

*Addis Ababa
University
(Since 1950)*



ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

Research Proposal Submitted To the School Of Graduate

Studies of AAU in Partial Fulfillment of the Requirements For

The Degree of Master of Marketing Management (MM)

“The Effect of Internal Marketing On Customer’s perceived Service Quality”

In Case Ethiopia Electric Utility

(EEU)

By Christian Tesfaye

September 2018

Addis Ababa

Ethiopia

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

**THE EFFECT OF INTERNAL MARKETING ON CUSTOMERS'
PERCEIVED SERVICE QUALITY THE CASE OF ETHIOPIA
ELECTRIC UTILITY**

*(A Thesis Submitted to Department of Marketing Management for the
Partial Fulfillment of the Required for the Award of Masters of Arts Degree
in Marketing Management)*

**By Christian Tesfaye
ID/NO GSD/5247/08**

Research Advisor Mesfin Workeneh (PHD)

**September 2018
Addis Ababa, Ethiopia**

DECLARATION

I hereby declare that this study entitled “*The Effect of internal marketing on customers’ perceived service quality: The Case of EEU*” is my original work prepared under the guidance of my advisor Mesfin Workeneh (Ph.D). This paper is submitted in partial fulfillment of the Requirement for the Award of Master of Arts Degree in Marketing Management and it has not been previously submitted to any diploma or degree in any college or university. I would like also to confirm that all the sources of materials used in this study are properly acknowledged.

By: Christian Tesfaye

Signature _____

Date _____

LETTER OF CERTIFICATION

This is to certify that Christian Tesfaye carried out her study on the topic entitled “*The Effect of Internal marketing on customers ‘perceived service quality : The Case of EEU’*”. This work is original in nature and suitable for submission for the award of the Masters Degree in Marketing Management.

Mesfin Workeneh (PhD)

(The Research Advisor)

Signature

Date

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

**THE EFFECT OF INTERNAL MARKETING ON CUSTOMERS’
PERCEIVED SERVICE QUALITY THE CASE OF ETHIOPIA
ELECTRIC UTILITY**

*(A Thesis Submitted to Department of Marketing Management for the Partial
Fulfillment of the Required for the Award of Masters of Arts Degree in Marketing
Management)*

BOARD OF EXAMINERS

Approved By the Board of Examiners and advisor:

Advisor

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

September 2018

Addis Ababa

Ethiopia

ACKNOWLEDGEMENTS

First and foremost, I would like to express my gratitude to Almighty God for helping me in every moment. Next, I would like to express my sincere gratitude and appreciation to my advisor Mesfin Workeneh (PhD) for his invaluable, constructive comments and professional advice in the preparation of this thesis. Next, I wish to take this golden opportunity to express my deepest thanks to my Mother Tigist Moges and My best friend Agegnehu Tesfa for their valuable support in diverse ways in ensuring the successful completion of this study.

Finally I would like to extend my deepest appreciation and gratitude to EEU western Addis Ababa Region customer service staffs & respondents of the research questionnaire and all other people who in one way or another contributed to the completion of this research work.

.

TABLE OF CONTENTS

Content	Page
Table of contents	I
List of tables	II
List of figures	III
List of acronyms/abbreviations	IV
Abstract.....	V
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study.....	1
1.2 Statement of the problem	2
1.3 Research questions	4
1.4 Research objective	5
1.5. Scope of the study:	5
1.6 Limitation of the study	6
1.7Significance of the study	6
1.8 Definition of key terms.....	7
1.9 Organization of the study.....	8
CHAPTER TWO: LITERATURE REVIEW	
2. INTRODUCTION.....	9
2.1 The Origin of internal marketing concept.....	9
2.2. Dimension of internal marketing	9
2.3 Implementing internal marketing	13
2.4 Importance of internal marketing	14
2.5 Measuring internal marketing	15
2.6 Challenges of internal marketing.....	15
2.7 Service quality.....	16
2.8 perceived service quality	16
2.9 Dimension of service quality.....	17
2.2.1 Internal marketing & service performance.....	18
2.2.2 Review of related work	19

2.2.3 Theoretical framework & hypothesis development	21
2.2.4 Conceptual framework	23
CHAPTER THREE: RESEARCH DESIGN AND METHODS	24
3.1 Research approach	24
3.2 Research design	24
3.3 Data source	24
3.4 Population and Sample size	24
3.4.1 Population	25
3.4.2 Sample size	25
3.5 Sampling technique	26
3.6 Data collection tool	27
3.7 Data analysis technique	27
3.8 Ethical consideration	28
Chapter four; DATA ANALYSIS AND PRESENTATION	
4.1 Sample and Response Rate	29
4.2 Demographic profile of employees	29
4.3 Demographic characteristics of customers	32
4.4 Descriptive analysis for the internal marketing variables	33
4.5 Descriptive analysis for the servqual Dimension	33
4.6 Test of Multicollinearity & Normality	34
4.7 Reliability & validity	36
4.8 Correlation analysis	36
4.9 Regression analysis	39
4.2.1 Discussion of the result	43
CHAPTER FIVE: Summary of Findings , Recommendation Limitation	
5.1 Summary of findings	46
5.2 Conclusion	47
5.3 Recommendation	48
5.4 limitation of the study	49
REFERENCE	49

APPENDIX A	55
APPENDIX B	60
APPENDIX C	42

LIST OF TABLES

List	Page
Table 4.1 Response Rate of Questionnaires Administered	29
Table 4.2 Gender composition of Respondent	30
Table 4.3 Educational Level of Respondent	30
Table 4.4 Work Experience of the Respondent	31
Table 4.5 Age group of Respondent	31
Table 4.6 Mean and standard deviation of statistic	33
of employees IM perception	
Table 4.7 Mean and standard deviation of statistic of customers	34
Service quality dimension perception	
Table 4.8 Result of Colinearity Diagnostics	34
Table 4.9 Cronbach's Alpha Result	36
Table 4.1.2 Correlations	37
Table 4.1.3 Model Summary	39
Table 4.1.4 ANOVA ^a	40
Table 4.1.5 Regression Coefficients ^a	41

LIST OF FIGURE

List	Page
Figure 1.1 conceptual framework of the study.....	23
Figure 2.1 Normal p- plot of the regression standardized residuals.....	35

LIST OF ABBREVIATIONS

ANOVA: Analysis of Variance

EEU : Ethiopia Electric Utility

EEPCO : Ethiopia Electric Power Corporation

IM: Internal Marketing

SERVQUAL: Service Quality

SPSS: Statistical Package for Social Science

Abstract

Even though the growing importance of people in service sectors are supported in many literatures there are still problems where traditional approaches of managing business that mainly focus on external customer. This research tries to find out the different element of internal marketing tools and their relationship with customers' perceived service quality. Two groups were examined with two different instruments. The study targets 146 samples of industrial customers based on their convenience and easiness to determine customer service quality they receive from Ethiopian Electric utility and select 153 contact staffs randomly to obtain there evaluation of the EEU internal marketing practice . The most commonly used dimensions of internal marketing were identified and used to attest its effect on customers' Perceived service quality. The descriptive analysis of the finding dictates that there is lack of adequate employee training & development, employee empowerment, employee motivation, Healthy work environment & organization support. From the study finding, the Pearson correlation coefficient of internal marketing variables shows that there is a strong positive correlation between IM variables and customers' perceived service quality. Further regression analysis was conducted to examine the effect of internal marketing on customers' perceived service quality. The result indicate that all selected dimensions of internal marketing have significant relation with the dependent variable service quality. Therefore, it is advisable for EEU to take the necessary measures regarding employees' training, empowerment revising the existing employee motivation system to reflect all employees requirement; there should be open and welcoming management to assist employees in their difficulties; internal communication should be there to keep employees up-to-date and informed about new events.

Key Words: Internal Marketing, Training and Development, Communication, Motivation, Empowerment, healthy work environment, organizational support, perceived service quality, industrial customer

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In today's competitive world, service giving organizations give high value to their customers. In fact, many sayings and proverbs are posted in eye catching way to attract and retain customers. Gaining satisfaction and loyalty of external customers is an impossible task unless the needs and wants of human force (internal customers) in organizations are met; internal marketing being the most important approach that helps organizations in this direction.

When an organization considers its employees as a cost related asset, the organization might fail in today's competitive world as employees are one of the competitive advantages to an organization. The inseparability of production and consumption of service makes service quality of a great value; hence, service giving organizations need to give high emphasis to the quality of service delivered by their front line service personnel. Main assumption of internal marketing is that employees must be viewed as the most invaluable asset of an organization and must be treated as internal customers because this result in gaining competitive advantage by organization respected (Papasolomou, 2002). Applying internal marketing concepts in service industry helps to create customer oriented service personnel which were in turn helps the organization meet its objectives. Internal marketing aims to improve customer consciousness by changing beliefs of the front line employees (Ahmed & Rafiq, 2003). When employees are treated as internal customers by effective implementation of internal marketing components, customer oriented manner is developed and efficient quality service is delivered to external customers.

Internal marketing is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees (Ahmed & Rafiq, 2003).

Kotler (2000) said that internal marketing is more important than the traditional external marketing. That is because employees are also consumers, where the organization has to take care of its employees and build organization value for every member to follow.

As Albert and peter (1998) noted that it becomes clear that making promises to external customers is not sufficient. Thus promises made about a service must be kept and it is only the employees of service firms that can do so. Jerome (2005) confirm that the transitional nature of IM influence on customers satisfaction if internal marketing is effectively implemented, the employee becomes satisfied, and this positive behavior is transferred to the consumer during real time transaction to advance the external customers service experience which results in external customer satisfaction.

Excellent service companies know that positive employee attitude promotes stronger customer loyalty; hence, installing effective IM program up on employees can also increase their job satisfaction and commitment, especially if they have high customer contact (Kotler, 2008). When front line service personnel feel satisfaction towards the company, they become more customer conscious and give attention to the needs and wants of their customers' by which service giving organizations shall use this opportunity to attract and create customer loyalty.

However, one of the major problems confronting IM as an area of academic research activity and management practice is the difficulty in its implementation mechanism. Organizations are faced with difficulty in their implementation of the IM concept, and this in part, can be blamed on the lack of clear guidelines as to what activities should constitute IM and those that should not (Ahmed and Rafiq, 2003).

On the other hand maintaining a high level of customer service quality is necessary for success, particularly for firms in service industries. When looking to the EEU the employees interact with the majority of the customers. It is common knowledge that customer satisfaction mainly depends on the process of service delivery and less on its outcome and this highlight the importance of the initiation of Internal Marketing in the industry.

1.1.STATEMENT OF THE PROBELM

Many literatures on IM frequently mention that businesses that wants to deliver better quality service to satisfy its external customers should first solve any problems related to internal customer

unfulfilled need because, fulfilling employee needs enhances employee motivation and retention, and as a consequence the higher the degree of employee satisfaction, the higher the possibility of generating external satisfaction and loyalty Zampetakis and Moustakis (2007).

As Ferguson and Brown (1991) argued that the function of marketing is not only to provide products for sale, but also to take care of the staff where direct human contact between customer-contact employees and the customer is demanded, because of the simultaneous characteristic of service. Consequently, employee relations and their interaction with customers become critical in providing a quality service.

The employee or the front line service provider is critical in the eyes of the customer for effective face to face service in counter delivery. Heskett, Sasser and Schlesinger(1997) described the service relationship triangle of (1) the service organization, (2) the frontline service provider and (3) the customer. They elaborated on the importance of the front line service provider as the key to the service encounter and further emphasized importance of service employees by describing the critical employee performance requirements in the cycle of capability. In addition, effective service encounter performance is directly related to hiring, training, leading and motivating the right employees (Lawrence, 2005). Successful organizations are those that integrate efficient and effective management in internal and external dimensions (Olorunleke, 2000). To Survive and succeed in the modern world, it is necessary to a firm know how to handle its competent employee as they are the defining factor on service delivery. The goal of internal marketing is to identify and satisfy employees' needs so that employees can be retained and provide superior service to external customers (Berry 1984; Kotler and Armstrong 1991).

