least mean score value among all other items is 3.45 for both

“involving employees in decision making” and “appreciation of employees’ attempt by managers.”

4.3.3 Job satisfaction

Job satisfaction is derived from the mental and physical satisfaction employees experience in the environment they work in and from the work itself; it also means the extent to which people like or is satisfied or dislike or dissatisfied in their jobs Rafiq and Ahmed (200). The following table shows the responses of employees of Zemen bank (respondents) for 9 items.

Table 4.4 Job satisfaction analysis

Items measuring Job satisfaction	N	Mean	Std. Deviation
Working hours at head office and branches	187	4.16	1.061
Cleanliness and decoration of the bank	187	4.50	.779
Up to date services	187	4.20	.957
Cooperation of bank in social welfare	187	3.78	1.123
Ease and standardization of banking system	187	4.11	.978
Lower bureaucracy in delivering the services	187	3.83	1.170
Stability of service delivery method	187	4.13	.938
Adequate number of employees for service delivery	187	4.05	.999
The method of apportion of job among employees	187	3.79	1.125
Valid N (listwise)	187	4.06	

Source: Own survey SPSS result (2018)

As can be seen in the table 4.4 above, the mean score value of job satisfaction is 4.04 which is slightly above agree this translates to the company’s effort to satisfy employees is high and employees recognized this effort and agreed to the items above. When we see individual items, “cleanliness and decoration of the bank” has the highest mean value which is 4.50 and the least mean value from the list above is “cooperation of bank in social welfare” with a value of 3.78.

4.3.4 Training

Training is a systematic development of employee knowledge, skills and attitudes required by employees to perform adequately on a given task or job Rafiq and Ahmed (2000).

This dimension has 6 items listed below in table 4.5

Table 4.5 Training analysis

Items measuring Training	N	Mean	Std. Deviation
Coordination between training and needs of employees	187	3.76	1.063
Comprehensive training of employees	187	3.64	1.071
Usage of the latest educational tools and methods	187	3.67	1.046
Capable and experienced instructors	187	3.60	1.085
Continuous and dynamic training	187	3.42	1.125
Apportion time for training	187	3.37	1.204
Valid N (listwise)	187	3.60	

Source: Own survey SPSS (2018)

Training items are listed above on table 4.5, the mean score value of training as a dimension is 3.60 which clearly indicates employees of Zemen bank agreed to the existence of training in the company. From all of the 6 items above “Coordination between training and needs of employees” has the highest mean score which is 3.76 and “Apportion time for training” is the least item with mean score value of 3.37, time allocation for training is the lowest value out of the 6 items listed above.

4.3.5 Inter- functional coordination & integration

Inter- functional coordination & integration: talks about how the different departments are working as one and thus flow of communication takes place smoothly Rafiq and Ahmed (2000). The following table shows 6 items of inter functional coordination and integration.

Table 4.6 Inter functional coordination and integration analysis

Items measuring Inter functional coordination & integration	N	Mean	Std. Deviation
Utilization of different experiences and talents in the same direction	187	3.74	1.006
Coordination between different levels and branches	187	3.80	.990
True legislation of mission and goal of the organization	187	3.64	1.003
Rapid and synchronized flow of information	187	3.73	1.079
Synchronization between structure and strategy	187	3.53	1.094
Convergence between culture and job design	187	3.43	1.173
Valid N (listwise)	187	3.64	

Source: Own survey SPSS result (2018)

As shown above on table 4.6, inter functional coordination and integration has a mean score value of 3.64 this indicates that employees of Zemen bank (respondents) has agreed there is a high inter functional coordination and integration in the bank. From these 6 items listed above “Coordination between different levels and branches” has the highest mean value which is 3.80 on the other hand “Convergence between culture and job design” has the least mean value of 3.43.

4.3.6 Affective commitment

Affective commitment: refers to the employee’s positive emotional attachment to the organization. Such an individual also strongly identifies with the goals of the organization and desires to maintain his membership. Individuals are committed to an organization because they “want to” Mowday et al. (1979). 8 items of affective commitment are listed on the table below.

Table 4.7 Affective commitment analysis

Items measuring Affective commitment	N	Mean	Std. Deviation
I would be very happy to spend the rest of my career with this organization	187	3.32	1.308
I enjoy discussing about my organization with people outside it	187	3.49	1.224
I really feel as if this organization's problems are my own	187	3.49	1.267
I think that i could easily become as attached to another organization as i am to this one	187	3.11	1.336
I do not feel like part of the family at my organization	187	3.45	1.178
I do not feel emotionally attached to this organization	187	3.25	1.260
This organization has a great deal of personal meaning for me	187	3.42	1.186
I do not feel a strong sense of belonging to my organization	187	3.41	1.273
Valid N (listwise)	187	3.38	

Source: Own survey SPSS result (2018)

From the table 6.7 above we can see that affective commitment has a mean value of 3.38 this means employees of Zemen bank have agreed to affective commitment and are committed to the company because they want to not because they have to. From the above items listed above “I enjoy discussing about my organization with people outside it” and “I really feel as if this organization's problems are my own” have the highest mean value of 3.49 for both items, and the least mean value is 3.11 for “I think that i could easily become as attached to another organization as i am to this one”

4.3.7 Continuance commitment

According to Becker (1990) on side-bet theory continuance commitment. This views the employee as being less affective and more calculative considering the costs that would result in terms of interests such as pensions and security. The following table shows the mean value of 8 items.

