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**THE EFFECT OF INTERNAL MARKETING ON CUSTOMER
ORIENTATION: THE CASE OF COMMERCIAL BANK OF ETHIOPIA**

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**May, 2016
Addis Ababa, Ethiopia**

**THE EFFECT OF INTERNAL MARKETING ON CUSTOMER
ORIENTATION: THE CASE OF COMMERCIAL BANK OF ETHIOPIA**

*(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)*

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May, 2016

Addis Ababa, Ethiopia

DECLARATION

I hereby declare that this study entitled “*The Effect of internal marketing on customer orientation: The Case of CBE*” is my original work prepared under the guidance of my advisor Mulugeta G/Medhin (Ph.D). This paper is submitted in partial fulfilment 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 duly acknowledged.

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Date _____

LETTER OF CERTIFICATION

This is to certify that Kassahun Workneh carried out his study on the topic entitled “*The Effect of internal marketing on customer orientation: The Case of CBE*”. This work is original in nature and suitable for submission for the award of the Masters Degree in Marketing Management.

Dr. Mulugeta G/Medhin

(The research advisor)

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School of Graduate Studies
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Case of CBE**

By:
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ACKNOWLEDGEMENTS

First and for most I would like to express my sincere gratitude and appreciation to my advisor Dr. Mulugeta G/Medhin 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 Melatwork, Bahiru, Fantahun and Esayas for their valuable support in diverse ways in ensuring the successful completion of this study. I say God richly bless you! I also deeply thank CBE staffs who had taken the endeavors to voluntarily administer the questionnaire on my behalf and to making this paper real.

Above all, I glorify the Almighty God for the strength, courage, wisdom and inspiration throughout the period of my study.

LIST OF ACRONYMS/ABBREVIATIONS

ANOVA	Analysis of Variance
CBE	Commercial Bank of Ethiopia
IM	Internal Marketing
SPSS	Statistical Package for Social Science

ABSTRACT

Today, the competitive environment of banking industry employees' customer orientation is one of the most important capital and success factor of the organization. Therefore, knowing factors influencing customer orientation can help to develop this capital. On this basis, this study aims to provide empirical evidence on the effect of internal marketing on customer orientation of CBE. A quantitative research approach was applied to collect data from employees in the CBE. The target population of the study was CBE employees assigned in the area where there is a direct contact with customers (frontline employees). Simple random sampling technique was employed and sample sizes of 341 frontline employees were selected. To accomplish this, a questionnaire survey was conducted by taking the most important internal marketing dimensions that were identified by several researchers from literature. For the sake of achieving the objectives of this study, questionnaires were analyzed using descriptive and inferential analyses with the help of SPSS version 20 statistical software program. The study reveals that all internal marketing dimensions such as empowerment, training, internal communication and reward have significantly and positively effects on customer orientation of CBE frontline employees. The result confirms the hypothesized relationships in the research model. Thus, managers and policy makers in the bank needs to emphasis this idea of internal marketing and apply this concept in a more focused and thorough manner.

KEY WORDS: *Internal marketing, Empowerment, Training, Internal communication, Reward and Customer orientation*

CHAPTER ONE

INTRODUCTION

This chapter consists of background of the study, statement of the problem, research question, research hypotheses, objective of the study, definition of terms, significance of the study, delimitation of the study, and organization of the paper are explained here under.

1.1 Background of the study

In our ever changing and competitive world of today, most firms look for solutions for increasing their own competitive advantage in order to maintain customers. One of such solutions is to move toward the improvement of the services to the customers. Hence the firms usually attempt to provide more facilities to their customers and to meet their needs promptly. But the intelligent and wise organizations revise their behaviors in relation to their own employees to keep them satisfied (Rahmati et al., 2013). To have satisfied customers the organization must also have satisfied employees (George, 1990).

The idea of satisfied employees for the benefit of satisfied customers is developed through the concept of internal marketing. According to Berry (1981), the concept of internal marketing was based on viewing employees as internal customers, and jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization.

Employees, as internal customers, have a crucial role in the maintenance of organizational activities in such a manner to get the advantage of competition (Acar et al., 2012). People are critical to the success of organizations. Organizations that select, develop, manage and motivate their workforce to produce outstanding business results have an extraordinary competitive advantage that others cannot copy (Vazifehdoost and Hooshmand, 2012). As a result of this, internal marketing applications should be taken into consideration in order to increase organizational commitment levels and job performances of employees and it became comprehensible that successful marketing can only be implemented if the firm is involved not only in external but also in internal marketing (Acar et al., 2012).