As we know Ethiopian Electric Utility is one of the two successor companies after the unbundling of Ethiopian Electric Power Corporation (EEPCO).Ethiopia Electric Utility has a mandate to build, own, operate & manage electric distribution network of up to 66 kv. the purpose of the corporation is to engage in the business of distributing & selling electrical energy in accordance with economic & social development policies & priorities of the government & to carry out any other related activities that would enable it achieve its purpose.EEU has connected 2.5 million customers & ensured access to electricity for around 6,000 rural towns & village (<http://www.eeu.gov.et>) Despite all increases in a positive direction the general public complaining about the Electric service provided by Ethiopian Electric Utility. According to EEU central customer support office February 2017 customer satisfaction level assessment report the customers of EEU indicate there are different

service delivery problems. Among the problem the customer complaining include frequent power disruption, days and weeks long black out, wastage of product and time in the manufacturing sector .Power cuts and fluctuation result in economic, health, and security hazard. There is also big customer complaint in the new connection, failure fixing, poor replies of employees to the customer telephone call ,about information & guidance provided to the customer ,poor quality of power, poor handling of disputed bills & the long time needed for fixing electricity failure All this negative perception and response of customers might be the outcome of poor internal marketing program that fails to achieve its target and surfeit the company with an enormous cost and it was ultimately result in low customer satisfaction, loyalty and low bottom-line performance and further aggravate the best employees unless the firm takes curative strategy.

The major purpose of this study was to investigate whether internal marketing has relation with employees 'performance at EEU and to assess its effect on customer service quality by evaluating the proposed internal marketing elements in Ethiopian electric utility from the view point of employees and customers. By doing so, the research aim to fill empirical gap that might exist in the company. In addition this research aimed to give an insight about the existing level of IM practices in EEU and its contribution for service performance. In general, the study was inspired to identify, describe and produce an analysis of the extent of IM influence on service quality perception from the employees & customers' point of view that can play a major role in helping employees to be open for every calls of customer in the services rendering process.

1.3RESEARCH QUESTION

Based on the above statement of the problem; the study attempt to address the following question.

1.3.1Main question

- ✓ Does internal marketing have an influence on the customers' perceived service quality at EEU.

1.3.2Sub question

- ✓ Does internal communication have an impact on customers' perceived service quality?
- ✓ Does motivation has an effect on customers' perceived service quality?

- ✓ Does employees training & development has an impact on customers' perceived service quality?
- ✓ Does organizational support influence customers' perceived service quality?
- ✓ Does empowerment has an impact on customers 'perception of service quality?
- ✓ Does healthy working environment have something to contribute for customers' perceived service quality?

1.4 RESEARCH OBJECTIVE

1.4.1 General research objective

The general objective of this study was to investigate the effect of internal marketing on customers' perceived service quality in EEU.

1.4.2 Specific research objective

- ✓ To investigate the effect of motivation on customer service quality.
- ✓ To analyze the effect of training and development on customer perception of service quality.
- ✓ To analyze if healthy working environment has an effect on customer perceived service quality.
- ✓ To investigate the effect of communication on customer service quality perception.
- ✓ To examine the role of organization support to customers' perception of service quality.
- ✓ To determine if empowerment has an effect on customers' perception of service quality.

1.5 SCOPE OF THE STUDY

Scholars have given various variables on the dimension of internal marketing. Even if it was recommendable to analyze internal marketing using all the dimensions, for the purpose of this study only six dimensions which were the most repeatedly stated by the scholars are selected assuming the most common ones can explain internal marketing well enough. The scope of the study is confined to Industrial customers of EEU Western Addis Ababa region selected eleven customer service centers .The rationale for targeting this group of customers is that the total service quality level& performance of EEU has a great economical impact on industrial customers than the

residential or commercial customers. Even though, there are numerous employees in the company and many departments have a right to participate in this study However, the study was delimited only to those contact employees who are working at EEU Western Addis Ababa Region customer service centers named (One, Two, Three, Four, Five, Six, Seven, Eight Nine Ten& Eleven) & have a direct contact with majority of the customer .In addition the study is delimited to one institution Ethiopia electric utility.

1.6 LIMITATION OF THE STUDY

Internal marketing covers all aspects of an organization employee's performance However, this study is limited its scope to assess the impact of internal marketing upon customers' perceived service quality by taking the Ethiopian Electric Utility (EEU) Western Addis Ababa Region. Furthermore, since the sample is only EEU west Addis Ababa region selected customer service centers (districts) may not be large enough to represent the entire organization nationwide. Therefore, the finding of this study should be considered as showing the circumstance of internal marketing & its impact on customers 'perceived service quality in EEU. Another study with a large sample size may be required in the future to arrive at reliable conclusion about Ethiopian Electric utility internal marketing practice & its effect on customer service quality

1.7 SIGNIFICANCE OF THE STUDY

Any kind of research has something to add to the accumulated body of knowledge of mankind but it is also used to solve particular problem at hand such as in our case. Some of stakeholders who can be benefited;

To Practitioners; the study finding has important implications for the management of market focused service organizations. First, they suggest that, in addition to understanding the external market, services managers must develop a better understanding of the wants and needs of employees.

To Institution; the study output will inform whether internal marketing elements are practiced in EEU. In addition, the study shows the influence of institutional practices of internal marketing on external customers' service performance that could be used as baseline information for future internal marketing restructuring. In addition this research gives fruit full suggestion to the policy

makers and researchers regarding the role of internal marketing and its impact on the quality of service in the Ethiopian electric utility

To The Body of Knowledge; the study can also be an input for further studies. More specifically this study was used as preliminary work or a stepping stone for further studies on the issue. It also benefits the student researcher to get research experience and helps for the partial fulfillment of the masters of Arts degree in marketing management.

1.8. DEFINITION OF KEY TERMS

Internal Marketing: A concept of viewing employees as internal customers, jobs as internal products, and endeavoring to better design this products to meet the needs of this customers. Greene . W.E. Walls G.D. and Schrest, L.J (1994, p. 8)

Training and Development; is defined as a system for assisting employees to develop within their current jobs or advance to fulfill their goals for the future (Karen, 2007)..

Motivation: The development of desire within an employee to perform a task to his/her greatest ability based on that individuals own initiatives. Tsai and Tang (2008),

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

Organizational support ;is the extent to which an organization cares about the well-being of its members. Listens their complain tries to help them when they have a problem. And treat them fairly (Jennifer M.George Gareth R.Jones)

Empowerment; empowerment is a motivational concept referring to enabling rather than delegating strategies that create conditions for heightening motivation from tasks through development of personal efficacy and removal of conditions that foster powerlessness (TómasBjarnason,P 33).

Healthy working environment ; is deal when it comes to maintaining a positive outcome in a stressful atmosphere. The most important thing that influence employees motivation, happiness

how productive & efficient they can be all goes down to their working environment.
(DeCenzo/Robbins, 10th)

Industrial Customers: are customers who use Electric power for industrial production purpose

Service Quality; is the overall evaluation of a specific service determined by comparing the firm's performance with the customers' general expectations of how firms in that industry should perform.
(Parasuraman, Zeithaml and Berry 1985)

1.9 ORGANIZATION OF THE STUDY

The study consists of five chapters Background information, introduction of the study, statement of the problem, objective of the study, significance, scope and the like issues discussed in the first chapter. Review of related literatures is discussed in the second chapter. The third chapter is all about research design & methodology. The fourth chapter include research finding & and analysis the last chapter encompass summery of finding, conclusion & recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2. INTRODUCTION Literatures related to internal marketing and service quality has been reviewed to discuss briefly the concept of internal marketing and customer service quality as the purpose of this study is to analyze the effect of internal marketing on customers' perceived service quality. The major points that have been incorporated in the literature parts are internal marketing Elements, service quality, relationship between internal marketing and service quality, theoretical frame work and hypothesis development& review of related work. In the Internal marketing part, internal marketing dimension given by various scholars, implementing and measuring internal marketing along with measuring its implementing and its challenges has been reviewed.

2.1 The Origins of the Internal Marketing Concept

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

2.2 DIMENSION OF INTERNAL MARKETING

Internal Marketing can be explained by many dimensions, even if it was recommendable to analyze internal marketing using all the dimensions, for the purpose of this study only six dimensions which were the most repeatedly stated by the scholars are selected assuming the most common ones can explain internal marketing well enough.

1. Communication

Thus, organizational communication is a complex and continuous process through which organizational members create, maintain, and exchange information in the organization. Two important issues need to be addressed with this definition. First, it is important to note that all organizational members participate in this process. Communication is not the sole responsibility or privilege of managers. Even if managers create and send most of the messages, their subordinates and peers create meaning from those messages. Second, while the process is said to be transactional in which all parties enact both sender and receiver roles to create mutual and shared meanings of messages, shared meaning is not always achieved in organizational settings (Joann keyton1987). Internal communication appears prominently, and in different facets across the entire interview protocol as amongst the array of elements that encompass the experiential structure of IM. It is perceived as one of the important ways of engaging and involving employees in the activities of the organization. Tools, such as, “webcast”, “emails”, “PowerPoint”, “intranet”, “staff e-bulletin” and “videos” were frequently used to characterize the trans-situated features of internal communication as an aspect IM experience. The above-mentioned tools are used to communicate internally at both interpersonal and interdepartmental levels, as well as between departments within the same organization across geographical borders. Other facets through which internal communication emerges as part of IM experiences managers attempting to promote the company’s new products and services to employees as well as setting the agenda for the day’s business (Uchenna Paschal Anosike,2008).

2. Motivation:

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

Motivation at work can take place in two ways of reward

1. Intrinsic reward – this is derived from the content of the job. It can be described as the process of motivation by the work itself in so far as it satisfies people's needs or at least leads them to expect that their goals will be achieved. Intrinsic motivation is self-generated in that People seek the type of work that satisfies them, but management can enhance this process through its values as well as empowerment, development and job design policies and practices. The factors affecting intrinsic motivation include responsibility (feeling the work Motivation and financial and non-financial rewards is important and having control over one's own resources), freedom to act, scope to use and develop skills and abilities, interesting and Challenging work and opportunities for advancement. The concepts of empowerment and engagement are strongly influenced by this aspect of motivation.

2. Extrinsic this is what is done to and for people to motivate them. It arises when management provides such rewards as increased pay, praise, or promotion. When the motivating impact of pay-for-performance schemes is discussed, this is the type of motivation to which people are referring. The extrinsic motivators can have an immediate and powerful effect, but this was not necessarily last for long. The intrinsic motivators, which are concerned with the quality of working life and indeed work/life balance, are likely to have a deeper and longer-term effect because they are inherent in individuals and not imposed from outside, although they may be encouraged by the organization (Michael Armstrong and Helen Murlis, 5th,ed, Page 60).

3. Organizational Support

Organizational support is the extent to which an organization cares about the well-being of its members. Listens their complain tries to help them when they have a problem. And treat them fairly (Jennifer M.George Gareth R.Jones). Perceived Organizational Support refers to employees' perception concerning the extent to which the organization values their contribution and cares about their well-being. It has been found to have important consequences employee performance and well-being. Organizational support theory supposes that to determine the organization's readiness to reward increased work effort and to meet socio emotional needs, employees develop global beliefs concerning the extent to which the organization values their contributions and cares about their well-being. Perceived organizational support (POS) is also valued as assurance that aid was be available from the organization when it is needed to carry out one's job effectively and to deal with stressful situations (Linda Rhoades and Robert Eisenberger,2002).