Table 4.8 Continuance commitment

Items measuring Continuance commitment	N	Mean	Std. Deviation
I am not afraid of what might happen if i quite my job without having another one lined up	187	2.95	1.373
It would be very hard for me to leave my organization right now, even if i wanted to	187	2.98	1.276
Too much in my life would be disrupted if i decide to leave my organization now	187	3.04	1.259
It wouldn't be too costly for me to leave my organization now	187	3.00	1.340
Right now, staying with my organization is a matter of necessity as much as desire	187	3.09	1.260
I feel that i have very few options to consider leaving this organization	187	2.94	1.329
One of the few serious consequences of leaving this organization would be the scarcity of available alternatives	187	2.98	1.320
One of the major reasons i continue to work for this organization is that leaving would require considerable personal sacrifice, another organization may not match the overall benefits i have here	187	3.09	1.323
Valid N (listwise)	187	3.00	

Source: Own survey SPSS result (2018)

Table 6.8 above clearly stated that continuance commitment has a mean value of 3.00 this means employees of Zemen bank have an average response to continuance commitment. From the items listed above “Right now, staying with my organization is a matter of necessity as much as desire“and “One of the major reasons i continue to work for this organization is that leaving would require considerable personal sacrifice, another organization may not match the overall benefits i have here“ have the highest mean value of 3.09 for both items, and the least mean value is 2.94 for item “I feel that i have very few options to consider leaving this organization.“

4.3.8 Normative commitment

Normative commitment: refers to an individual's commitment to an organization because of feeling of obligation. Such feelings might be derived from the fact, for example, that the organization invested a certain amount of resources when employing the person (training, courses, etc), which makes the employee feeling obliged to put considerable effort into the job and stay with the organization until "repaying the debt". Furthermore, such feelings can also stem from personal reasons, triggered by some socialization processes, or one wishes to remain loyal to his family or any other person. Therefore, the employee stays with the organization because he "ought to" do so. These feelings arise out of a sense of duty or obligation. This particular component is affected largely by one's personal experience, cultural background, and socialization Jaros (2005). 8 items for this dimension are listed below.

Table 4.9 Normative commitment analysis

Items measuring Normative commitment	N	Mean	Std. Deviation
I think that people these days move from company to company too often	187	3.59	1.139
I do not believe that a person must always be loyal to his or her organization	187	3.24	1.291
Jumping from organization to organization does not seem at all unethical to me	187	3.16	1.314
One of the major reasons i continue to work in this organization is that i believe loyalty is important and therefore feel a sense of moral obligation to remain	187	3.24	1.240
If i got another offer for a better job elsewhere i would not feel it was right to leave my organization	187	3.19	1.415
I was taught to believe in the value of remaining loyal to one organization	187	3.34	1.274
Things were better in the days when people stayed in one organization for most of their careers	187	3.27	1.289
I do not think that to be a company man or company woman is sensible anymore	187	3.18	1.255
Valid N (listwise)	187	3.28	

Source: Own survey SPSS result (2018)

Table 4.9 above stated that normative commitment has a mean value of 3.28 this indicates employees of Zemen bank have agreed to normative commitment and have responded they stay

in the company because the company has invested a lot in them and they owe the firm. From the above listed items “I think that people these days move from company to company too often” has the highest mean value that is 3.59 on the other hand “Jumping from organization to organization does not seem at all unethical to me” has the least mean value which is 3.16.

Table 4.10 Summarizes the Meanscore and Standard deviation results of 5 internal marketing and 3 organizational commitment dimensions

Items measuring IM and OC	N	Mean	Std. Deviation
Understanding and differentiation	187	3.1534	1.06320
motivation	187	3.7020	.92292
Job satisfaction	187	4.0612	.81967
training	187	3.5749	.95589
Inter functional coordination and integration	187	3.6444	.92261
Grand mean	187	3.6411	.81983
Affective commitment	187	3.3800	.83124
Continuance commitment	187	3.0087	.87271
Normative commitment	187	3.2854	.87271
Grand mean	187	3.2247	.82226
Valid N (listwise)	187		

Source: Own survey SPSS result (2018)

From the above descriptive statistic we can see the average responses of respondents towards different items, the mean indicates to what extent the sample group on average agrees or disagrees to different questions. Higher mean indicates higher agreement lower mean on the other hand indicates lower agreement or higher disagreement. Based on the above premise understanding and differentiation has a mean score of 3.15 which apparently means there is a high understanding and differentiation in Zemen bank according to the company’s employees, motivation has a mean score of 3.77 which tells us there is a high motivation in the bank, job satisfaction has a mean score value of 4.06 which means job satisfaction is high in Zemen bank, training has a mean score value of 3.57 this indicates there is a high training in the bank, inter functional coordination and integration has a mean score of 3.64 which as well indicates there is a high inter functional coordination and integration.

Grand mean value of 3.64 for internal marketing as a single variable tells us there is a high internal marketing practice in Zemen bank. From the same table above we can observe that

affective commitment has a mean score value of 3.38 and this translates to a high affective commitment in the bank, continuance commitment has a mean score value of 3.00 which is average that means there is an average continuance commitment, normative commitment on the other hand has a mean score value of 3.28 this indicates the existence of high normative commitment in the bank. Organizational commitment as a whole has a value of 3.22 this as well indicates there is a high employee commitment to the organization.

4.5 Normality test

Bulmer (1979) categorized skewness types in to three according to their value If skewness is less than -1 or greater than $+1$, the distribution is highly skewed.If skewness is between -1 and $-\frac{1}{2}$ or between $+\frac{1}{2}$ and $+1$, the distribution is moderately skewed.If skewness is between $-\frac{1}{2}$ and $+\frac{1}{2}$, the distribution is approximately symmetric.According to Westfall (2014). There are three types of kurtosis which are explained as follows. A normal distribution has kurtosis exactly 3 (excess kurtosis exactly 0). Any distribution with kurtosis ≈ 3 (excess ≈ 0) is called mesokurtic. A distribution with kurtosis < 3 (excess kurtosis < 0) is called platykurtic. Compared to a normal distribution, its tails are shorter and thinner, and often its central peak is lower and broader. A distribution with kurtosis > 3 (excess kurtosis > 0) is called leptokurtic. Compared to a normal distribution, its tails are longer and fatter, and often its central peak is higher and sharper.

Table 4.12 Normality test

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Understanding and differentiation	187	.200	.178	-.811	.354
motivation	187	-.349	.178	-.183	.354
Job satisfaction	187	-.529	.178	-.259	.354
training	187	-.306	.178	-.099	.354
Inter functional coordination and integration	187	-.396	.178	.090	.354
Affective commitment	187	-.320	.178	-.247	.354
Continuance commitment	187	.000	.178	-.470	.354
Normative commitment	187	.000	.178	-.470	.354
Valid N (listwise)	187				

Source: Own survey SPSS result (2018)

Based on the above information and the result from the table above in this study, job satisfaction is moderately skewed with a value of $-.524$ on the other hand understanding and differentiation,

motivation, training, inter functional coordination and integration, affective commitment, continuance commitment and normative commitment are approximately symmetrical with values .200, -.323, -.285, -.356, -.355, -.193 and -.006 respectively. Yi (1988) suggests that, the standardized skewness distribution result and Kurtosis result must be between the ranges of ± 2.58 . According to the above table, both the standardized skewness and kurtosis results fall in the given range. Hence the data is normally distributed.