Compton et al. (1987) stated that internal marketing aims to help employees understand the importance of their interactions with customers and their responsibility for the interactive marketing performance of the firm. Furthermore, according to Voima and Gronroos (1999) the purpose of internal marketing is to create, maintain and enhance internal relationships in the organization. This in turn, will motivate employees to provide services to internal and external stakeholders in a customer oriented manner. Brown et al. (2002) defined that customer orientation behavior as “a tendency of employees to meet their customers' needs”. Because of the intangible and inseparability nature of interactive services, consumers often focus on the employee's behavior of service provider when they judging about the quality of a service. As a result, customer orientation of staffs is an important factor for the success of service organizations (Hennig-Thurau, 2004).

Banks are playing a great role in creating opportunities for the development of national resources by facilitating savings and making them accessible to trade and industry. Due to this, in the last twenty years the number of banks increased in Ethiopia that is in 1994 there were only two commercial banks in the country. However, in 2016 the number of banks reached eighteen which creates a stiff competition among banks in meeting customer service expectation and satisfaction. In this competitive environment, banks must be able to a way to distinguish themselves from other banks, one of the main methods for achievement of competitive advantage is offering of service by personnel who have the necessary attention to customer needs and customer oriented behavior.

Hung and Lin (2008) argued that the majority of service organizations have not been able to successfully develop and implement internal marketing strategies due to a lack of knowledge and understanding of the different components that constitute the internal market environment. This can be attributed to the fact that most of the work on internal marketing is normative and the proportion of the empirical studies still limited (Ghoneim and El-Tabie, 2014). Even though attempts were made to examine the influence of internal marketing on service quality/customer satisfaction (Tesfaye, 2012; Berhanu, 2013), almost nothing was done to investigate the effect of internal marketing on customer orientation in Ethiopian bank industry. To bridge these gaps, this study is provides an empirical investigation of the effect of internal marketing on customer orientation of CBE frontline employees.

1.2 Statement of the problem

In the majority of services activities like banking industry, the quality of service is embedded in the quality and performance of human resources. Customer service is the touchstone for success in the service industry and the quality of service delivered is dependent on the employee performance (Radha and Prasad, 2013). Such critical marketing events as first encounter and moment of truth are the works of frontline employees the customer is often interacting with contact employees, whose role has become an element of differentiation.

According to Barney (1991), resources that are rare, valuable, difficult to imitate and non substitutable will be the source of a sustained competitive advantage. The role of employees' customer orientation is critical to competitive advantage. That is, customer orientation focuses on the interest of customer and understanding their needs and want. It aims of building long term relationships with customers, which, enables the company to increase customer satisfaction and loyalty (Papasolomous and Kitchen, 2004).

Financial services specially banking services in Ethiopia are important part of the service industry which accounts for about 95% of the total financial sector assets (Eshete et al., 2013). Moreover, the number of banks in Ethiopia for the past ten years has increased by nine (NBE, 2009/10), and it is observed that the number of branches has highly increased the cities and villages. Besides, customers needs have become more complex whereby variety of services offered by banks has increased. Banks are competing in similar products therefore application of internal marketing can be used as a management tool to motivate the employees to adopt an internal customer consciousness and customer orientation that deliver value beyond the provided by the core product itself is the key for fighting competition and driving performance.

As mentioned by Gounaris (2008), despite the critical role that internal marketing plays as a link between the organization external marketing objectives and its internal capabilities, very few organizations generally use internal marketing in practices. Related to this, to the best knowledge of the researcher, there has not been any study and empirical evidence

in Ethiopia regarding the relationship between internal marketing practices of banks and employees customer orientation. Hence, this study was focuses on the effect of internal marketing on customer orientation to fill the gap in the research into internal marketing in bank industry in particular focus on CBE.

1.3 Research question

In view of the problems, the central question of this study is:

How does internal marketing affect customer orientation of CBE frontline employees?

Specifically, the following sub-questions are raised:

- How does empowerment affect customer orientation of CBE frontline employees?
- To what extent training affect customer orientation of CBE frontline employees?
- How does internal communication affect customer orientation of CBE frontline employees?
- To what extent reward affect customer orientation of CBE frontline employees?

1.4 Objective of the study

The general and specific objectives of the study are presented as follows:

1.4.1 General objective

The main objective of this study is to have a comprehensive picture of internal marketing and its effect on customer orientation of CBE frontline employees.

1.4.2 Specific objectives

The specific objectives of the study are to:

- Investigate the level of internal marking (empowerment, training, internal communication and reward) as perceived by CBE frontline employees.
- Examine the level of customer orientation of CBE frontline employees.
- Determine the effect of internal marketing on the level of customer orientation of CBE frontline employees.
- Find out if there is any variation between demographic profile (age, gender, academic qualification and service years) of the respondents and the level of customer orientation.

1.5 Hypothesis

With the help of appropriate empirical data on the effect of internal marketing on customer orientation, this study was tested the following hypothesis:

H1: Empowerment has a significant and positive effect on customer orientation of CBE frontline employees.

H2: Training has a significant and positive effect on customer orientation of CBE frontline employees.