4. Training& Development

Training and development are usually linked together but practically it is different Training, with its focus on excellence, relates to the knowledge, skills, and attitude that people need to do their current job in its Current form, with its current level of responsibility. Development, with its focus on growth, relates to the knowledge, skills, and attitude people need to do their next job or a different form of their current job, usually with greater responsibility. Most successful organizations was strike a balance between training and development, ensuring that they have people who are very capable of carrying out their current jobs, while also preparing them to take on new tasks and new responsibilities. The theorist Frederick Herzberg (1964) recognized the importance of development in motivating people. Self-esteem and self-actualization were at the top of Maslow's hierarchy of human needs, while Herzberg identified Responsibility, advancement, achievement, recognition and the work itself all as motivating factors. Training and development was help people to achieve and to grow and are therefore, powerful forces in motivating people and ensuring that they remain with the organization. (George Green).

Participants' expressions of their IM experiences frequently resonate with the notion of employee training across the entire protocol. There is a general perception that employee training is one of the ways through which IM is effective in ensuring employee development across different organizational contexts. Training is perceived as crucial to getting employees to understand their individual responsibilities and that of other colleagues within the organization. As well as providing employees with the opportunity to develop individual competencies by having an overall idea of the entire business as well as the needs of their external customers. Training as an aspect of the IM experience that emerges within the context of an ongoing activity are instances where employees are continuously provided with information, skills and knowledge (Uchenna Paschal Anosike, 2008).

- 5. Empowerment:** The concept of empowerment has varying meanings in the literature ,most regard empowerment as referring to some form of "sharing of power" between

management and employees. Others have taken a broader view of empowerment, who argues that empowerment is motivational concept referring to enabling rather than delegating strategies that create conditions for heightening motivation from tasks through development of personal efficacy and removal of conditions that foster powerlessness (Tómas Bjarnason, P 33).

Thus the management of the business must create an internal environment that is supportive to the empowerment of customer centered employees. Employee empowerment involves giving employees some degree of authority and discretion to influence decisions over certain related tasks, especially, during employees interactions with customers. Because, supporting employee by delegating authority to lower level front-line employees makes them more responsive and alert to customers needs and to resolve on-the-spot service failure that stimulate them to be more customer centered. Harvir (2001) noted that empowerment requires employee to have the decision latitude to fix problems without any fear of being blamed if things go wrong. As (Owolabi , 2011) A modern forward-looking business doesn't keep their employees in the dark about vital decisions affecting them. It trusts them and involves them in decision making at all levels. "Command and control" is no longer an adequate model. As affirmed by (Uchenna ,2008) one facet of empowerment as an aspect of IM that emerges in this study's findings is the need to keep employees (as the internal people) involved in the activities of the business so they know what their targets are, they know how to do it. However, empowerment is not a simple decision of giving authority and discretion to employee but it also includes providing employees with adequate training, reward, desire and enhancing employees ability to come up with new and innovative ideas on how best to do their jobs as well as use their discretion to make the right decisions that would satisfy the external customer. In addition to this empowering employees could be considered as another way of rewarding workers. Empowering employees couldn't only be accomplished by minimizing rules and regulations, but also make job descriptions broad and open-minded (Morrison, 1996). Empowered employees are perceived to save customers a lot of time, as customer's requests is not redirected to line managers or other superior officers before such requests get the desired level of attention. The second dimension of employee empowerment is that it leads employee's attitudinal and behavioral changes. In general, employee empowerment increase workers ability to respond quickly to the needs of the external customers and enables them to fix problems on the spot as they occur.

6. Healthy Work Environment: is deal when it comes to maintaining a positive outcome in a stressful atmosphere. The most important thing that influence employee motivation , happiness how productive & efficient they can be all goes down to their working environment. (DeCenzo/Robbins, 10th).

2.3 IMPLEMENTING INTERNAL MARKETING

The incentive for properly implementing internal marketing is how it was assist in the creation of competitive advantage. Companies that embrace internal marketing understand that taking care of customers' means taking care of employees. They realize that their employees are important because they are responsible for delivering quality products and services to their customers Sustained delivery of products and services that exceeds customers' expectations was develop customer loyalty, as they become highly satisfied or even delighted (Kotler, 2008).

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

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

2.4 IMPORTANCE OF INTERNAL MARKETING

Internal marketing aims to motivate and influence employees towards customer-consciousness and sales-mindedness using marketing-like techniques internally (Gronroos, 1982). The essential role of IM is to encourage and motivate employees towards the cross-functional implementation of organizational objectives (Rafiq& Ahmed, 1993). Through proper internal marketing programs, organizations can attract, recruit, and retain the right mix of employees in order to deliver superior

value at all times (Collins , 1991). The major task of internal marketing is to successfully hire, train and motivate qualified employees in order to serve the customer well (Kotler, 2008).

Internal marketing is an important part of organizational development and change, moreover, if there is an absence of internal marketing in the given organization, management may face with resistant staff toward change processes and adaptation (Varey& Lewis, 1999). Thus, applying internal marketing, an organization can be able to develop an atmosphere and environment in which workers are appreciated and susceptible to improve business performance and generate long term competitive advantage through the creation of strong organizational cultures. This can be generally attained through developing face-to-face, flexible, also efficient interaction between management and different groups within the given company instead of operating in a rather bureaucratic organization (Ahmed &Rafiq, 2003).

2.5 MEASURING INTERNAL MARKETING

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

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

If businesses are willing to invest in such a thorough process, there is very little chance for it to fail, as it is ‘ensuring that there is a sharing of knowledge, expertise, and skills across departments and

that there is a process by which departments can be educated in the areas of work and skills of others, the opportunity for cross selling services is increased (Brown, 2002)

In terms of the actual effectiveness of internal marketing, methods need to be followed through. Such methods, for example: which aim to motivate employees, demand a decentralization of the decision-making process and motivating personnel policy needs to be logical and just in its nature. If there is an absence of such a policy, it is likely that internal marketing efforts become fruitless

2.6 CHALLENGES OF INTERNAL MARKETING

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

2.7 SERVICE QUALITY

The service quality from the customers’ perspective means how well the service meets or exceeds expectations. Because of the customer-oriented market, service quality is generally defined from the customers’ perspective, which is usually termed as perceived service quality (Fisk, Grove & John 2004:153). Fisk (2008:153) define service quality from the service provider’s perspective as the degree to which the service’s features comply with the organization’s specifications and requirements; from the customers’ perspective this implies whether the service meets or exceeds his or her expectations. More specifically, the service provider must be quality-oriented, and the system must be designed to support that mission by being controlled and delivered correctly while making profit for the organization. The customers’ overall judgment of service quality can be an evaluation of both the process and the outcome, compared with the customers’ own expectations and desired benefits. However, different provider-based and customer-based perspectives of service quality can be generated by subsequent encounters with the profit-oriented organization. Thus, this leads to an important concept in assessing quality from perceived service quality. Service quality has been

defined as the degree and direction between customer service expectations and perceptions (Newman, 2001).

2.8 PERCEIVED SERVICE QUALITY

The term perceived service quality has been frequently used by practitioners and academicians in the past few decades, whereas there hasn't been any generally accepted definition yet. The consensus about perceived service quality is that it is a consumer's evaluative judgment or impression regarding a service provider's overall performance or excellence (Parasuraman, 1985, 1988; Cronin & Taylor, 1992;). The theoretical conceptualization of perceived service quality indicates that it is a multidimensional, higher order construct and can't be measured in a single dimension (Cronin, 2001). Oliver (1997) defined perceived service quality as a global judgment of the service, thus treating it as a cognitive construct. Perceived service quality refers to the customers' evaluation of an organization's service based on his or her overall experience of the continuous service encounter (Woodruffe 1995). Parasuraman(1985) define service quality as the overall evaluation of a specific service determined by comparing the firm's performance with the customers' general expectations of how firms in that industry should perform. Perceived service quality is viewed as an overall appraisal of service (Bitner and Hubbert 1994)

2.9 DIMENSIONS OF SERVICE QUALITY

Different scholars (such as Gronroos (1990), and Lehtinen (1991),Beckford (1998))have classified service dimensions in a number of ways. Service dimensions are criteria that customers use to evaluate service quality (Parasuraman 1985). The most popular classification of service dimension is the one which is given by Parasuraman,.A., Zeithaml, V., Berry, L.L., (1988). They identified 10 overlapping service components in 1985 and later in 1988 they merged them in to five service quality dimensions, as listed below

1. TANGIBILITY: This dimension is defined as the physical appearance of facilities, equipment, staff, and written materials. It translates to the restaurant's interiors, the appearance and condition of the cutlery, tableware, and uniform of the staff the appearance and design of the menu, restaurant signage and advertisements (Zeithamal 2006). Tangibles are used by firms to convey image and signal quality (Zeithaml 2006).

2. RELIABILITY: Reliability is defined as "the ability to perform the promised service dependably and accurately" or "delivering on its promises" (Zeithaml . 2006).This dimension is

critical as all customers want to deal with firms that keep their promises and this is generally implicitly communicated to the firm's customers.

3. RESPONSIVENESS: Responsiveness “is the willingness to help customers and provide prompt service” (Zeithaml , 2006). This dimension is concerned with dealing with the customers' requests, questions and complaints promptly and attentively. A firm is known to be responsive when it communicates to its customers how long it would take to get answers or have their problems dealt with. To be successful, companies need to look at responsiveness from the view point of the customer rather than the company's perspective (Zeithaml .2006).

4. ASSURANCE: Assurance is defined as “the employees' knowledge and courtesy and the service provider's ability to inspire trust and confidence”. The trust and confidence may be represented in the personnel who link the customer to the organization (Zeithaml .2006).

5. EMPATHY: Empathy is defined as the “caring, individualized attention the firm provides its customer (Zeithaml 2006,). The customer is treated as if he is unique and special

2.2.1 Internal Marketing and Service Performance

Firm focus on retention of existing customers or attraction of new customers is becoming vital for the existing competitive service industry. Various researches in related topic suggest that internal customer satisfaction affects the process of production, which in turn influences external customer satisfaction.

It is no exaggeration to say that the evidence for such a relationship would be even stronger for services, where service provider and consumer interaction is much higher in the service production process. As (Dolphin, R. (2005) noted greater attention to employee-customer interactions can result in an increased in perceived service quality, customer satisfaction and repeated purchase behavior of service customers. Since, customer perceptions, attitudes and intentions are affected by what employees experience in their organizations, if they do not feel valued neither was your customers. Firms could use this assumption hence satisfied employees was result long-lasting affiliation.

An exhaustive review of the literature suggests that internal communication can assure the successful implementation of any new program where strong communication pushes staffs to recognize the need of change, when it is required. In this regard, uninhibited flows of information across the organization help customers to be aware of the vacant resources within the organization.

Hence, firm should update its employees about the current nature of the external environment change which could be achieved by good internal marketing programs that focus on customers and acknowledge market orientation. In general, intensive and high quality communication should be treated as competitive advantage.

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

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

Organizational support theory supposes that to determine the organization’s readiness to reward increased work effort and to meet socio emotional needs, employees develop global beliefs concerning the extent to which the organization values their contributions and cares about their well-being. Perceived organizational support (POS) is also valued as assurance that aid was be available from the organization when it is needed to carry out one’s job effectively and to deal with stressful situations (Linda Rhoades and Robert Eisenberger).

Delegation of authority to front-staffs makes the firm to be responsive and to take the right decisions that ultimately satisfy external customers. Besides, companies trust on employees makes them feel more confident, motivated and a sense of belonging and trust.

2.2.2 Review of Related work

There are few researches done related with this study. Hence the researcher tries to see some of them which are more related to the topic. The titles with their objectives and major findings are discussed below to have an insight about this study.

The first work is marketing thesis done by **Sara Gulelat (2014)** with title of “ Internal Marketing and Customers Service Quality The Case Of Ethiopian Airlines ’ The main purpose of the study was to examine how customer of Ethiopian airlines rate the overall customer service quality, To

analyze the effect of the elements of internal marketing on customer service quality based on this objectives she found that customers rating of the overall customer service quality they receive it is above average which shows that most of the customers receives quality service and there is a positive relationship between the dimension of the internal marketing & service quality.