4.6 Multi co linearity analysis

Multi co linearity refers to the situation in which the independent variables are highly correlated. When the predictor variables are correlated among themselves, the unique contribution of each predictor variable is difficult to assess. This is because of the overlapped or shared variance between the predictor variables. Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula $1-R^2$ for each variable. If this value is very small (less than .10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). According to Pallant (2005), the VIF values above 10 and Tolerance value below 0.10 indicates multi co linearity. Therefore both tolerance values (>0.10) and the VIF values (<10) are all acceptable VIF values above 10 would be a concern here, indicating multi co linearity. Since the lowest tolerance is .299 (i.e. $>.1$) and the highest VIF is 3.349 (i.e. <10) there no problem of multi co linearity.

In this study the tolerance values ranges from .211 to .466 and the VIF values for all the independent variables ranges from 2.145 to 4.740 showing no indication of multi co linearity.

Table 4.13 Multi-Co-linearity Statistics Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Understanding and differentiation	.466	2.145
	motivation	.216	4.620
	Job satisfaction	.432	2.313
	training	.232	4.313
	Inter functional coordination and integration	.211	4.740

a. Dependent Variable: organizational commitment

Source: own survey result (2018)

4.4 Correlation analysis

Correlation coefficient of Pearson was applied to study the relation between constructs. The results are listed in the following table 4.11. According to Ratner (2014) correlation Values between 0 and 0.3 (0 and -0.3) indicate a weak positive (negative) linear relationship via a shaky linear rule, Values between 0.3 and 0.7 (-0.3 and -0.7) indicate a moderate positive (negative) linear relationship and values between 0.7 and 1.0 (-0.7 and -1.0) indicate a strong positive (negative) linear relationship via a firm linear rule. Therefore, in this study all correlation results are interpreted in light of this rule. The following table 4.11 shows the relationship between internal marketing and organizational commitment dimensions.

Table 4.11 Correlation Analysis

		Understanding & differentiation	Motivation	Job satisfaction	Training	Inter functional coordination & integration	Affective commitment	Continuance commitment	Normative commitment
Understanding & differentiation	Pearson Correlation	1							
	Sig. (2-tailed)								
Motivation	Pearson Correlation	.729**	1						
	Sig. (2-tailed)	.000	187						
Job satisfaction	Pearson Correlation	.540**	.713**	1					
	Sig. (2-tailed)	.000	.000	187					
Training	Pearson Correlation	.602**	.798**	.705	1				
	Sig. (2-tailed)	.000	.000	.000	187				
Interfunctional coordination & integration	Pearson Correlation	.626	.822	.702	.855**	1			
	Sig. (2-tailed)	.000	.000	.000	.000	187			
Affective commitment	Pearson Correlation	.512	.631	.626*	.613**	.637**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000	187		
Continuance commitment	Pearson Correlation	.533	.571	.565	.578	.594	.809	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	187	
Normative commitment	Pearson Correlation	.533	.571	.565	.578	.594	.809	1.000	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	187

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

Source: own survey result (2018)

Internal marketing Dimensions

In the above table 4.11 we can see the relationship between the understanding and differentiation dimension and motivation dimension. The value of correlation is 0.729 which shows that there is a strong positive relationship between the understanding and differentiation and motivation which is significant, relationship between understanding and differentiation dimension and job satisfaction with a value of correlation is 0.540 which shows us that there is a significant moderate positive

relationship between understanding and differentiation dimension and job satisfaction, the relationship between understanding and differentiation dimension and training dimension is 0.602 which shows that there is a significant moderate positive relationship, the value of correlation between understanding and differentiation dimension and inter functional coordination and integration is 0.626 which indicates a significant moderate positive relationship, the value of correlation between motivation and job satisfaction is 0.713 which shows us that there is a significant strong positive relationship, the value of correlation between motivation and training is 0.798 which shows a significant strong positive relationship, the value of correlation between motivation and inter functional coordination & integration is 0.822 which shows a significant strong positive relationship, the value of correlation between job satisfaction and training is 0.705 which shows a significant strong positive relationship, the value of correlation between job satisfaction and inter functional coordination & integration is 0.702 which shows a significant strong positive relationship, the value of correlation between training and inter functional coordination & integration is 0.855 which shows a significant strong positive relationship,

Internal marketing dimensions and organizational commitment

understanding and differentiation has a moderate positive relationship with organizational commitment with a value of 0.550 which is significant, motivation has a moderately positive relationship with organizational commitment with a value of 0.617 which is significant, job satisfaction has a moderately positive relationship with organizational commitment with a value of 0.610 which is significant, training has a moderately positive relationship with organizational commitment and the value is 0.615 which is significant, and at last inter functional coordination and integration has a moderately positive relationship with organizational commitment with a value of 0.635 which is significant.

Organizational commitment dimensions

The above table 4.11 shows the relationship between affective commitment and continuance commitment is .809 this indicates a strong positive relationship and it is significant, relationship between affective commitment and normative commitment which is .809 and this value indicates the existence of a strong positive relationship and it is significant and the relationship between continuance commitment and normative commitment which is 1.00 this shows the existence of a strong positive relationship between these dimensions and it is significant.

4.7 Regression Analysis

Multiple Linear regression estimates the coefficient of the linear equation, involving one or more independent variables that best predict the value of the dependent variables. The five dimensions of internal marketing namely: understanding and differentiation, motivation, job satisfaction, training and inter functional coordination & integration were under the independent variable on the other hand organizational commitment with 3 dimensions namely: affective commitment, continuance commitment and normative commitment were under the dependent variable. Regression analysis revealed the effect of one on the other in Zemen bank's case.