H3: Internal communication has a significant and positive effect on customer orientation of CBE frontline employees.

H4: Reward has a significant and positive effect on customer orientation of CBE frontline employees.

H5: There is significant relationship between the level of customer orientation and demographic profiles of CBE frontline employees.

1.6 Definition of terms

The following definitions are provided to clarify this study's use of key terms.

1.6.1 Conceptual definition

Internal marketing: “is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees” Rafiq and Ahmed (2000).

Reward: “is the deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub-units and individuals are directed toward the achievement of an organization's objectives” (Armstrong, 2000).

Empowerment: “the creation of values for employees so that they are able to perform their jobs independently” (Kazalaurkaife et al., 2012).

Training: “is the process of preparing employees to perform their tasks efficiently by providing them with the right knowledge and developing their marketing skills” (Ali, 2010).

Internal communication: “all forms of communication from management to employees in service organization” (Lovelock and Wright, 1999).

Customer Orientation: “employees’ willingness to meet customers’ needs by expressing positive attitudes towards customers, putting them first and giving their satisfaction priority over increasing sales (Ali, 2010).

1.6.2 Operational definition

Frontline employees: are those employees interacting directly with customers frequently. In this study frontline employee includes all CBE employees working as Customer Service Officer position at branch level.

Internal marketing: a set of activities adopted by organization to create customer oriented employees. These activities include empowerment, training, internal communication and reward.

1.7 Significance of the study

This study has the following importance, in the first place limited research has been conducted in the field of internal marketing in Ethiopia, and no study has focused exclusively on the effect of internal marketing on customer orientation within the banking industry in the country. Therefore, the study will provide knowledge on the importance of internal marketing on customer orientation of employees. And findings from this study will assist academicians in broadening of their knowledge with respect to this study hence providing a deeper understanding of which internal marketing elements that affect the customer orientation behavior of employees.

Beside to this, the study will enables the CBE to understand the relation between internal marketing elements and customer orientation of employees and helps them to know the most important internal marketing elements used to employees' customer orientation. The results and conclusions drawn may be used to ensure higher levels of internal marketing in CBE of the value that sound internal marketing practices hold for the organization. It is

therefore proposed that this study will contribute to be a good base for CBE to evaluate its internal marketing and its effect on employees' customer orientation from its own employee's perspectives and to establish the appropriate ways to improve its internal marketing activities.

1.8 Scope of the study

Primarily the study is concerned with the impact of internal marketing on customer orientation of CBE frontline employees. Internal marketing elements used as an independent variable and customer orientation used as a dependent variable. Internal marketing has various and different dimensions, nevertheless the study was conducted on only four dimensions namely; empowerment, training, internal communication and reward.

1.9 Organization of the study

The study was organized into five chapters. The first chapter deals with introductory part consisting of background of the study, statement of the problem, research questions, objectives of the study, hypothesis, definition of terms, significance of the study, delimitation/scope of the study and organization of the paper. The second chapter reviews literatures related to the study. In this chapter various theoretical concepts and empirical review that relates with internal marketing and customer orientation issues were discussed. The third chapter described the methodology employed in this study, including research design, research strategy, sampling design, the sources of the data, the data collection tools employed, and the methods of data analysis used. Empirical results and discussions were presented in the fourth chapter. And finally, the fifth chapter was presents summaries of major findings, the conclusions and the possible recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The primary purpose of this chapter is to get the theoretical and empirical understanding of the concept of internal marketing and customer orientation. First, it is discuss the definitions given by different scholars on the term internal marketing and customer orientation. Second, the review identified and discussed the different internal marketing elements. Third, the literature review examined empirical studies on internal marketing. Fourth, the review of the literature has tried to discuss the relationship between variables. Finally, the research model will be introduced in order to give a clear idea about the research area.

2.2 Theoretical review of the study

2.2.1 Services marketing triangle

Internal marketing first emerged in the services marketing literature and later in other domains such as service management and relationship marketing (Voima, 2000). Three basic sub-processes and purposes of service marketing (service triangle); external, interactive and internal marketing (Gronroos, 1998).

2.2.1.1 External marketing: “setting the promise”

The first type is external marketing which focused on building the relationship between companies and external customers. Several traditional marketing activities, like pricing strategy, promotion activities and all kinds of communication with company’s external customers, are implemented to attract customers and capture the attention of market. At this stage, the company will “set the promise” to its external customers in order to get the possibility to delivery services (Li, 2010).

2.2.1.2 Interactive marketing: “delivery the promise”

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

2.2.1.3 Internal marketing: “enabling the promise”

The last type in the service marketing triangle is called internal marketing, which is the marketing of building the relationship between company and its employees. It involves empowerment, trainings, internal communication and motivating (Li, 2010).