The second work is done by **NardosTsegaye , (January 2012)** entitled as “The Impact of Internal marketing on customer service quality the case of Ethiopian Electric Power Corporation”

The main objective of the study was to investigate the influence of internal marketing practices in case of EEPCO with the following specifics

- Identify the weak point in the IM implementation
- Explore the overall service performance from the customers point of view.
- What possible ways exist to tune IM programs in view of improving customers perceived service quality?
- Assess the influence of internal marketing dimension element on customers perceived service quality

With these objectives in mind the study result shows that generally employees are dissatisfied with their corporation IM activity & all variables of IM have a significant association with employees’ perception of internal service quality.

The third work taken as relatively similar work is done by **yomiyuDaba(2014)** entitled as ‘‘The Role Of Internal Marketing On Customers’ Satisfaction The Case Of Ethiopian Airlines ‘‘ His main objective was to investigate the relationship between internal marketing and customer satisfaction of Ethiopian airline enterprise and He put specific objectives in the following manner

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

With these objectives the researcher found that there were problems related to the internal marketing practice of the company which is related to inadequate availability of employee training, employee motivation, employee empowerment. From the finding the researcher concluded that

internal marketing has a vital role for the external customer satisfaction by improving the service quality of the company

2.2.3 THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

The purpose of this study is to examine the effect of internal marketing upon customers 'perceived service quality in Ethiopian Electric Utility. Internal Marketing has different but related dimensions which were previously stated in the dimension of Internal Marketing part, among stated dimensions, for this study purpose the most commonly quoted dimensions are selected. This includes Training and Development, Communication, Motivation, empowerment, organizational support & healthy working environment.

Training and development and service quality

Training and development is one of the most repetitively mentioned dimensions of Internal Marketing; Ahmed and Rafiq (2003), Gounaris (2006) and Tsai and Tang (2008) are among the scholars that identified training and development as one of the dimension internal marketing can be explained. According to Karen (2007), employee development is defined as a system for assisting employees to develop within their current jobs or advance to fulfill their goals for the future. Harvir (2001) noted "investing in training does have intangible benefits such as improved attitudes and increased skills that may prestige higher levels of service quality, customer satisfaction, and loyalty". In general, trained employees are more confident, innovative and assured to serve customers properly. Hence, the first hypothesis for this study is

H1: There is a positive relationship between employee training and development and service Quality

Communication and service quality

Communication is a broad term that covers the communication between and among the executives and the employees in a corporation, the communication between the departments and cooperation and feedback between units. Information sharing across departments is essential in order to build trust, as it enhance and improve transparency in the organization. To do so, organizations must be prepared to openly share with their members, information on their strategy, financial performance, and expenditures (Pfeffer; Veiga, 1999; Walton, 1985).Further (Uchenna Paschal Anosike,2008)

Noted the overarching IM function in this direction includes initiating, maintaining, and developing networks of quality internal relationships between employees, their management, and the organization for the purpose of creating superior value for customer. Based on the above concept the study develops the following proposition.

H2: There is a positive relationship between Communication and service quality

Motivation and service quality

Motivation can be defined as the development of a desire within an employee to perform a task to his/her greatest ability based on that individual's own initiative (Rudolph &, Kleimer 1989). In the case study conducted on Relationship between Motivation and service performance , there is a positive correlation between motivation and performance (Prof.S.K. &Viveki, 2011) Hence the following hypothesis is drawn.

H3: There is a positive relationship between motivation and service quality

Organizational support & service quality

Organizational support is the extent to which an organization cares about the well-being of its members. Listens their complain tries to help them when they have a problem. And treat them fairly (Jennifer M.George Gareth R.Jones). Perceived organizational support (POS) is also valued as assurance that aid was be available from the organization when it is needed to carry out one's job effectively and to deal with stressful situations (Linda Rhoades and Robert Eisenberger). Based on the above explanation the following hypothesis is drawn.

H4: There is a significant association between organizational support and the customers perceived service quality.

Empowerment & service quality

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

relationship, internal marketing underpins the drive for greater involvement, commitment, and understanding. Based on the above explanation the hypothesis is drawn as follow:-

H5: There is a significant association between empowerment and the customers perceived Service quality.

Healthy Work Environment

It is not easy to create a healthy working environment, organizations should evaluate the current situation of the healthy environment and try to change the required aspects to have a healthy environment such as: stop smoking in the internal offices and departments, keep the dangerous materials away from the employees, create awareness about the safety requirements and programs and keep the places clean (DeCenzo/Robbins, 10thedition). Based on above explanation, the hypothesis is drawn as follow:

H6: There is a positive relationship between healthy working environment and perceived Service Quality

2.2.4 The Conceptual Frame Work

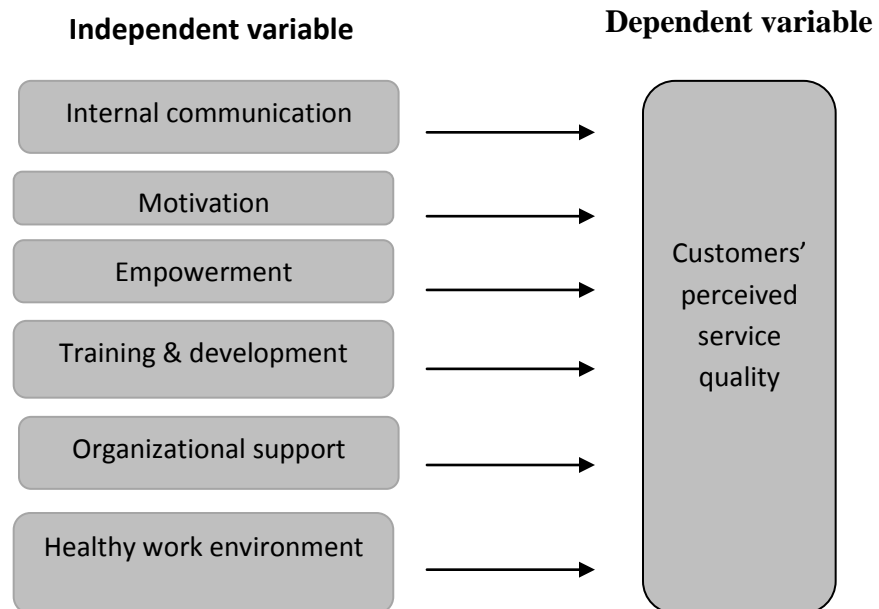


Figure 1.1 conceptual framework

Source: Adopted from Rafiq and Ahmed (2002))

CHAPTER THREE

RESEARCH DESIGN & METHODS

This chapter elaborates the research design, data type and source, target population, Sampling Technique, sample size, data collection and data analysis. The methods selected below are found to be suitable because of their appropriateness for situations in the selected study area in analyzing major issues and forwarding sound recommendations

3.1. RESEARCH APPROACH

As the research objective is to investigate the cause and effect relationship of internal marketing & customers' perceived service quality In line with this reasoning and purpose of the research this study is explanatory type.

3.2. RESEARCH DESIGN

The type research design selected for this study was **Quantitative** the rational for using quantitative design is Since this study intended to investigate the impact of Internal Marketing on customers 'perceived service quality to realize this relationship, the research mainly applied numerical data hence quantitative type of research design is appropriate for this study . Quantitative research involves attaching numbers to relationships between variables (Kothari,2004). Quantitative research uses objective measurements and statistical analysis of data that is collected from a well-controlled setting.

3.3. DATA SOURCE

The type of data that was used for this study includes both primary & secondary. To collect primary data structured questionnaire was developed and distributed to employees & customers of selected customer service center of EEU western Addis Ababa region on the other hand, previous studies, literatures, journals and publication are used as secondary data reference. .

3.4. POPULATION AND SAMPLE SIZE

3.4.1 Population

The target population of this study includes contact employees & industrial customers of Ethiopian Electric Utility Western Addis Ababa Region customer service center One, Two Three Four, Five, Six, Seven , Eight, Nine, Ten ,Eleven. Contact employees refer those who are working in areas

where there is a direct contact with external customer in person or through telephone. In addition industrial customers refer to those customers group who use electric power for industry purpose. Hence industrial customers & employees who are working at Ethiopian electric utility western Addis Ababa Regions selected customer service centers of the company are the two major instances which the study rely on to gather data

3.4.2 Sample size

Determining the sample size should be done in vigilantly not to make it too small or too large. If sample size is too small, it will not represent the population and if it's too large, unnecessary cost will be incurred. As mention above the target population include employees & industrial customers of EEU western Addis Ababa region selected customer service centers (district).

According to the company profile there are 274contact employees who are worked at the eleven customer service centers & a total of 163 Industrial customers are found in this selected district (customer service centers) which means the total number of population targeted for the study is 437 Respondent. Hence the researcher takes the total 163 industrial customers under the selected district as representative of the total customer population. And it is very expensive in terms of money and time to collect data from the total number of Employees so that the researcher has to determine sample which is representative for the total employees population. Yamane (1967) provides a simplified formula to calculate sample sizes of finite population, which is used to determine the sample size for this study. A 95% confidence level was assumed for this formula to determine the sample size, at e=0.05. Hence sample size of the employees is determined by the following formula.

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

Where n is the required sample size, N is the population size and e is the level of precision. Applying the above formula,

$$n = \frac{274}{1+274(0.05)^2}$$

N_e=274

e =0.05

Accordingly The sample size of employees for this research is $n_e = 162.61$ approximately 163 contact employees. Hence 163 industrial customer & 163 contact employees of EEU are the sample size that represent the total population

3.5 SAMPLING TECHNIQUE

Sampling technique is technique used to select suitable sample so as to represent the whole population. There are two common sampling techniques; probability and non-probability sampling. This study uses both probability & non probability sampling technique .As mentioned above the study is only confined to of EEU Addis Ababa regions. According to the company profile Ethiopia Electric Utility has 4 regions that sell & distribute electric power for the population in & around Addis Ababa, this are North, South, East & West Addis Ababa region.

It is very expensive in terms of money & time to assess the total population under each region so cluster sampling is viable to target those sampling set .the rationale for employing cluster sampling is the regional based structure of the company makes area sampling feasible which is one variant of cluster sampling.

as we all know EEU is the only seller & distributor of electric power in the whole country & each regions provide the same type of service thus it is safe to say that one region is good representative of the population because all employees are treated in the same manner in addition all customers receive the same service where no one is treated as special and different as they receive homogeneous service when anyone could tell what he/she feels about the general service provision without much difficulty. hence The researcher randomly select EEU Western Addis Ababa region as a primary sampling unit further under EEU Western Addis Ababa Region there are 26 Districts this are customer service center

(one,twoThree,Four,Five,Six,Seven,Eight,Nine,Ten,Eleven,Wolliso,Wolkitie,Tulubolo,Butajira,Sen sedo,Gunchire,Worabe, Bantu , Endibir, Dalocha , Agena ,Ameya Darge Ture,& Buee).

It is difficult to select a sample from all customers in the region. It will be appropriate to narrow down the focus of data collection so by using purposive sampling technique eleven of the region districts (customer service centers)named one, two, three, four ,five, six, seven, eight, nine, ten & eleven are selected as a Target district from which respondents are drawn.

The major reason for this selection is

- Widely expanding area in many directions.
- Large numbers of industrial customers are served under this district.
- Easiness of accessing respondents as there is various resource limitations.

Hence the target populations in this Research was contact Employees and Industrial Customers of Ethiopian electric utility west Addis Ababa Region eleven customer Service Centers. The questionnaires for employees was administered at each customer service center to each employees through simple random sampling technique in whom every single element in the population has a known and equal chance of being selected as a subject& the questionnaire for the customers will be administered through convenience sampling technique.