Table 4.14

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696 ^a	.485	.470	.59837

a. Predictors: (Constant), interfunctional coordination and integration, understanding and differentiation, job satisfaction, training, motivation

Source: own survey SPSS result (2018)

The R-Square value in the model summary shows the degree of variance in the dependent variable (organizational commitment) which is explained by the model. The R-square value of .485 indicates that the internal marketing construct explains 48.5 % of the variance in organizational commitment. Based on the above result we can say when internal marketing increases by one unit organizational commitment increases by .485 in Zemen bank.

Table 4.15 Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.620	.227		2.734	.007
	Understanding and differentiation	.065	.061	.084	1.073	.285
	motivation	.122	.103	.136	1.186	.237
	Job satisfaction	.287	.082	.283	3.492	.001
	training	.068	.096	.078	.703	.483
	Inter functional coordination and integration	.187	.105	.207	1.785	.076

a. Dependent Variable: affective commitment

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.674	.251		2.689	.008
	Understanding and differentiation	.182	.068	.222	2.700	.008
	motivation	-.022	.114	-.023	-.191	.848
	Job satisfaction	.243	.091	.228	2.668	.008
	training	.114	.106	.124	1.067	.287
	Inter functional coordination and integration	.196	.116	.208	1.698	.091

a. Dependent Variable: continuance commitment

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.674	.251		2.689	.008
	Understanding and differentiation	.182	.068	.222	2.700	.008
	motivation	-.022	.114	-.023	-.191	.848
	Job satisfaction	.243	.091	.228	2.668	.008
	training	.114	.106	.124	1.067	.287
	Inter functional coordination and integration	.196	.116	.208	1.698	.091

a. Dependent Variable: normative commitment

Source: own survey result (2018)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.656	.224		2.923	.004
	Understanding and differentiation	.143	.060	.185	2.372	.019
	motivation	.026	.102	.029	.257	.798
	Job satisfaction	.257	.081	.257	3.162	.002
	training	.098	.095	.114	1.031	.304
	Interfunctional coordination and integration	.193	.104	.217	1.866	.064

a. Dependent Variable: organizational commitment

Based on multiple linear regression analysis, the above table 4.15 reveals the effect of each internal marketing dimensions and their significance. The effect of Understanding and differentiation, Motivation, Job satisfaction, Training, Inter functional coordination and

integration on affective commitment, continuance commitment and normative commitment (organizational commitment) in Zemen Bank employees.

From the above table 4.15 we can see the prediction ability of the independent variable on the dependent variable. Hence the strength of each predictor which is the independent variable affecting the dependent variable can be inquired via standardized Beta coefficient. The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The independent variable that has the larger value of beta coefficient brings more support to the independent variable as it is more important determinant in predicting the dependent variable.

Consequently, the result of the regression analysis showed that different internal marketing dimensions have different beta value, thus out of the five dimensions only job satisfaction has a beta value of 0.283 with significance value of .001 on affective commitment, job satisfaction and understanding & differentiation and have beta value of 0.228 and 0.222 with .008 significant value respectively on continuance commitment and normative commitment.

On the other hand the effect of internal marketing dimensions on organizational commitment as a whole, here H1 Job satisfaction and H2 understanding and differentiation have positive and statistical significant on organizational commitment with $B = .257$ and $B = .185$ respectively with $p < 0.05$.

Table 4.16 Hypothesis Testing Based on Multiple regressions Analysis Result

Hypotheses	Result	Reason
H1: Job satisfaction has a positive and statistical significant effect on organizational commitment.	Accepted	$\beta = 0.257, p < 0.05$
H2:. Understanding and differentiation has a positive and statistical significant effect on organizational commitment.	Accepted	$\beta = 0.185, p < 0.05$
H3: Motivation has a positive and statistical significant effect on organizational commitment.	Rejected	$\beta = 0.029, p < 0.05$
H4: Training has a positive and statistical significant effect on organizational commitment	Rejected	$\beta = 0.114, p < 0.05$
H5: Inter functional coordination and integration has a positive and statistical significant effect on organizational commitment.	Rejected	$\beta = 0.217, p < 0.05$

Source: own survey result (2018)

The effect of internal marketing dimensions on organizational commitment as a whole, here H1 Job satisfaction and H2 understanding and differentiation have positive and statistical significant on organizational commitment with $B = .257$ and $B = .185$ respectively with $p < 0.05$. However, the study failed to support positive and significant effect of H3 motivation, H4 training and H5 inter functional coordination & integration at $p = 0.05$ on organization commitment on Zemen bank employees.

Table 4.17 Hypotheses testing with individual Organizational commitment dimensions

Hypotheses	Result	Reason	Model
H1: Job satisfaction has a positive and statistical significant effect on organizational commitment	Accepted	$\beta = 0.283, p < 0.05$	Affective commitment
	Accepted	$\beta = 0.228, p < 0.05$	Continuance commitment
	Accepted	$\beta = 0.228, p < 0.05$	Normative commitment
H2: Understanding and differentiation has a positive and statistical significant effect on organizational commitment.	Rejected	$\beta = 0.084, p < 0.05$	Affective commitment
	Accepted	$\beta = 0.222, p < 0.05$	Continuance commitment
	Accepted	$\beta = 0.222, p < 0.05$	Normative commitment
H3: Motivation has a positive and statistical significant effect on organizational commitment.	Rejected	$B = 0.136, p < 0.05$	Affective commitment
	Rejected	$\beta = -0.023, p < 0.05$	Continuance commitment
	Rejected	$\beta = -0.023, p < 0.05$	Normative commitment
H4: Training has a positive and statistical significant effect on organizational commitment.	Rejected	$\beta = 0.078, p < 0.05$	Affective commitment
	Rejected	$\beta = 0.124, p < 0.05$	Continuance commitment
	Rejected	$\beta = 0.124, p < 0.05$	Normative commitment
H5: Inter functional coordination and integration has a positive and statistical significant effect on organizational commitment.	Rejected	$\beta = 0.207, p < 0.05$	Affective commitment
	Rejected	$\beta = 0.208, p < 0.05$	Continuance commitment
	Rejected	$\beta = 0.208, p < 0.05$	Normative commitment

Source: own survey result (2018)

In chapter two the researcher had hypothesized all five dimensions of internal marketing have a positive and statistical significant effect on organizational commitment namely: H1 job satisfaction, H2 understanding & differentiation, H3 motivation, H4 training and H5 inter functional coordination & integration but apparently only two hypotheses H1 job satisfaction and H2 understanding and differentiation have positive and statistical significant effect on

organizational commitment's three dimensions i.e. affective commitment, continuance commitment and normative commitment. Job satisfaction with beta value of 0.283 and significance value of .001 on affective commitment, on the other hand job satisfaction and understanding & differentiation have beta value of 0.228 and 0.222 with .008 significant value respectively on continuance commitment and normative commitment. The analysis showed no support for H3, H4 and H5 because they were not significant at p-value <0,05 on affective, continuance and normative commitment.