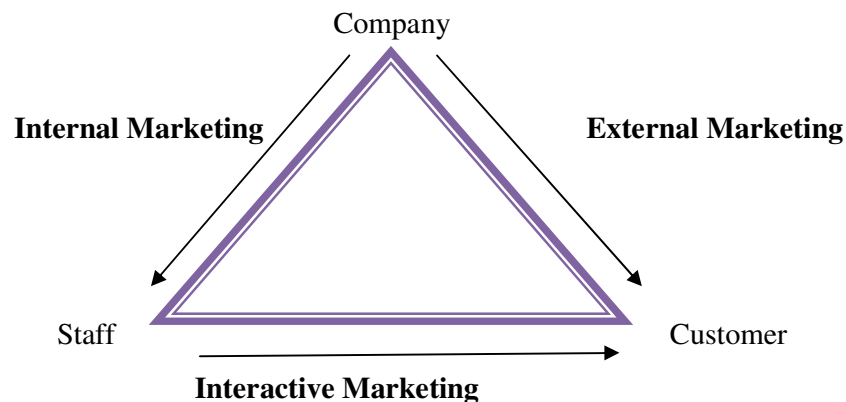


Figure 2.1: Three types of service marketing; Adapted from Gronroos (1998)

2.2.2 Concept and definitions of internal marketing

The concept of internal marketing was first derived from the work of Sasser and Arbeit (1976) who stated “personnel is the first market of a service company”. Berry (1981) was the first to give a definition of internal marketing by defining internal marketing as “viewing employees as internal customers, and jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization”.

The development of theory on internal marketing can be categorized into three phases Rafiq and Ahmed (2000).

Phase I: Employee motivation and satisfaction

In the early development phase of internal marketing consider employee satisfaction and motivation as the objective of internal marketing. Berry (1981) was amongst the first belonging to this school of thought as defined earlier. Berry and Parasuraman (1991) mention that “internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees as customers and it is the strategy of shaping job-products to fit human needs”. According to Papasolomou (2006) there is logic of viewing employees as internal customers, a firm which first satisfies the needs of internal customers can successfully deliver the quality desired to satisfy external customers.

Longbottom et al. (2006) indicate that internal marketing is treating the employee as an internal customer, regarding jobs as products, with the intention to satisfy the employee's demands through products. Rafiq and Ahmed (1993) identified certain issues with the employee satisfaction approach of internal marketing. According to them the product being offered to the employee may be completely unwanted by them or may in-fact have negative utility. The employees are forced to accept whatever product is offered by the company and have no personal choice in the process. Another major issue is that the cost of having satisfied employees could be considerable taking into account the demands they would make upon the organization and its resources. A situation can also be created where focusing efforts on satisfying needs of employees would have a negative effect on efforts to satisfy the needs of the customers.

Phase II: Customer orientation

This phase was initiated by Gronroos (1981), he suggested that the main aim of internal marketing is to create customer orientation among service employees. He argued that internal marketing should “create an internal environment which supports customer-consciousness among the personnel”. Gronroos (1985) advocated that “an organization's internal market of employees can be influenced most effectively and hence motivated to

customer consciousness, market orientation and sales-mindedness by a marketing-like internal approach and by applying marketing-like activities internally”.

Johnson and Seymour (1985) state “internal marketing deals with creating customer-oriented behaviors among employees”. Kotler (1991) mentions that “internal marketing is about building customer orientation among employees by training and motivating both front-line and support staff to work as a team”. Papasolomou (2006) stated that internal marketing aims to develop customer orientation among employees by defining internal marketing as “a mechanism for instilling a people orientation within an organization as a prerequisite for instilling and strengthening the service, customer, and marketing orientation among organizational personnel”.

The key difference between the theories of the two phases is that Gronroos customer orientation conceptualization focuses attention on creating customer orientation in employees through a process of influencing, rather than satisfying and motivating employees (Rafiq and Ahmed, 2000).

Phase III: Strategy implementation and Change management

Winter (1985) was the first to give direction to the third phase of development of internal marketing theory; he recognized the role of internal marketing as a technique for managing employees towards achievement of organizational goals. Winter (1985) mentions that the role of IM is that of “aligning, educating and motivating staff towards institutional objectives, the process by which personnel understand and recognize not only the value of the program but their place in it”. George (1990) states that internal marketing is “as a holistic management process which can be used to integrate the multiple functions”. According to Rafiq and Ahmed (1993) IM is “a planned effort to overcome organizational resistance to change and to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies”. Christopher et al. (1991) mention the objective of IM is to improve cross-functional coordination and co-operation. Piercy (2002) states that internal marketing is a critical tool which can aid in the implementation of strategic change. Roberts-Lombard (2010) considers internal marketing as an excellent tool which helps in the implementation of strategic plans.