3.6 DATA COLLECTION TOOL

Permission was request and take from EEU West Addis Ababa region before the administration of the instruments, The current internal marketing practice and its effect on customers' perceived service quality was investigated using structured questionnaire. Purpose of the study was explained to them through presenting the objective of the study and data collection instruments. Then, the questionnaires are distributed to the employees in their place of work with instruction of how to fill the questionnaires and the questionnaire for the customer is addressed through convenient sampling technique by present the questionnaire personally through district managers to the respondents to gather the data.. Secondary information was secured from books, journals, published/unpublished materials, from the corporation website and newsletters of the organization.

3.7. DATA ANALYSIS TECHNIQUE

The research use Descriptive statistics, ANOVA, Correlation analysis, and Regression analysis tools for data analysis. The analysis of the questionnaire was supported by software called statistical package for social science (SPSSversion 20). In analyzing the data, the study use descriptive analysis tool like Mean, Standard Deviation, Correlation coefficient etc & for Regression analysis tool multiple linear regression analysis was applied.

3.8 ETHICAL CONSIDERATION

The study was undertaken after ensuring all ethical consideration is taken. The purpose of the study was explained to each study participants and verbal consent was obtained from all study subjects before distributing the questionnaire. For this purpose the introduction part of the questionnaire is state the purpose, importance & confidentiality of the study. Respondent was also informed their full right to fill the questions or to withdraw from the study at any time without any unfavorable consequences, and they are not harmed as a result of their participation or non-participation.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter involves presentation of the data gathered in the process of conducting the study and includes the analysis made with the use of the output provided by the SPSS software version 20. The demographic characteristics of respondents are described followed by other analysis made taking the data obtained from the distributed questionnaires as an input. This chapter also presents the assumption of reliability, validity, multicollinearity & normality. The correlation and regression of the data is also briefly discussed under this chapter.

4.1 SAMPLE AND RESPONSE RATE

Survey of this study was conducted between the month of July and September. The result and findings of the study was divided into different sections: demographic information and data analysis for the research questions. Employees were randomly chosen and convenience sampling was used to target industrial customers. 299 questionnaires were completed and used in data analysis representing 91.7% percent of response rate.

Table 4.1 Response rate of questionnaires Administered

Type of respondent	Response rate	Returned	Usable
employees	163	157	153
customers	163	153	146
total	326	310	299
percentage	100	95%	91.7%

Source: own survey 2018

4.2 DEMOGRAPHIC PROFILE OF EMPLOYEES

In order to generally describe the characteristics of the respondent; gender, age educational back ground and job experience were part of demographic questions. Majority of the respondent were males which is 54% and female respondents were 46%. Hence these implies that in the company number of male employees is greater than female employees.

Table 4.2 Gender composition of Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
male	82	53.6	53.6	53.6
Valid Female	71	46.4	46.4	100.0
Total	153	100.0	100.0	

Source; own survey 2018

Educational background was also enquired where most of the respondents of educational background of both sex lye on first degree which is 79.1% of all respondent. The remaining 17% are diploma graduate and 3.9 % at Masters Level. Hence, the employees' educational level enables the company to discharge its duties and perform well.

Table 4.3 Educational Level of Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	26	17.0	17.0	17.0
Valid Degree	121	79.1	79.1	96.1
Master	6	3.9	3.9	100.0
Total	153	100.0	100.0	

Source: own survey 2018

Respondents' job experiences were also explained 57.5% of the respondents have job experience between one & five years, 40.5% between six to ten years and only 2% of respondent have between eleven & fifteen years of experience. Therefore, one can infer that the experience of the

employees is moderate and the company has to retain the employees through the practice of proper internal marketing.

Table 4.4 Work Experience of the Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 - 5	88	57.5	57.5	57.5
6 -10	62	40.5	40.5	98.0
11- 15	3	2.0	2.0	100.0
Total	153	100.0	100.0	

Source: own survey 2018

The below table 4.5 illustrates respondent's age proportion in four age category. The majority of Employee are below the Ages of 25 (51.60%) next to this, Employee between 25- 36 (33.3%) and 37-46 (11.8%) age group, 47-56 (3.3.%) were the third and the fourth respectively groups of Employee. From this the researcher concluded that majority of employees of the company who are serving customers are dominated by the young aged employees.

Table 4.5 Age group of Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid < 25	79	51.6	51.6	51.6
25-36	51	33.3	33.3	85.0
37-46	18	11.8	11.8	96.7
47-56	5	3.3	3.3	100.0

Total	153	100.0	100.0	
-------	-----	-------	-------	--

Source: own survey 2018

4.3 DEMOGRAPHIC CHARACTERISTICS OF CUSTOMERS

Similar to that of employees' Demographic statistics, customers demographic statistics also describe their gender, education, age and the overall composition. When we see the gender of customer respondents 77.4% of them were male and the remaining 22.6% of them were female respondents. This implies that larger of the customers are males. Regarding to customer respondents age group (8.2%) of the respondents were below the age of 25 years & 39.7% of the respondents age lie between 25 to 36 and 34.2% of them between 36 to 46 and 15.1% of them are between the age of 46-56 the last 2% are grouped above the age of 56 year. When we see educational level of customers, majority 75.3% of the respondents are degree graduates, followed by diploma holders 21.2% & 3.4% of the respondents are MA/MSc holders. Thus, these implies that larger numbers of respondents are literate and they can easily indicate the service delivery practice of the corporation and measure their satisfaction level

4.4 DESCRIPTIVE STATISTICS ANALYSIS FOR THE INTERNAL MARKETING VARIABLES

In this section, the respondents answer present in the form of table. The tables contain Mean and standard deviation of their response. Mean value provides the idea about the Central tendency of the values of a variable. Standard deviation is to give the idea about the dispersion of the values of a variable from its mean value. All of the variables were measured using five point Likert scale ("1" Strongly disagree; to "5" Strongly agree). The interpretations of the Likert scale results are: scores of 1 to 2.32 indicate low level, scores of 2.33 to 3.65 indicate medium level, and scores of 3.66 to 5 indicate high level (Alhakimi and Alhariry, 2014). Hence this study mean results are interpreted in light of this explanation. The following Table 4.6 indicates that employees of Ethiopian Electric utility perceived Training & Development $M = 3.377$ dominant of internal marketing practices and evident to a considerable extent these indicate employees are moderately agreed with the training program of their company the second scored internal marketing variable is internal communication with the mean value of $M = 3.2821$ indicate that employees are moderately satisfied with the internal communication practice of the company. The third scored mean value is healthy work environment $M = 3.0741$ this indicate employees are

moderately satisfied with the healthy work environment . The next scored independent variable is organizational support with the mean value of 3.0588. The result of the mean value indicate that employees of the company are moderately agreed with the support of their organization.

The Next independent variable with the mean value of 2.8876 is Empowerment these result indicate employees are moderately satisfied with the company practice of authorizing and delegating them to make decision.

The least scored among the independent variable is motivation with the mean value of 2.3778. These show us the Employees are dissatisfied with the company motivational practice .The general result of the mean &standard deviation indicate that the employees perception towards their company internal marketing practice was not satisfactory.

Table 4.6 Descriptive Statistics: Mean and standard deviation of statistic of employees

IM perception

	N	Mean	Std. Deviation
Internal communication	153	3.2821	.88032
Motivation	153	2.3778	.94634
Empowerment	153	2.8876	.64352
Training &development	153	3.3775	.38460
Organizational support	153	3.0588	.74055
Healthy work Environment	153	3.0741	1.06802

Source: own survey 2018

4.5 DESCRIPTIVE STATISTICS ANALYSIS FOR SERVICE QUALITY DIMENSION

Table 4.7 indicates mean score of the general perceived service quality which measures the customers overall service perception related to the service performance of the company. According to the survey customers of Ethiopian Electric utility perceived the total servqual dimension of the company with the Mean value range from of = 3.2329 to2.9315 this indicate that the customer perceived the service performance of the company at moderate level & they are not reach at the

strong & very strong satisfaction level towards the five dimension of the company service quality delivery.

Table 4.7 Mean and standard deviation statistic of customers
Service quality perception

	N	Mean	Std. Deviation
Tangibility	146	3.1027	.44205
Reliability	146	3.1935	.50920
Responsiveness	146	2.9315	.53941
Assurance	146	2.6216	.68810
Empathy	146	3.2329	.61572

Source: own survey 2018

4.6 TEST OF MULTICOLLINEARITY AND NORMALITY.

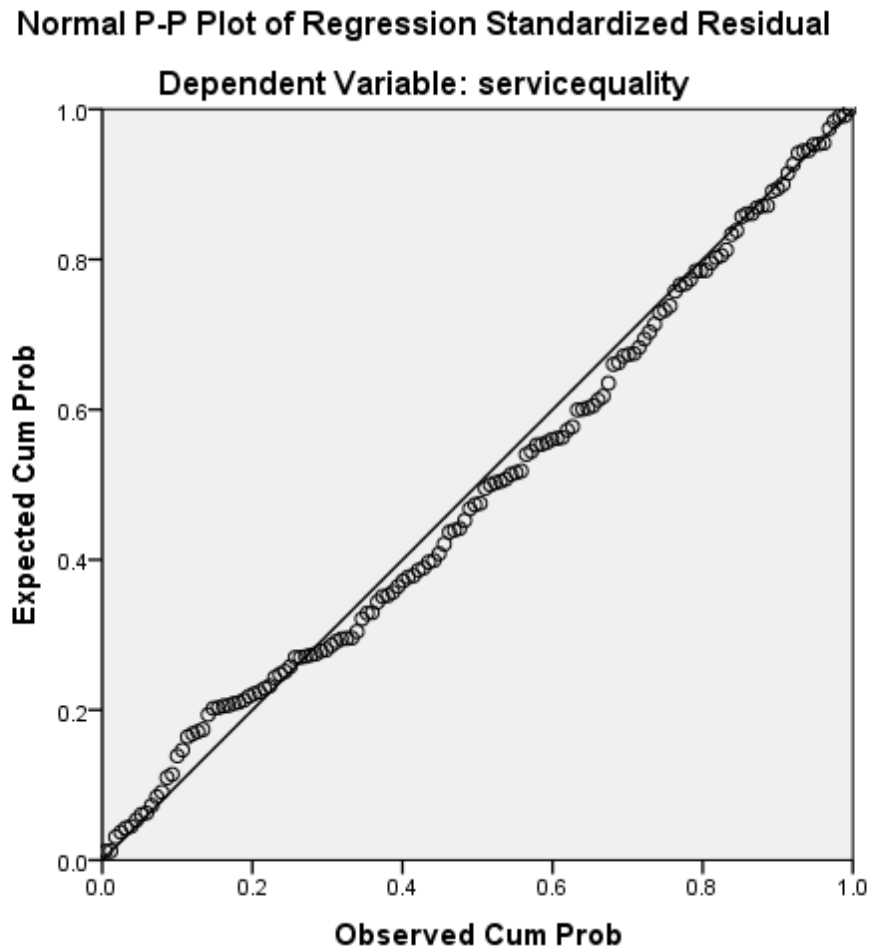
Preliminary analyses were conducted to indicate if there were any violations of the assumptions of multicollinearity & normality. To indicate if multicollinearity assumption was violated, the tolerance & VIF measurement are used. The tolerance values for each of the variables scales ranged from .784 to .955 which are not less than .20; thus, further verifying that the assumption is not violated. This was verified by the VIF values which ranged from 1.047 to 1.276 which are under 5 suggesting that there is a moderate correlation but it is not enough to warrant corrective measure. (<http://statisticsbysim.com> >blog)

Table 4.8 Result of Colinearity Diagnostics

Independent Variable	Tolerance	VIF
Internal Communication	.955	1.047
Motivation	.853	1.173
Empowerment	.883	1.132
Training & development	.784	1.276
Organization support	.952	1.050
Healthy work environment	.950	1.052

Source: own survey 2018

To test the assumption of normality Normal P-Plot of Regression Standardized Residuals was conducted for each of the six variables. According to normality assumption if the research data comes from is normal distribution the point on the graph will form a line hence the points lied in reasonably straight lines, therefore, the assumption of normality was found tenable (<http://www.stasticshowto.com>).