4.8 Discussion of the findings

The study was designed to examine the effect of internal marketing using five dimensions; understanding and differentiation, motivation, Job satisfaction, training and inter functional coordination and integration on organizational commitment (affective, continuance and normative commitment) in Zemen bank's case. The obtained multiple regression results showed that internal marketing significantly affected organizational commitment from the hypothesized five dimensions of internal marketing:

H1 job satisfaction has a positive and statistical effect on organizational commitment, among the five dimensions job satisfaction has the highest beta value hence strong prediction ability on affective, continuance and normative commitment, this finding is also supported by Ismail and Razak (2016) who found out job satisfaction has a positive and statistical significance on organizational commitment.

H2 understanding and differentiation has a positive and statistical significant effect on organizational commitment. This is the second highest predictor of internal marketing dimension, this finding was supported in prior studies, particularly Teshome (2015) who found that Understanding and differentiation has a positive and statistically significant effect on organizational Commitment.

H3 motivation has a positive and statistical significant effect on organizational commitment this study failed to support this hypothesis at $p= 0.05$

Motivation is a set of processes that moves a person toward a goal Maslow (1954). Thus, motivated behaviors are voluntary choices controlled by the individual employee. The supervisor or motivator wants to influence the factor that motivates employees to higher levels of productivity. Factor that affect work motivation include individual differences, job

characteristics, organizational practices. A similar study by Braimah (2016) also failed to accept the effect of motivation on organizational commitment. The reason motivation failed to have a significant effect on organizational commitment could be due to the fact that all banks in Ethiopia have similar motivational scheme therefore, an employee cannot commit to Zemen bank because of this dimension for the obvious reason that other banks also offer similar motivational packages.

H4 training has a positive and statistical significance effect on organizational commitment, this study failed to support this hypothesis at $p=0.05$. Training is a systematic development of employee knowledge, skills and attitudes required by employees to perform adequately on a given task or job Rafiq and Ahmed (2000) this hypothesis failed to have a significant effect on organizational commitment of Zemen bank employees because the bank trains only seniors & high ranking employees and the trainings are not job specific, since most of the sample group are engaged in customer service they are given training opportunities rarely hence, they are indifferent for this dimension and besides training schemes are homogenous across the banking industry in Ethiopia. For employees of the Zemen bank to be committed to the company because of training factor the bank has to offer trainings which are company specific and are skill enhancing and relevant to individual's job and expertise.

H5 inter functional coordination & integration has a positive and statistical effect on organizational commitment, this study failed to support this hypothesis as well at $p=0.05$, Teshome (2015) had similar finding confirming that inter functional coordination & integration has no significant effect on organizational commitment. Therefore it is less important for the enhancement of organizational commitment in Zemen bank. Inter functional coordination and integration failed to have a positive and significant effect because most of the sample group are engaged in customers service thus frequent interactions are with external customers, inter department communications are not that much intense. Furthermore although Zemen bank uses state of the art technology similar trends are being observed by most of the companies in the banking industry regarding technology and modernization hence, automated tasks and smooth communications are the aftermath of this industry trend.

Multiple correlation in this study also revealed a moderate relationship between internal marketing and organizational commitment. Consequently all the five dimensions of internal

marketing namely understanding and differentiation, motivation, Job satisfaction, training, Inter-functional coordination and integration and 3 dimensions of organizational commitment: affective, continuance and normative commitment have moderate positive and significant relationship. Regardless of their insignificant effect motivation, training and inter functional coordination & integration have relationship with organizational commitment which answers the second research question.

From all the dimensions of internal marketing job satisfaction has the highest mean score value that indicates employees are satisfied with their job, and from the organizational commitment dimensions affective commitment has the highest mean score value this also indicates employees genuinely like their company because they want to not because they have to as opposed to the continuance commitment.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter encompasses five sections: the first section is the introduction, the second section deals with summary of findings, the third section is the conclusion of the study, the fourth section puts forward recommendations and the fifth section gives suggestion for further researches.

5.2 Summary of the research findings

- The objective of this study was to examine the effect of internal marketing using five dimensions; understanding and differentiation, motivation, Job satisfaction, training and inter functional coordination and integration on three dimensions of organizational commitment: affective, continuance and normative commitment in Zemen bank's case.
- The findings of the study related to demographic characteristics: the majority of the respondents were male, age 26-35 was the most dominant group, more than half of the study group were first degree holders, most of them stayed in the bank for one year or less and customer service was the most frequent position in the bank.
- As stated in table 4.2, the mean value of understanding and differentiation is 3.15 showing slightly above average response, the mean value of motivation is 3.7 which means employees of Zemen bank agreed to motivation, the mean score value of job satisfaction is 4.04 which is slightly above agree this translates to the company's effort to satisfy employees is high and employees recognized this effort, the mean score value of training is 3.60 which clearly indicates employees of Zemen bank agreed to the existence of training in the company, inter functional coordination and integration has a mean score value of 3.64 this indicates that employees of Zemen bank (respondents) have agreed there is a high inter functional coordination and integration in the bank, on the other hand organizational commitment dimensions: affective commitment has a mean value of 3.38 this means employees of Zemen bank have agreed to affective commitment and are committed to the company because they want to not because they have to, continuance commitment has a mean value of 3.00 this means employees of Zemen bank have an average response to continuance commitment and normative commitment has a mean

value of 3.28 this means employees of Zemen bank have agreed to normative commitment and have responded they stay in the company because the company has invested a lot in them and they owe the firm.