Taking into account the above-mentioned three phases and the concepts related to it, employee motivation and satisfaction, customer orientation and strategy implementation and change management stating, Rafiq and Ahmed (2000) propose an all inclusive definition of internal marketing: “IM is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees”. Rafiq and Ahmed (2000) present a model of internal marketing which was in alignment with all the parameters of their above stated definition on internal marketing as it shown on figure 2.2 below:

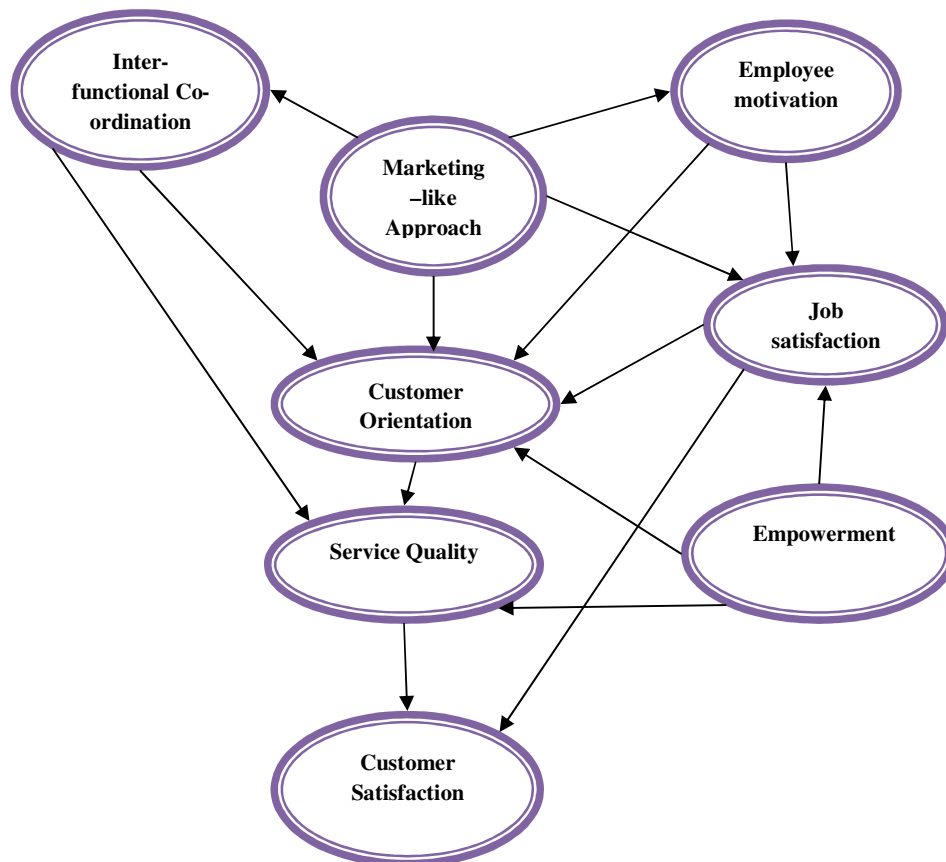


Figure 2.2: A model on internal marketing; Source: Rafiq and Ahmed (2000)

It is clear that such a proliferation of definitions proves the growing interest amongst service providers to get employees to adopt the marketing concept of customer orientation

and to become part of the organizations team (Joseph, 1996). For the purpose of the study, two things should be taken into account when defining internal marketing. These are internal marketing aims to create customer orientation among employees and internal marketing may include some human resource management practices, such as employee empowerment, employee training, internal communication, and reward in order to satisfy employees and create customer orientation amongst them.

By bringing these two things together, this research is define internal marketing as a set of activities adopted by a company to create customer oriented employees. These activities include employee empowerment, employee training, internal communication and reward.

2.2.3 Internal Marketing elements

Following on the discussion of the concept of internal marketing and its definition it becomes important to understand what constitutes on internal marketing mix. Moving from internal marketing as an abstract construct to a more practical concept, internal marketing can be seen as a working mix of elements that aim to motivate employees toward inter-departmental coordination in order to achieve a more customer oriented approach to service marketing (Rafiq & Ahmed, 2000). This working mix of elements is known as the internal marketing mix, which is a number of elements under the control of management that can be combined and applied as on internal marketing programme in order to illicit the desired responses from the employees (Ahmed & Rafiq, 2002).

There is much debate as to the elements that constitute an internal marketing mix and authors can not agree as to what constitutes internal marketing with elements. There are many proposals about the IM elements provide for the academic literature. This study extracted these elements from various studies; Table 2.1 illustrates the authors and the IM elements that have been introduced, as follows.

Internal marketing can be explained by the following stated dimensions as shown Table 2.1, for the purpose of this study four dimensions which were the most repeatedly stated by the scholars and the relevance of the study are selected assuming the most common ones can explain internal marketing well enough.