Source: own survey 2018

Figure 2.1Normal p- plot of the regression standardized residuals

4.7 RELIABILITY & VALIDITY

The researcher observes the validity of the research instrument and the reliability of data entered into SPSS software data analysis system. The questionnaire is reviewed by the research advisor before distributing to the target population. Data is collected from the reliable sources, from respondent who has experiences in serving the company & using the service of the company. The total number of complete feedback received was 299 sample populations which means 153 contact employees & 146 industrial customers. In order to confirm the reliability of the data, Cronbach's Alpha was calculated for the variable. As below table indicate, the variables Cronbach's alpha test result shows to be larger than 0.7 which is known to be satisfactory.

Table 4.9 Cronbach's Alpha Result

Variables	Cronbach's Alpha
<i>Training & Development</i>	.814
<i>Internal Communication</i>	.825
<i>Motivation</i>	.914
<i>Empowerment</i>	.785
<i>Organizational support</i>	.892
<i>Healthy work environment</i>	.955
<i>Service quality</i>	.825

Source: own survey 2018

4.8 Correlation analysis

The relationship between the predictor and criterion variables was examined using correlation analysis and the results are presented in this section. Computing correlation between dependent and independent variables facilitate a way to see the magnitude and direction of the relationship between the dependent & independent variables. The results are listed in the below table. According to Ratner (2014) correlation Values between 0 and 0.3 (0 and -0.3) indicate a weak positive (negative) linear relationship, 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 .

Table 4.1.2 Correlations

		Internal communicatio	Motivation	empowerment	Training and development	Organizational support	Healthy work enviroment	Service quality
Internal communication	Pearson Correlation Sig. (2- tailed) N	1 153	.100 153	.031 153	.210** 153	.050 153	-.017 153	.252** 146
Motivation	Pearson Correlation Sig. (2- tailed) N	.100 153	1 153	.196* 153	.363** 153	.011 153	.059 153	.570** 146
Empowerment	Pearson Correlation Sig. (2- tailed) N	.031 153	.196* 153	1 153	.267** 153	-.027 153	-.078 153	.373** 146
Training & Development	Pearson Correlation Sig. (2- tailed) N	.210** 153	.363** 153	.267** 153	1 153	.058 153	-.037 153	.604** 146
Organizational support	Pearson Correlation Sig. (2- tailed) N	.050 153	.011 153	-.027 153	.058 153	1 153	.182* 153	.175* 146
Healthy work enviro	Pearson Correlation	-.017	.059	-.078	-.037	.182*	1	.151

	Sig. (2-tailed)	.835	.466	.339	.648	.024		.069
	N	153	153	153	153	153	153	146
Service quality	Pearson Correlation	.252**	.570**	.373**	.604**	.175*	.151	1
	Sig. (2-tailed)	.002	.000	.000	.000	.034	.069	
	N	146	146	146	146	146	146	146

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: own survey 2018

The above the correlation matrix indicates that internal marketing practices were positively and moderately correlated with service quality. The highest coefficient of correlation in this research lay between training & development and service quality is .604 There is a moderately significant positive relationship between training & development and service quality ($r = 0.604$ $p \leq 0.05$).

The second scored coefficient of correlation in internal marketing dimensions and service quality is 0.570 which is between motivation & service quality .Hence, there is a moderate significant positive relationship between Motivation and service quality ($r = 0.570$ $p \leq 0.05$).

The Third scored coefficient of correlation in internal marketing dimensions and service quality is 0.373 which is between Empowerment & service quality. Hence, there is moderately a significant positive relationship between Empowerment and service quality ($r = 0.373$ $p \leq 0.05$).

The fourth scored coefficient of correlation in internal marketing dimensions and service quality is .252 which is between Internal communication & service quality. Hence, there is a weak but positive relationship between internal communication and service quality ($r = 0.252$ $p \leq 0.05$).

The fifth coefficient of correlation in internal marketing dimensions and service quality is .175 which is between organizational support & service quality. Hence, There is a weak but positive correlation between organizational support and service quality ($r = 0.175$ $p \leq 0.05$)

The six & the least coefficient of correlation in internal marketing dimension & service quality is 0.151 which is lye between healthy work environment & service quality. Hence there is weak correlation coefficient between healthy work environment & service quality ($r = 0.151$ $p \geq 0.05$).

In general the above correlation matrix shows that all variables were positively correlate with the dependent variable; service quality which implies that the increase of the independent variables will also enhance the dependent variable service quality.

4.9 REGRESSION ANALYSIS

Multiple regression analysis was conducted to examine effect of internal marketing on customers' perceived service quality. In this survey, six hypotheses were developed to study the direct impact of internal marketing dimensions on service quality.

Table 4.1.3 Model Summary

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.769 ^a	.591	.573	.27104	.591	33.472	6	139	.000	1.704
a. Predictors: (Constant), Healthy Work Environment, Internal Communication, Empowerment, Organizational Support, Motivation, Training and Development										
b. Dependent Variable: Service quality										

Source: own survey 2018

As it can be seen in the above model summary $R = 0.797$ which indicates the positive relationship between the explanatory variables (training and development, motivation, empowerment, organization support, healthy work environment & internal communication) & dependent variable service quality and R-square measured how much the percentage of the difference in the dependent variable is explained as a result of the change in the independent variable which are internal marketing components thus R-square also measures the goodness of the fit of those explanatory

variables in explaining the variation in service quality as dependent variable. So that, the adjusted R-square value for the regression model is 0.573 which implies the variance in the measure of service quality explained by the underlying internal marketing elements is 57.3%, the remaining 42.7% are explained by other variable which are not included in this study model.

Table 4.1.4 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.754	6	2.459	33.472	.000 ^b
	Residual	10.212	139	.073		
	Total	24.966	145			

Source: own survey 2018

a. Dependent Variable: service quality

b. Predictors: (Constant), healthy work environment , Internal communication, Empowerment, Organizational support, Motivation, Training and Development.

The above ANOVA table shows the acceptability of the model The p-value is < 0.05 which indicates the variation is explained by the model is not due to chance. However all internal marketing components have no equal correlation with service quality because the outcome of multiple regression analysis stated that there is variation in the impact of internal marketing variables up on service quality.

Table 4.1.5 Regression coefficient analysis of the model

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.277	.235		1.180	.240
	Communication	.059	.026	.127	2.294	.023
	Motivation	.159	.025	.367	6.243	.000
	Empowerment	.139	.040	.202	3.507	.001
	Training	.407	.065	.383	6.249	.000
	Organizational support	.069	.031	.124	2.231	.027
	Healthy workenviroment	.056	.022	.143	2.572	.011

a. Dependent Variable: Service Quality

Source; own survey 2018

The above Table 4.1.5 reveals that the significance level of each variable where P-values are .023, .000, .001, .000 and 0.027 &.011. The p-value of all the independent variables are below 0.05 which implies all of the independent variables have a significant relationship with the dependent variable; service quality. Based on the above results here can be developed the following regression equation

$$\text{Servqual} = 0.277 + 0.59 \text{ IC} + 0.159 \text{ MT} + 0.139 \text{ EM} + 0.407 \text{ TD} + 0.69 \text{ OS} + 0.56 \text{ HWE} + e$$

Where

SERVQUAL= service quality

MT= Motivation

EM= Empowerment

TD= Training& Development

IC=Internal communication

OS= Organizational Support

HWE= Halthy Work Enviroment

Based on the above result the first hypothesis which states that there is a positive relation between Employees Training and Development and service quality is accepted because the P-value of Training and development is 0.000 which is less than 0.05 ($P < 0.05$; $\beta = 0.383$), hence the independent variable; Training and Development has strong significant relationship with service quality.

The second hypothesis developed states that there is a positive relationship between Internal Communication and service quality. The hypothesis has been accepted as its p- value is .023 which is less than 0.05 ($P < 0.05$; $\beta = 0.127$) Henceforth, we conclude that communication has significant relation with service quality.

The third hypothesis which states, there is a positive relationship between motivation and service quality is also accepted because the P-value of motivation is 0.000 which is less than 0.05 ($P < 0.05$; $\beta = 0.367$) hence motivation has significant relationship with service quality ; hence, the third hypothesis is accepted.

The fourth independent variable that presumed to have relation with service quality is organizational support. The fourth hypothesis states that there is a positive relationship between organizational support and service quality. The p-value of organizational support is .027 which is less than 0.05 ($P < 0.05$; $\beta = 0.124$), hence the fourth hypothesis is accepted

The fifth hypothesis which states, there is a positive relationship between empowerment and service quality is also accepted due to the p-value of empowerment is.001 which is less than 0.05 ($P < 0.05$; $\beta = 0.202$) hence empowerment has significant relationship with service quality the hypothesis is accepted.

The last independent variable that presumed to have relation with service quality is healthy work environment. The sixth hypothesis states that there is a positive relationship between healthy work Environment and service quality . The p-value of healthy work environment is.011 which is less than 0.05 ($P < 0.05$; $\beta = 0.143$) hence the six hypothesis is accepted.

4.2.1 DISCUSSION OF THE RESULT

This study was aimed to examine the impact of internal marketing on customers 'perceived service quality at Ethiopia Electric Utility. Training and Development, empowerment ,Communication ,Motivation .healthy work environment & organizational support were selected as internal marketing dimensions because they have been repeatedly used by various researchers as it has been clearly indicated in literature review part. For the purpose of this study six hypotheses were developed, brief discussion on each hypothesis is given below.

H1; There is a positive relation between Employees Training and Development and service quality

The research finding in the regression table 4.1.5 shows that there is a positive relation between employees training & development and service quality. The result was also supported by a case study which was conducted on The Relationship between training & development & service performance by Harvir (2001) noted "investing in training does have intangible benefits such as improved attitudes and increased skills that may prestige higher levels of service quality, customer satisfaction, and loyalty". In general, trained employees are more confident, innovative and assured to serve customers properly.

H2; There is a positive relationship between Communication and service quality.

The data collected supports the second hypothesis which states, there is a positive relationship between communication and service quality. The flow of information between management & employees has direct impact on employees' service delivery performance. many previous researchers studied the effect of internal communication on service performance of internal customers proved the theory to be true. Among the researcher Madlock (2008) indicate that internal communication is one of the factors which influence job satisfaction. & service

performance With active and assessable communication, employees are better able to understand their job and are more connected to it. This leads to better performance and higher job satisfaction. Hence one can infer that developing well organized and free communication practice within the organization, enhanced service performance which have a benefit of offering quality service to the external customer.

H3; There is a positive relationship between motivation and service quality

One of the research findings that can be concluded from the statistics provided in the regression table is that motivation is positively related with service quality in Ethiopian Electric Utility. Giving the employees sense of achievement, providing them with new opportunities for advancement and promotions are key motivator that creates positive job attitudes which in turn lead to quality service delivery. In addition these finding is agreed with the previous research finding of (Gounaris, 2008) having satisfied and motivated employees will influence positively customer satisfaction, through more satisfactory encounters with contact personnel. From this viewpoint, “employment” (job description and employee-related policies) is the internal “product” and first-line employees the company’s internal “customers”.

H4; There is a positive relationship between organizational support and service quality

The study result has proven that support from the organization has a significant positive relation with service quality. When the organization values employees contribution and cares about their well-being it has been found to have important consequences to employee performance and well-being this lead employees to good service performance. This result is proved by the previous studies of (Linda Rhoades and Robert Eisenberger,2002) , Perceived organizational support (POS) is valued as assurance that if aid will be available from the organization when it is needed it will be helpful to carry out one’s job effectively and to deal with stressful situations

H5; there is a positive relationship between empowerment & service quality

According to statistics result empowerment has significant relationship with service quality. Giving employees some degree of authority and discretion to influence decisions over certain related tasks, especially, during employees’ interactions with customers improve their service performance. Zeithaml and Bitner (1996) among the researcher that support this finding and they specified that many organizations accept that in order to be responsive to customer needs, front-line staff need to be empowered to accommodate customer requests, and to recover on the spot when things go

wrong Because, supporting employee by delegating authority to lower level front-line employees makes them more responsive and alert to customers needs and to resolve on-the-spot service failure that stimulate them to be more customer centered.