- From all the dimensions of internal marketing job satisfaction has the highest mean score value that indicates employees are satisfied with their job, and from the organizational commitment dimensions affective commitment has the highest mean score value this also indicates employees genuinely like their company because they want to not because they have to as opposed to the continuance commitment.
- The result of correlation between internal marketing and organizational commitment indicated that there is moderate to strong positive significant relationship between these two variables. consequently all the five dimensions of internal marketing namely understanding and differentiation, motivation, Job satisfaction, training, Inter-functional coordination and integration and 3 dimensions of organizational commitment: affective, continuance and normative commitment have moderate to strong positive and significant correlation values ranging from .512 to .855.
- Normality test revealed through skewness and kurtosis the data collected are normally distributed. In this study the tolerance values ranges from .211 to .466 and the VIF values for all the independent variables ranges from 2.145 to 4.740 showing no indication of multi co linearity.
- The researcher carried out a multiple regression analysis to find out whether the proposed hypotheses were valid or not as a result H1 job satisfaction and understanding & differentiation H2 have positive and statistical significant effect on organizational commitment with $p < 0.05$. Whereas, the other three dimensions: H3 motivation, H4 training and H5 inter functional coordination and integration failed to have positive and statistical significant effect on all of organizational dimensions at $p < 0.05$

5.3 Conclusions

From the findings of the study conclusions are drawn as follows.

- ✚ The objective of this study was to determine the effect of internal marketing on organizational commitment in Zemen bank. The general and specific objectives and all the research questions can be answered based multiple regression and correlation.
- ✚ The level of organizational commitment in Zemen bank was revealed from the grand mean value section and this value indicates the existence of high organizational commitment in the company which also answers the first research question.
- ✚ The second research question was answered from the result of multiple correlation which indicated that there is a moderate positive significant relationship between internal marketing and organizational commitment. Consequently all the five dimensions of internal marketing namely understanding and differentiation, motivation, Job satisfaction, training, Inter-functional coordination and integration and 3 dimensions of organizational commitment: affective, continuance and normative commitment have moderate, positive and significant correlation.
- ✚ Based on the regression analyses undertaken it is evident that the variation in the five dimensions of internal marketing as a group accounts for 48.5% of the variation in organizational commitment. This implies that there could exist other variables which influence organizational commitment among employees of Zemen bank. Regression analyses made it also possible to conclude that variables differ in their contribution to the level of organizational commitment. An evaluation of relative importance of internal marketing dimensions is essential to identify and undertake necessary measures to improve those aspects that internal customers/employees value the most. Two dimensions (job satisfaction $B = 0.283$ & significant value of 0.001 on affective commitment and job satisfaction $B = 0.228$ with significant value of 0,008 and understanding and differentiation $B = 0.222$ with significant value of 0.008 on continuance and normative commitment, are found to be the most influential dimensions. This answered the general objective and the third research question which were determining the effect of internal marketing on organizational commitment and which internal marketing dimensions significantly affect organizational commitment in Zemen bank. In general, the following conclusions can be drawn in relation with the contribution of each variable.

- ✦ From all the dimensions of internal marketing job satisfaction has the highest mean score value which indicates employees are satisfied with their job, and from the organizational commitment dimensions affective commitment has the highest mean score value this also indicates employees have positive emotional attachment to the organization.
- ✦ Furthermore, though the influences of the remaining three dimensions (motivation, training and inter functional coordination & integration) on organizational commitment are not statistically significant the finding of the study showed that they have positive correlation with organizational commitment. Besides literatures support these dimensions stating that motivation is among the most important factors that determines organizational efficiency. All organizational facilities go to waste in lack of motivated people to utilize the facilities. Attractive motivational schemes bring about satisfaction to employees and by this their commitment to organization increases. It is not an easy task to increase employee motivation because employees respond in different ways to their jobs and their organization's practices. And training is a systematic development of employee knowledge, skills and attitudes required by employees to perform adequately on a given task or job. The more competent and capable the employees are the more satisfied external customers. inter-functional coordination and integration talks about how the different departments are working as one and thus flow of communication takes place smoothly

5.4 Recommendations

Based on the analysis and the conclusion, the recommendations which follows below are intended to give the company an insight on internal marketing and organizational commitment related issues, if done diligently these recommendation will improve employer employee relationships and ultimately committed workforce.

- ✓ The majority of the employees have been in the bank for only one year or less which indicates a high employee turnover so, the company need to increase employee retention by further working on and upgrading job satisfaction and understanding and differentiation.
- ✓ Understanding and differentiation and job satisfaction have a correlation and they have a positive and statistical significant effect on organizational commitment hence the company should work on these dimensions to further strengthen their correlation with

organizational commitment consequently to increase their effect as well by improving items like “reception and attention to criticisms and suggestions of employees” and “cooperation of bank in social welfare” because these items have the lowest mean values.

- ✓ Those three hypotheses: H3, H4 & H5 which failed to have positive and statistical significant effect on organizational commitment appeared to have a moderate positive correlation with organizational commitment and though not significant they have positive effect which compels the company not to neglect these dimensions.
- ✓ From the three dimensions of organizational commitment: the highest mean score value is for affective commitment which obviously means that the employees are committed to the company because they want to, there is no other ulterior motive for them to stay in the company other than the fact that they like the company, these are the type of employees that every organization wants to have so, Zemen bank should focus on this dimension of organizational commitment and increase the number of employees who share this attitude by improving items with low mean value such as “I think that i could easily become as attached to another organization as i am to this one” try to make employees more attached to Zemen bank.
- ✓ Generally it is highly recommended that an integrated approach to internal marketing be adopted; where the Human resource and the Marketing functions are the owners of the initiatives and all other functions within the organization join together in accomplishing this objective, and be able to have a committed and satisfied work force in Zemen bank s.c.