Table 2.1: A summary of the elements of the internal marketing mix

Author(s)	Elements
Ahmed and Rafiq (2002)	<ul style="list-style-type: none"> • Product • Price • Place • Promotion • Participants • Tangible evidence • Process
Lings (2004)	<ul style="list-style-type: none"> • Employee empowerment • Employee training and skills development • Internal communication • Reward
Barnes et al. (2004)	<ul style="list-style-type: none"> • Knowledge management • Communication • Training and staff retention • Rewards • Leadership and management
Ali (2010)	<ul style="list-style-type: none"> • Internal communication • Employee recruitment • Employee training • Employee empowerment • Internal market research and segmentation
	<ul style="list-style-type: none"> • Motivation/rewards

Al-Qudah et al. (2013)	<ul style="list-style-type: none"> • Empowerment • Communication • Training
------------------------	--

Source: Various Sources (2015)

This study adapts the four internal marketing dimensions that has been developed and employed in the literature are discussed in detail below.

2.2.3.1 Empowerment

Empowerment means authorizing and enabling employees to act, behave, think and make their decision to get the job faster and easy to make. This depends on enablement of the employees and giving them the resources they need to use their own discretion confidently and effectively to take new responsibility (Lovelock and Wright, 1999).

Service providers (frontline employees) play a critical role in service organizations; they help by explaining and providing answers to customers' inquiries on the spot rather than waiting for their managers' feedback and judgment (Lee et al., 2006).

Accordingly, empowerment has received significant attention from scholars due to its impact on organizational effectiveness and competitive advantage in the service industry. Hamborstad and Perry (2011) argue that empowerment should be directed toward enriching frontline employees with the abilities and skills to fulfill customers' requests and needs. When this is done, customer satisfaction can be obtained and linked to organizational success. Consequently, service organizations and practitioners should make more and better efforts toward providing customer-contact employees with enough empowerment by increasing their information, training, knowledge, and trust.

2.2.3.2 Training

"Training is the process of preparing employees to perform their tasks efficiently by providing them with the right knowledge and developing their marketing skills" (Ali, 2010). The studies show that the investment in training will have tangible results including the improvement of the attitudes, increase of the skills for promoting the quality of services, and the employees' satisfaction and loyalty (Dubrin, 2004). Training can assist employees in developing a holistic view of a service strategy by providing them

with an understanding of the role of each individual in relation to other individuals, the various functions within the firm, and the customers (Cronin and Taylor, 1992).

2.2.3.3 Internal communication

Internal communication is defined as “all forms of communication from management to employees in service organization” (Lovelock and Wright, 1999). Organizations must give a serious consideration to improve the level of communication with employees to communicate its vision and missions and provide effective strategies to transfer knowledge and information, by using different methods such as team work discussion sessions and internal newsletters (Roberts-Lombard, 2010). An effective internal communication is very important tool for the internal marketing, it helps the management to ensure service delivery with high satisfactory level and build employee trust, respect and loyalty (Lovelock and Wright, 1999).

2.2.3.4 Reward

In a competitive market, where service companies are progressively more concerned about high quality service delivery, in order to attract new customers and retain the existing ones, it is not surprising that the use of incentives and reward programs are techniques for motivating employees to strive beyond contracted job tasks. A reward strategy is the deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub-units and individuals are directed toward the achievement of an organization’s strategic objectives (Armstrong, 2000).

Total reward could be used to manage and motivate people by thoroughly understanding the relative significance placed on the various aspects of the reward proposition and applied the well-designed total reward strategy effectively. According to Armstrong and Stephens (2006) total reward is the combination of both the financial and non-financial rewards made available to the employees.

According to Aktar et al. (2012), financial rewards means pay-for performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. it comprises

direct payments such as salary, bonus, and other cash payments and indirect payments are provided to employees in the form of benefits.

Non financial rewards are non monetary/non cash and it is a social recognition such as acknowledgement, certificate, and genuine appreciation etc. The non financial rewards is also called materials award (Neckermann & Kosfeld, 2008).

2.2.4 Customer orientation

2.2.4.1 Definition of customer orientation

Different definitions of customer orientation are presented in different studies. In order to understand the meaning of customer orientation, three essential dimensions should be considered (Ali, 2010).

Putting the customer first

Customer orientation focuses on putting the customer first. According to Deshpande et al. (1993), it is “the set of beliefs that puts the customer’s interest first, while not excluding those of all other stakeholders such as owners, managers and employees in order to develop a long-term profitable enterprise”. Hence, putting the customer first requires a deep rooted set of values and beliefs that consistently reinforce customer orientation throughout the organization (Deshpande et al., 1993).

Satisfying customers’ needs

Customer orientation gives primacy to satisfying customers’ needs. In this regard, Saxe and Weitz (1982) defined customer orientation of service employees as “the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customers’ needs”.