H6; there is positive relationship between healthy work environment & service quality

The study also supports the sixth hypotheses which states that there is positive relationship between healthy work environment & service quality. (DeCenzo/Robbins, 10th) also state that When the organization create safe & suitable working environment it will lead employees to offer quality service to the external customers.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION & RECOMMENDATION

INTRODUCTION

The purpose of the study was to examine the effect of internal marketing on customers' perceived service quality. In this chapter of the study, summary of findings, conclusion, recommendations, and limitation of the study are stated.

5.1 SUMMARY OF FINDINGS

The study was designed to examine the Impact of internal marketing on customers' perceived service quality by using six selected dimensions: motivation, Empowerment, Training & Development, Communication, organizational support & Healthy work Environment in a case of Ethiopia Electric Utility. This study aimed to help service organizations to establish an internal service management philosophy that employee should be treated as internal customer within the organization.

. As per the correlation & regression analysis of the study the following major finding was identified.

- ✓ Training & Development, has very significant impact on customers' perceived service quality with the p-value of 0.000
- ✓ Motivation has very significant impact on customers' perceived service quality with the p-value of 0.000
- ✓ Empowerment has very significant impact on customers' perceived service quality with the p-value of 0.001
- ✓ Organizational Support has direct impact on the dependent variable with the p-value of 0.027
- ✓ Healthy Work environment has significant impact on customers' perceived service quality with the p-value of 0.011
- ✓ Internal Communication has significant impact on the service quality with the p-value of 0.023
- ✓ The result of the descriptive analysis showed that majority of the respondents/employees have low to average level of understanding of internal marketing concept. Hence they have little awareness about their being internal customers of the company.

- ✓ The result of the descriptive mean & standard deviation of analysis of service quality dimension showed that the customers perception towards the company service quality delivery was not satisfactory.

5.2 CONCLUSION

The main purpose of the study was to investigate the effect of internal marketing on customers' perceived service quality at EEU. In order to answer the research question Questionnaire containing questions on dimension of internal marketing were developed and distributed to the contact of employees of the company& in order to know the customer perception towards the company service performance questioners that contain dimension of servqual were developed and distributed to the industrial customers of the company .

The general objective of this study was to investigate the effect of internal marketing on customers' perceived service quality in Ethiopian Electric Utility. The entire research objective for this study was attained .Correlation analysis was conducted to analyze if there is relation between variables used, the correlation matrix revealed that all coefficient of correlation of the independent variable were positive and significant to the dependent variable . Further regression analysis was also conducted to verify if the independent variables have impact on customers' perceived service quality and the result conclude that the selected independent variable are significantly related with the dependent variable service quality. .Hence the research has proved the entire hypotheses formulated has accepted.

In addition When we see the mean score of employees overall evaluation of the company internal marketing practice which is found to be unsatisfactory where one can conclude that there are problems in the organization internal marketing program which is related to inadequate availability of employee training, employee motivation, employee empowerment, internal communication, organizational support & healthy work environment.

Accordingly the findings indicate that all the selected six internal marketing variables have direct impact on creating better service quality towards the organization. If the above variables are not to the level of service employees' expectation, it will affect their service delivery performance.

5.3 RECOMMENDATION

EEU has a vision of energizing Ethiopia's sustainable growth & enabling it to be power hub of Africa. EEU still operates as the sole provider of the power service. Unless the needs and wants of internal customers are met, it is difficult to gain satisfaction and loyalty of external customers.

- ✓ Managers and decision makers should focus on designing development programs and short term training to tailor the present gap of knowledge, ability, and skills that enable employees encourage and to be creative.
- ✓ The Corporation should provide continuous training to its employees regarding how-to serve customers in appropriate way and empower its front line employees to give punctual service without any delay.
- ✓ The corporation should create Healthy work environment as it has improve productivity & reduces costs related to absenteeism, turnover & medical claim.
- ✓ Since communication has a significant impact on customers' service quality, EEU should develop an open communication system between management and sub ordinates and also among employees to create connection, and to encourage employees forward their constructive ideas, and suggestions freely through organizing both formal and informal meetings.
- ✓ Moreover, managers should empower employees because as it is proved that when the employees are participated in the decision making process they provide a much better service to customers.
- ✓ Motivation is one of internal marketing element an organization to give due attention to encourage employees; hence, EEU should improve understanding on employees needs and wants, should apply/strengthen performance rewarding system and on incentives and compensation competitiveness to encourage employees.

- ✓ The way employees are treated by their management has a direct impact on the way those employees treat the customers. Therefore, the Corporation should treat its employees as it wants them to treat its customers by giving recognition and rewards for those who perform well.
- ✓ Managers should make assessment with the employees to hear their opinions and feedbacks about their job and let them to forward their opinion freely in order to gather valuable information from them for further considerations that could be also one way how the organization show them its support.

5.4 LIMITATION OF THE STUDY

The study is not without limitations however, future research can address. This study Took six dimensions of internal marketing, future research can adopt more and different dimensions such as; pay& benefit ,reward, organizational commitment ,job satisfaction & others . due to resource limitation The study also didn't include all department it is limited to contact employees & only industrial customers are included in this study however future researches should investigate the impact of internal marketing on customers' perceived service quality investigated throughout the company as every unit has its minimum of internal customer whose service output is being consumed by other unit.

REFERENCE

Ahmed, P., & Rafiq, M. (2003). *Internal Marketing Issues And Challenges. European Journal Of Marketing , 37(9), 1177-1186. Doi:10.1108/03090560310498813*

Ahmed, P. and Rafiq, M. (2003). *Internal marketing. European Journal of Marketing, Volume 37, Issue 9.* Emerald Group Publishing

Albert Caruana and Peter Calleya.1998. *The effect of internal marketing on organizational commitment, International Journal of Bank Marketing, 16(3):108-116.*

Alhakimi, W., & Alhariry, K., (2014). *Internal marketing as a competitive advantage in banking industry. Academic journal of management sciences, 3(1), pp.15-22.*

Anon, (2018). [online] Available at: <http://statisticsbysim.com> blog [Accessed 27 sep. 2018].

Anon, (2018). [online] Available at: <http://www.stasticshowto.com> [Accessed 27 sep. 2018].

Argenti, P. A. (2009). *Corporate communication. Mcgraw-Hill / Irwin: Boston. New-York*

Bansal, H., Mendelson, M., & Sharma, B. (2001). *The Impact of Internal Marketing Activities On External Marketing Outcomes. Journal Of Quality Management, 6(1), 61-76. doi:10.1016/s1084-8568(01)00029-3*

Beckford, J. (1998) "*Quality.A critical introduction*".Routledge, London, p.351

Berry L.L., (1984), "*Services Marketing is Different*", In *Services marketing*, Lovelock C. H. Prentice Hall

Bitner, M. and A. Hubbert. (1994), *Encounter Satisfaction Versus Overall Satisfaction Versus Quality in Service Quality: New Directions in Theory and Practice*, CA:Sage Publications, 72-94R
Rust and R Oliver (Eds.),

Collins, B., & Payne, A. (1991). *Internal Marketing: A New Perspective For HRM*. *European Management Journal*, 9(3), 261-270. Doi:10.1016/0263-2373(91)90006-C

Cronin, J.J., & Taylor, S.A. (1992). *Measuring service quality: a re-examination and extension*. *Journal of Marketing*, 56(3), 55-68.

DeCenzo D., & Robbins, S. (2005). *Fundamentals of human resource management (10th edition)*. John Wiley and Sons.

Dolphin, R. (2005). Internal Communications: *Today's Strategic Imperative*. *Journal of Marketing Communications*, 11(3), pp.171-190.

EEU Western Addis Ababa February (2017) *Central Customer Support office Report*
Eeu.gov.et. (2018). Home. [online] Available at: <http://www.eeu.gov.et> [Accessed jun 25 2018].

Ferguson and Brown (1991) Ferguson, J.M., and Brown, S.W. 1991. "Relationship Marketing and Association Management", *Journal of Professional Services Marketing*, Vol. 7, No. 2, pp.137-147

Fisk, R.P., Grove, S.J. & John, J. 2008. *Interactive services marketing (3rd ed.)*. New York: Houghton Mifflin Company

Frederick Herzberg (1964)"The Motivation-Hygiene Concept and Problems of Manpower".*Personnel Administrator* (27)

Green, G. (2002). *Training and development*. Oxford, U.K.: Capstone Pub.

Gounaris, S. (2006). *Internal-Market Orientation And Its Measurement*. *Journal Of Business Research*, 59(4), 432-448. Doi:10.1016/J.Jbusres.2005.10.003

Greene, W.E. Walls G.D. and Schrest, L.J. (1994). *Internal marketing: the Key to external marketing success. The Journal of Service Marketing* vol. 8(4), 5-13

Gronroos, C., (1982), *In The Service Sector, Strategic Management AND Marketing. Swedish School Of Economics And Business Administration, Helsinki*

Gummesson (2000) *Qualitative Method in Management research thousands oaks, Ca; sage*

Harvir S. Bansal,, Morris B. Mendelson, & Basu Sharma.2001. 'The impact of internal marketing activities on external marketing outcomes,' *Journal of Quality Management*, ' 6: 61–76.

Heskett, J.L., Sasser, W.E, and Schlesinger L.A.(1997). "The Service-Profit Chain", *New York: Free Press*

.

Jerome (P.2005). *The Effects of Internal Marketing on Service Quality within Collegiate Recreational Sport: A Quantitative Approach. The Degree Doctor of Philosophy. Ohio State University*

Joann keyton ,(1987) *Communication and organizational culture research asking question ,finding answer 3rd Edition north Carolina state University*

Karen S. (2001). *The Effect Of Employee Development Programs On Job Satisfaction And Employee Retention. (Unpublished Graduate Essay). University Of Wisconsin-Stout, Menomonie, United States Of America*

Kothari, C.R. (2004). *Research Methodology: Methods and Techniques*, 2nd revised ed., New Age International Publisher, Jaipur

Kotler, P. (2008). *Principles Of Marketing. Frenchs Forest, N.S.W.: Pearson Education Australia.*

Kotler, P. (2000). *Marketing management-analysis, planning implementation and control (10th ed.)*. Englewood clifts. NJ: Prentice-Hall, 22-26

Lawrence, P. and Lorsch, J. (1967), *Organization and Environment*, Harvard University Press, Cambridge, MA

Lehtinen, U. and Lehtinen, J. (1991). *Two approaches to service quality dimensions*. *Service Industries Journal* 11 (3), pp. 287-303

Linda Rhoades and Robert Eisenberger, (2002) *Perceived Organizational Support: A Review of the Literature*, , Vol. 87, No. 4, P 698–714

Madlock, P. E. (2008). *The Link Between Leadership Style, Communicator Competence, And Employee Satisfaction*. *Journal Of Business Communication*, 45(1), 61 -78.

Maslow, A. (1954). The Instinctoid Nature of Basic Needs¹. *Journal of Personality*, 22(3), pp.326-347.

Michael Armstrong and Helen Murlis, *Reward Management 5th editon*.

Morrison, E. C. (1996). *Organizational citizenship behavior as a critical link between HRM practices and service quality*. *Human Resource Management*, 35, 493 – 512

Newman K (2001). *Interrogating SERVQUAL: a critical assessment service quality measurement in a high street retail bank*, *Inter. J. Bank Market.*, 19(3): 126–139.