5.5 Suggestions for further Research

The study dealt with the effect of internal marketing on organizational commitment in Zemen bank sc. The study could have been more comprehensive and conclusive if it had been conducted in all branches of Zemen bank both in Addis Ababa and the regions, but due to time and resource constraints this didn't happen. Further studies should be conducted not only in Zemen bank but also in the banking industry in Ethiopia as a whole to have a general insight about the effect of internal marketing on organizational commitment on a national level. And put forward the principles (theory) for banks as well as other service rendering sectors to follow these sets of

principles and be able to satisfy their employees, retain them and ultimately provide a quality service to external customers and satisfy them.

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ANNEX..... A

Addis Ababa University School of Commerce

Department of Marketing Management

Research Questionnaire

Dear Respondent,

My name is Tegbar Nakachew. I am a post graduate student at Addis Ababa University, School of Commerce. I am conducting this research on the topic “The Effect of Internal Marketing on Organizational Commitment: In the case of Zemen Bank to fulfill the partial requirements for degree of Master of Arts in Marketing Management. This questionnaire is, therefore, designed to collect the necessary primary data for the purpose captioned above.

Your genuine answer to the questions in the questionnaire has an immense value to the completion of this study. Therefore, please kindly indicate your response by putting a thick mark” √” in the space provided. Rest assured that all the information that you provide will be kept strictly confidential and anonymity of your identity is guaranteed. Thus, it is not necessary to write your name.

Should you require any further information about this study, or have problem in completing this questionnaire, please contact me through +2519 11060966. I would be grateful for your cooperation and timely response to this survey.

Thank you

Part I: Respondents’ Profile

1. Gender: Male Female

2. Age: Below 25 26-35 36-45 46-55 56 and above

3. Educational level

High school College diploma Degree Masters degree Others _____

4. Years worked in the bank

1 year and below 2–3 years 4–5 years 6-10 years

5. Your current position in the bank

Customer service officer

Senior customer service officer

Auditor

Foreign trade supervisor Human Resouse

Manager Others _____

Part II: Survey of Effect of Internal Marketing on Organizational Commitment

Internal marketing views employees as customers that satisfy their needs and wants fulfilled while addressing the objectives of the company. Given below are five dimensions of internal marketing (i.e. understanding and differentiation, motivation, job satisfaction, training, and inter-functional coordination and integration). A list of statements under each dimension is believed to measure the effects of these elements on organizational commitment. Please read each statement and indicate the extent to which the ideas described by each statement have an effect on organizational commitment by putting mark "√" under a number that represents the view you attach to each statement.

5 = Very high 4 = High 3 = Average 2 = Low 1 = Very Low

To what extent does each of these internal marketing dimension items have positive effect on organizational commitment?

A	Understanding and differentiation items (UD)	5	4	3	2	1
1	Delivering services based on employees' preferences					
2	Suitable design of services based on desires of employees					
3	Prioritize employees based on value creation capabilities					
4	On time service delivery to employees					
5	Offering service to employees based on their age					
6	Offering service to employees based on their education					
7	Offering service to employees based on their record, experience, performance etc					
8	Assigning employees to the job based on their skills and abilities					
9	Reception and attention to criticisms and suggestions of employees					
10	Effective consultation and guidance of employees					
11	Ability of creating and retaining close relationship with employees					
12	Estimating the needs of employees					
13	Assigning of employees in team work					
B	Motivational factor items (M)	5	4	3	2	1
1	Job security					
2	Sense of job importance					
3	Task variation					
4	Freedom in job					
5	Growth possibilities					
6	Well defined tasks and responsibilities					
7	Informing employees about their performance results					
8	Payment of salaries and benefits based on employees performance					
9	Equity of salaries and fringe benefits					

10	Involving employees in decision making					
11	Friendly contacts with employees					
12	Appreciation of employees' attempts by managers					
13	Managers view of employee as the main asset of the banks					
14	Clear advancement policy and procedures					
15	Giving self-responsibility of a similar purpose activities					
16	Challenging work					
C	Job satisfaction items (JS)	5	4	3	2	1
1	Working hours at head office and branches					
2	Cleanliness and decoration of the bank					
3	Up to date services					
4	Cooperation of bank in social welfare					
5	Ease and standardization of banking operation					
6	Lower bureaucracy in delivering the services					
7	Stability of service delivery methods					
8	Adequate number of employees for service delivery					
9	The method of apportion of job among employees					
D	Training (T)	5	4	3	2	1
1	Coordination between training and needs of employees					
2	Comprehensive training of employees					
3	Usage of the latest educational tools and methods					
4	Capable and experienced instructors					
5	Continuous and dynamic training					
6	Appropriate time for training					
E	Inter-functional coordination and integration (IFCI)	5	4	3	2	1
1	Utilization of different experiences and talents in the same direction					
2	Coordination between different levels and branches					
3	True legislation of mission and goal of the organization					
4	Rapid and synchronized flow of information					
5	Synchronization between structure and strategy					
6	Convergence between culture and job design					

Part III: Survey on Organizational Commitment

Given below are three dimensions of organizational commitment (i.e. Affective commitment, Continuance commitment, and Normative commitment). A list of statements under each dimension is believed to measure organizational commitment. Please read each statement and indicate the extent to which the ideas described by each statement about organizational commitment by putting mark” √” under a number that represents the view you attach to each statement.

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

Please indicate the level to which you agree or disagree to the following statements

A	Affective Commitment Scale Items (AC)	5	4	3	2	1
1	I would be very happy to spend the rest of my career with this organization.					
2	I enjoy discussing about my organization with people outside it.					
3	I really feel as if this organization’s problems are my own.					
4	I think that I could easily become as attached to another organization as I am to this one.					
5	I do not feel like ‘part of the family’ at my organization.					
6	I do not feel ‘emotionally attached’ to this organization.					
7	This organization has a great deal of personal meaning for me.					
8	I do not feel a ‘strong’ sense of belonging to my organization.					
B	Continuance Commitment Scale Items (CC)	5	4	3	2	1
1	I am not afraid of what might happen if I quit my job without having another one lined up.					
2	It would be very hard for me to leave my organization right now, even if I wanted to.					
3	Too much in my life would be disrupted if I decided to leave my organization now.					
4	It wouldn’t be too costly for me to leave my organization now.					
5	Right now, staying with my organization is a matter of necessity as much as desire.					
6	I feel that I have very few options to consider leaving this organization.					
7	One of the few serious consequences of leaving this organization would be the scarcity of available alternatives.					
8	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice—another organization may not match the overall benefits I have here.					
C	Normative Commitment Scale Items (NC)	5	4	3	2	1
1	I think that people these days move from company to company too often.					
2	I do not believe that a person must always be loyal to his or her Organization.					
3	Jumping from organization to organization does not seem at all unethical to					

	me.					
4	One of the major reasons I continue to work in this organization is that I believe loyalty is important and therefore feel a sense of moral obligation to remain.					
5	If I got another offer for a better job elsewhere I would not feel it was right to leave my organization.					
6	I was taught to believe in the value of remaining loyal to one organization.					
7	Things were better in the days when people stayed in one organization for most of their careers.					
8	I do not think that to be a 'company man' or 'company woman' is sensible anymore.					