Salespeople who use a customer-oriented selling approach may not consider achieving short-term results (sales) in order to secure long-term rewards such as customer loyalty (Knight et al., 2007). Cross et al. (2007) argued that a high level of customer orientation reflects a high level of concern for customers’ needs, while a low level of customer orientation reflects a selfish concern for the achievement of short-term objectives (sales). Saxe and Weitz (1982) suggested six characteristics of customer-oriented selling.

- A desire to help customers make satisfactory purchase decisions
- Helping customers assess their needs

- Offering products that will satisfy those needs
- Describing products accurately
- Adapting sales presentations to match customer interests
- Avoiding the use of high pressure

Positive attitudes towards customer

Customer oriented behaviour requires the demonstration of positive attitudes towards customers. Bettencourt and Brown (1997) believed that customer-oriented behaviour may involve an extra role, customer service, which refers to discretionary action by service employees that extends beyond formal role requirements. This means that service employees try to delight customers by providing extra attention, spontaneous exceptional services and extra care during service encounters to provoke customer satisfaction and positive emotional responses (Bitner et al., 1990). Customer-oriented behaviour may include exhibiting common courtesy, demonstrating accurate knowledge of policies and products, addressing customers by name, and greeting and saying ‘thank you’ to customers (Bettencourt and Brown, 1997).

Brown et al. (2002) defined customer orientation as “an employee’s tendency to try to meet customer needs and the degree to which he or she enjoys doing so”. In addition, they proposed that customer orientation in service organizations consists of two main dimensions: the needs dimension, which represents employee beliefs about their ability to satisfy the external customer’s needs; and the enjoyment dimension, which represents the degree to which interacting with and serving customers is intrinsically enjoyable for an employee. Brown et al. (2002) believed that both components are necessary to fully understand service employees’ ability and motivation to serve customers by meeting their needs. In the same vein of argument, Hennig-Thurau and Thurau (2003) defined customer orientation of service employees as “the behaviour of service employees when serving the needs and wishes of existing and prospective customers”.

Ali (2010) propose an all inclusive definition of customer orientation as “employees’ willingness to meet customers’ needs by expressing positive attitudes towards customers, putting them first and giving their satisfaction priority over increasing sales.

2.2.4.2 Customer orientation scale construct

Peter Drucker (1954) is considered the precursor of this idea as he suggested that the entire organization should focus on the customer, not just the marketing department, as a specialized function. Day (1994) continued in the same direction, considering that customer orientation is a concept that transforms the marketing into a powerful competitive weapon, shifting values, beliefs and organizational behaviors toward a relationship approach between customer and firm.

Customer orientation construct developed in the context of studies investigating market orientation being conceptualized as a dimension of market orientation. Narver and Slater (1990) described the customer orientation as the ability of an organization to continuously create superior value for the customer based on deep understanding of the needs and wants of target markets.

Although the importance of customer orientation of employees in the implementation of the marketing concept was highlighted, research efforts aimed at conceptualizing and measuring this construct at the individual level were much less intense. The first attempt to measure the customer orientation at individual was conducted by Saxe and Weitz (1982). They developed Sales Orientation/Customer Orientation scale, this self assessment scale refers to the willingness of employees to assist customers in purchasing decisions, evaluate customer needs to provide products that meet their needs, to adequately describe products, avoid using in sale the tactics of deception and manipulation. They used this scale to assess the sales personnel efforts to increase long-term customer satisfaction. The main limit of sales orientation/customer orientation scale is generated by its focus on measuring customer orientation only in the sales process (Saxes and Weitz, 1982).

Other customer orientation scales have been developed. Thomas et al (2001) proposed a simplified version of sales orientation/customer orientation scale, Mavondo and Conduit (2001) developed a scale to measure the organization's internal customer orientation, and Wright et al (1997) developed a scale of service orientation construct. Based on sales orientation/customer orientation scale limits, Brown et al (2002) conceptualized customer orientation of service employees as a bi-dimensional construct. Both the needs and pleasure dimensions are needed to fully understand the employees' ability to serve the customer and to motivate them to provide satisfaction. The need dimension concern, the employee beliefs about their ability to meet customer needs and is based on Saxe and

Weitz' customer orientation conceptualization. The pleasure dimension assess if interactions with customers and serving them is perceived as a pleasure by employees. These dimensions highlight a customer-oriented behavior of the employee.

Hennig-Thurau and Thurau (2003) conceptualized the customer orientation of service employees (COSE) as a three dimensional construct, comprising: employee motivation to meet customer needs; skills the employee must possess to meet those needs; freedom or authority (perceived by the employee himself) to make decisions relevant to the needs and desires of the customer. Many researchers consider the results of Hennig-Thurau and Thurau research as a major breakthrough in developing an effective conceptual model for assessing the impact of customer orientation of service employees on organizational performance. Subsequently, Hennig-Thurau (2004) extended the conceptualization of customer orientation of service employees to four dimensions: technical skills of employees, social skills of employees, motivation, and power to make decisions. To meet customer requirements, employees' skills and organizational variables must be congruent to strengthen customer orientation of service employees.