Oliver R.L (1997) *satisfaction ; a Behavioural Prespective on the customer* .newyork

Olorunleke, 2000 *An empirical analysis of internal marketing on organizational commitment: a study of banks in Lagos – Nigeria*

Owolabi L.K and Abdul-Hameed. 2011. „*Employee Involvement in Decision Making and Firms Performance in the Manufacturing Sector in Nigeria*, *Serbian Journal of Management*, 6 (1):1 – 15

Papasolomou, I., & Vrontis, D. (2006). *Using Internal Marketing To Ignite The Corporate Brand: The Case Of The UK Retail Bank Industry*. *J Brand Manag*, 14(1/2), 177-195. *Doi:10.1057/Palgrave.Bm.2550059*

Parasuraman, A, Valarie, A, Zeithaml, A, Leonard, L., & Berry, L. (1985). *A conceptual model of service quality and its implications for future research*. *Journal of Marketing*, 49, 41-50.

Parasuraman A., Zeithaml, V., Berry, L.L., (1988), "SERVQUAL: A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality",*Journal of Retailing*,64,1, pp 12-40

Parasuraman, A., Zeithaml, V. and Berry, L. (1985).*A conceptual model of service quality and its implications for future research*.*Journal of Marketing* 49 (4), pp. 41-50.

Pfeffer, J., Veiga, J.F. (1999). *Putting people first for organizational success*. *The Academy of Management Executive*, 13 (2), 37-48

Proctor, T. (2010). *Internal Marketing and Its Basis for Sound Customer Relationship Management*. *Journal Of Management & Marketing In Healthcare*, 3(4), 256-263

Prof.S.K. Singh.& Vivek Tiwari.(2011). *Relationship Between Motivation And Job Satisfaction Of The White Collar Employees*. (Unpublished Graduate Essay). Banaras Hindu University, Varanasi, India.

Quirk, T. and Jones, G. (2008). *Study guide for use with Contemporary management [by] Gareth R. Jones, Jennifer M. George*. New York, N.Y.: McGraw-Hill/Irwin

Ratner,B.(2014).*The Correlation Coefficient: Definition*. Retrieved from <http://www.dmstat1.com/res/TheCorrelationCoefficientDefined.html>

Rudolph PA, Kleimer BH (1989). *The Art Of Motivating Employees. Journal Of Managerial Psychology*, 4 (5): 1 – 4.

Tsai, Y., & Tang, T. (2008). *How To Improve Service Quality: Internal Marketing As A Determining Factor. Total Quality Management & Business Excellence*, 19(11), 1117-1126. Doi:10.1080/14783360802323479

TómasBjarnason, *The Impact of Social Recognition on Organizational Commitment, Intent to Stay, Service Effort, and Service Improvements in an Icelandic Service Setting*

Uchenna Paschal Anosike,(2008); *Phenomenology as a method for exploring management practice. International Journal of Management Practice*, 5(3), p.205.

Uchenna, P. (2008). *A Phenomenological Exploration of the Domain and structure Of Internal Marketing. degree of Doctor of Philosophy. University of Wolver Hampton*

Varey, R., & Lewis, B. (1999). *A Broadened Conception Of Internal Marketing. European Journal of Marketing*, 33(9/10), 926-944. Doi:10.1108/03090569910285869

Woodruffe, H., London: Pitman, c. and Library, S. (2018). *Services marketing. [online]Catalogue.sunderland.ac.uk.Availableat:https://catalogue.sunderland.ac.uk/items/156430 [Accessed 27 Oct. 2018].*

Wu, W., Tsai, C. and Fu, C. (2018). *The Relationships among Internal Marketing, Job Satisfaction, Relationship Marketing, Customer Orientation, and Organizational Performance: An Empirical Study of TFT-LCD Companies in Taiwan*

Yamane, Taro. (1967). *Statistics: An Introductory Analysis, 2nd Edition, New York: Harper and Row.. [online] Available at: http://www.sciepub.com/reference/180098 [jun 27 2018].*

Zampetakis and Moustakis (2007). *Fostering corporate entrepreneurship through internal marketing: implications for change in the public sector. European Journal of Innovation Management Vol.10 (4): 413 – 433.*

Zeithaml, V.A., Bitner, M.J. and Gremler, D.D.(2006). *Service Marketing. Intergrating Customer Focus Across the Firm. Andy WinstonAmericas*

Zeithaml, V.A., Berry, L.L. and Parasuraman, A., (1996), “*The behavioral consequences of service quality*”, *Journal of Marketing, Vol. 60, No. 2, Pp. 31-4.*

APPENDIX A
Addis Ababa University
School of Commerce
Department of Marketing Management
Questionnaire for Employees

Dear Valued Respondent

Thank you in advance for taking the time to complete this questionnaire. The purpose of this questionnaire is to collect data that helps to study “The Effect Of Internal Marketing On customers’ Perceived Service Quality in case of Ethiopian Electric utility for the fulfillment of MA in Marketing Management . As the data is used purely for academic purpose, I would like to assure you that your response would be used for this purpose only. Therefore, your response is highly valuable for the quality of the study.

Thank you

The researcher

- *please put “✓”marks on your answers*
- *No need to write your name*

Section A. Demographic Information

1. Gender: Male Female

2. Age :
 < 25 26-36 36-46 46-56 >56

3. Work Experience in your organization
 1-5 6 - 10 11-15 16

4. level of education
 Diploma Degree Master PHD other

Section B

Based on the following scale please put checkmark (✓) on the point that best suits your agreement level from the adjacent choices

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

S.N	Internal Marketing Dimension	Scale				
		1	2	3	4	5
		SD	D	N	A	SA
	Internal communication					
1	There is accurate and open flow of information in our department					
2	Supervisors are keenly interested in listening to what I say about my job, the problem I face and the solution I suggest					
3	I can suggest improvement or come up with new ideas for work improvement to EEU management					
4	Before any policy or procedure changes, my supervisor informs me about the change phase by phase					
5	I feel like I am part of the organization because my ideas are given attention and considered valuable by management					
6	I am satisfied with the communication I have with my supervisor and higher management					
	Motivation					
1	When I do something extra ordinary I know that I will receive some kind of reward					
2	The incentive given to employees are motivating and on competitive basis					
3	I receive feedback from my supervisor on my job performance regularly					
4	The performance measurement reward system encourages					

	employees to work hard					
5	My needs and wants are well understood by management					
	Empowerment					
1	My supervisor allows me to use my own judgment in solving problems					
2	My supervisor encourages me to take initiatives					
3	My supervisor trusts me to exercise good Judgment					
4	Leaders are developed from within the Company					
5	Performance Appraisals are fair and unbiased					
	Training & development					
1	I am well aware of EEU Mission and vision statements and how I fit to it					
2	There is a system in EEU that helps develop employees career					
3	I receive well organized basic and refresher training which helps me determine to fulfill my future goal					
4	All employees have a better knowledge about the customer service offering					
5	When an employee is reassigned to another department, the section supervisor trains the employee for pre specified period time					
6	My knowledge, skill and experience fit to the job being performed day to day					
7	Our organization views the development of knowledge and skills in employees as an investment rather than a cost					
8	I have all the required skills to serve customers					
	Organizational support					
1	Help is available from my organization when I have a problem					

2	The organization tries to design my job as interesting and rewarding as possible					
3	My organization strongly considers my goals and values					
	Healthy Work environment					
1	The company has a safe working environment					
2	The company adapts adequate safety programs					
3	Dangerous materials are kept in a separate place					

APPENDIX B
ADDIS ABABA UNIVERSITY
School of Commerce
Department of Marketing Management
Questionnaire for Customers
Dear respondent

Thank you in advance for taking the time to complete this questionnaire. The purpose of this questionnaire is to collect data that helps to study “The Effect Of Internal Marketing On customers’ perceived Service Quality in case of Ethiopian Electric utility for the fulfillment of MA inMarketing Management . As the data is used purely for academic purpose, I would like to assure you that your response would be used for this purpose only. Therefore, your response is highly valuable for the quality of the study.

Section A. Demographic Information

1. Gender: Male Female
2. Age :
 < 25 26-36 36-46 46-56 >56
3. level of education
 Diploma Degree Master PHD other

Section B

Based on the following scale please put checkmark (✓) on the point that best suits your agreement level from the adjacent choices

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

S.N	Service Quality Dimension	Scale				
		1	2	3	4	5
		SD	D	N	A	SA
	Tangibility					
1	Employees of the Corporation at the front line position are well dressed and appear neat					
2	. The Company physical facilities are visually attractive					
3	The Corporation has offices at locations convenient to its customers					
4	The Corporation has up to date equipments					
	Reliability					
1	The staff can provide you the services as promised					
2	The staff provide you accurate information					
3	The Corporation inform any failure ahead of time					
4	Keep customers records accurately					
	Responsiveness					
1	Employees tells you exactly when services was be provided					
2	Employees give you prompt service					
3	Employees are wasing to help you					
4	Employees are never busy to respond to customer request					

	Assurance					
1	Personal behavior of the employees are excellent that the customer can trust					
2	Customer feel safe in the transaction with the Corporation employees					
3	Employees have adequate knowledge to serve customers					
4	Employees are polite					
	Empathy					
1	Employees know what customers specific needs are					
2	Employees give customers individual attention					
3	The Corporation has working hours convenient to all of its customers					

APPENDIX C

Correlation

		Internal communication	motivation	empowerment	Training & Development	Organizational support	Healthy Work environment	Service quality
Internal communication	Pearson Correlation Sig. (2-tailed) N	1 .216 153	.100 .216 153	.031 .702 153	.210** .009 153	.050 .539 153	-.017 .835 153	.252** .002 146
Motivation	Pearson Correlation Sig. (2-tailed) N	.100 .216 153	1 .216 153	.196* .015 153	.363** .000 153	.011 .890 153	.059 .466 153	.570** .000 146
Empowerment	Pearson Correlation Sig. (2-tailed) N	.031 .702 153	.196* .015 153	1 .015 153	.267** .001 153	-.027 .745 153	-.078 .339 153	.373** .000 146
Training&Development	Pearson Correlation Sig. (2-tailed) N	.210** .009 153	.363** .000 153	.267** .001 153	1 .475 153	.058 .648 153	-.037 .648 153	.604** .000 146
Organizational support	Pearson Correlation	.050	.011	-.027	.058	1	.182*	.175*

	Sig. (2-tailed)	.539	.890	.745	.475		.024	.034
	N	153	153	153	153	153	153	146
Healthywork Environment	Pearson Correlation	-.017	.059	-.078	-.037	.182*	1	.151
	Sig. (2-tailed)	.835	.466	.339	.648	.024		.069
	N	153	153	153	153	153	153	146
service quality	Pearson Correlation	.252**	.570**	.373**	.604**	.175*	.151	1
	Sig. (2-tailed)	.002	.000	.000	.000	.034	.069	
	N	146	146	146	146	146	146	146

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

* . Correlation is significant at the 0.05 level (2-tailed).

MODEL SUMMARY

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.769 ^a	.591	.573	.27104	.591	33.472	6	139	.000	1.704
a. Predictors: (Constant), Healthy Work Environment, Internal Communication, Empowerment, Organizational Support, Motivation, Training and Development										

b. Dependent Variable: Service quality

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.754	6	2.459	33.472	.000 ^b
	Residual	10.212	139	.073		
	Total	24.966	145			

a. Dependent Variable: Service Quality

b. Predictors: (Constant), Healthy work Environment, Internal communication, Empowerment, Organizational Support, Motivation, Training and Development

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.277	.235		1.180	.240		
Internal communication	.059	.026	.127	2.294	.023	.955	1.047
motivation	.159	.025	.367	6.243	.000	.853	1.173
empowerment	.139	.040	.202	3.507	.001	.883	1.132
Training & development	.407	.065	.383	6.249	.000	.784	1.276
Organizational support	.069	.031	.124	2.231	.027	.952	1.050

healthy enviroment	work	.056	.022	.143	2.572	.011	.950	1.052
-----------------------	------	------	------	------	-------	------	------	-------

a. Dependent Variable: service quality