Thank you once again for your kind cooperation.

Tegbar Nakachew

ANNEX..... B

SPSS OUTPUT

Reliability Statistics

Cronbach's Alpha	N of Items
.937	8

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
understandinganddifferentiation	24.8954	28.006	.685	.937
motivation	24.3517	27.863	.834	.925
jobsatisfaction	23.9877	29.514	.747	.931
training	24.4740	27.782	.808	.926
interfunctionalcoordinationandintegration	24.4045	27.903	.830	.925
affectivecommitment	24.6819	29.126	.783	.929
continuancecommitment	24.7735	28.745	.784	.928
normativecommitment	24.7735	28.745	.784	.928

Descriptive Statistics

	N	Mean	Std. Deviation
understandinganddifferentiation	187	3.1534	1.06320
motivation	187	3.6972	.92292
jobsatisfaction	187	4.0612	.81967
training	187	3.5749	.95589
interfunctionalcoordinationandintegration	187	3.6444	.92261
affectivecommitment	187	3.3670	.83124
continuancecommitment	187	3.2754	.87271
normativecommitment	187	3.2754	.87271
Valid N (listwise)	187		

Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
understandinganddifferentiation	187	.200	.178	-.811	.354
motivation	187	-.349	.178	-.183	.354
jobsatisfaction	187	-.529	.178	-.259	.354
training	187	-.306	.178	-.099	.354
interfunctionalcoordinationandintegration	187	-.396	.178	.090	.354
affectivecommitment	187	-.320	.178	-.247	.354
continuancecommitment	187	.000	.178	-.470	.354
normativecommitment	187	.000	.178	-.470	.354
Valid N (listwise)	187				

PearsonsCorrelations

		understa ndingand differenti ation	motiva tion	jobsati sfactio n	trainin g	interfunctionalc oordinationandi ntegration	affective commitm ent	continua cecommi tment	normativec ommitment
understandinganddifferentiation	Pearson Correlation	1	.729**	.540**	.602**	.626**	.512**	.533**	.533**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000
	N	187	187	187	187	187	187	187	187
motivation	Pearson Correlation	.729**	1	.713**	.798**	.822**	.631**	.571**	.571**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000
	N	187	187	187	187	187	187	187	187
jobsatisfaction	Pearson Correlation	.540**	.713**	1	.705**	.702**	.626**	.565**	.565**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000
	N	187	187	187	187	187	187	187	187
training	Pearson Correlation	.602**	.798**	.705**	1	.855**	.613**	.578**	.578**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000
	N	187	187	187	187	187	187	187	187
interfunctionalcoordinationandintegration	Pearson Correlation	.626**	.822**	.702**	.855**	1	.637**	.594**	.594**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000
	N	187	187	187	187	187	187	187	187
affectivecommitment	Pearson Correlation	.512**	.631**	.626**	.613**	.637**	1	.809**	.809**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000
	N	187	187	187	187	187	187	187	187
continuacecommitment	Pearson Correlation	.533**	.571**	.565**	.578**	.594**	.809**	1	1.000**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000
	N	187	187	187	187	187	187	187	187
normativecommitment	Pearson Correlation	.533**	.571**	.565**	.578**	.594**	.809**	1.000**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	187	187	187	187	187	187	187	187

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

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	understandinganddifferentiation	.466	2.145
	motivation	.216	4.620
	jobsatisfaction	.432	2.313
	training	.232	4.313
	interfunctionalcoordinationandintegration	.211	4.740

a. Dependent Variable: organizationalcommitment

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.753 ^a	.568	.558	.54488

a. Predictors: (Constant), motivation, understandinganddifferentiation, training, interfunctionalcoordinationandintegration

Multiple regression Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.620	.227		2.734	.007
	understandinganddifferentiation	.065	.061	.084	1.073	.285
	motivation	.122	.103	.136	1.186	.237
	jobsatisfaction	.287	.082	.283	3.492	.001
	training	.068	.096	.078	.703	.483
	interfunctionalcoordinationandintegration	.187	.105	.207	1.785	.076

a. Dependent Variable: affectivecommitment

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.674	.251		2.689	.008
1 understandinganddifferentiation	.182	.068	.222	2.700	.008
1 motivation	-.022	.114	-.023	-.191	.848
1 jobsatisfaction	.243	.091	.228	2.668	.008
1 training	.114	.106	.124	1.067	.287
1 interfunctionalcoordinationandintegration	.196	.116	.208	1.698	.091

a. Dependent Variable: continuancecommitment

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.674	.251		2.689	.008
1 understandinganddifferentiation	.182	.068	.222	2.700	.008
1 motivation	-.022	.114	-.023	-.191	.848
1 jobsatisfaction	.243	.091	.228	2.668	.008
1 training	.114	.106	.124	1.067	.287
1 interfunctionalcoordinationandintegration	.196	.116	.208	1.698	.091

a. Dependent Variable: normativecommitment

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.656	.224		2.923	.004
1 understandinganddifferentiation	.143	.060	.185	2.372	.019
1 motivation	.026	.102	.029	.257	.798
1 jobsatisfaction	.257	.081	.257	3.162	.002
1 training	.098	.095	.114	1.031	.304
1 interfunctionalcoordinationandintegration	.193	.104	.217	1.866	.064

a. Dependent Variable: organizationalcommitment