Researchers have approach the customer orientation as organization wide level and at each employee level (Even and Astrid, 2013). However this study focuses only on customer orientation at employee level.

2.2.4.3 Consequences of the employees' customer orientation

According to Barney (1991), resources that are rare, valuable, difficult to imitate and non-substitutable will be the source of a sustained competitive advantage. The role of customer orientation is critical to competitive advantage. That is, customer orientation focuses on the interest of customer and understanding their needs and want. It aims of building long-term relationships with customers, which, enables the company to increase customer satisfaction and loyalty.

Due to the intangible and interactive characteristic of services, employees' behavior plays a key role on customers' decision making. Customer orientation behavior of frontline employees is important to create long-term profit for service firms (Sergeant and Frenkel, 2000).

Customer oriented behavior are more likely to provide quality, contribute to customer satisfaction and attain organizational goals more efficiently and effectively than competitors. In addition, this type of orientation plays an even more relevant role in service organizations than in other types of companies (Saura et al., 2005).

Customer orientation has been shown to have a positive impact on performance at both the company and salesperson levels (Cross, et al., 2007; Narver and Slater, 1990). Customer-oriented employees derive satisfactions from pleasing external and internal customers. Beside to this,, by improving their understanding of customer needs and using this knowledge to design better products and services, customer orientation should directly impact customer satisfaction (Gustafsson et al., 2003). Customer oriented firms thus are consistently perceived as offering higher quality physical goods and employee performance (Brady and Cronin, 2001). Similarly, if service employee behaviors are focused on long-term relationships like high contact intensity, mutual disclosure, and cooperative intentions, and in turn favorably affect customer perception of relational service quality. In that way, while service people pay more attention on customer and put the customer first, they improve their ability to provide satisfactory customer services (Brady and Cronin, 2001).

2.3 Review of empirical studies

2.3.1 Studies conducted into internal marketing

Previous studies have identified in the context of the internal marketing. Table 2.2 below presents a comprehensive summary of studies into internal marketing with different variables. The model developed in the context of one country may not be applicable in other countries as the institutional, economic and socio-cultural factors may different from region to region or from one sector to another within the same region. Beside to this, there is a gap in the research into internal marketing with respect to banks in Ethiopia. This research will contribute to existing knowledge by examining the effect internal marketing on customer orientation in CBE.

Table: 2.2 Summary of previous research

Researchers and Year of Research	Variable of Research	Result of Research
Mohammadi et al. (2012)	Internal marketing, job satisfaction, organizational commitment and customer orientation	The studied showed that there was significantly positive correlation between internal marketing and customer orientation, and given indirect effect internal marketing has on customer orientation through affecting organizational commitment as a mediatory variable as well as significant positive correlation among them
Vazifehdoost (2012)	Market orientation, internal marketing, organizational commitment and organizational Performance	Empirical findings confirmed that internal marketing, organizational commitment and market orientation have positive direct and indirect effects on bank's both market performance (customer satisfaction and customer loyalty) and financial performance.
Ghoneim and El-Tabie (2014)	Internal marketing, customer loyalty and organizational performance:	Findings indicated that internal marketing has a significant effect on bank performance via customer loyalty.
Tortosa et al. (2009)	Internal marketing and organizational performance.	Internal marketing has an impact on the understanding of the employees and such an understanding can leads to the increase of the quality of services and the increase of the customer satisfaction for received services.
Lings and	Internal marketing and employees' behavior.	The results of this research showed that the internal marketing has a positive effect on the

Geenley (2010)		employees' behavior and it affects the marketing of the employees in turn.
Gounaris et al. (2010)	Market orientation, the internal marketing and customer satisfaction.	The results of this research showed that the internal marketing can increase the employees' performance and lead to higher level of the quality of services, and hence it can lead to the increase of the external customer satisfaction.
Lee et al. (2013)	Social responsibility on the organizational trust, job satisfaction and the customer orientation.	The results showed the positive effect of the employees' job satisfaction on their customer orientation.
Gilaninia et al. (2013)	Internal marketing, customer orientation and organizational commitments.	According to the results obtained from the test result indicated that there is significant relationship between internal marketing and customer orientation, between internal marketing and organizational commitments, between organizational commitments and customer orientation and also organizational commitments has moderator role in relation between internal marketing and customer orientation.
Zaman et al. (2012)	Internal marketing, organization commitment, market orientation and business performance	The findings of the study suggested that internal marketing had a significant impact on employees' commitment, their market orientation and overall profitability of the firm. In addition, the mediating relationship of organization commitment with internal marketing and market orientation was not

		supported.
Bavarsad et al. (2015)	Value of needs, emotional labor, attitude, authorized autonomy, job satisfaction and customer's behavior	The results show the significant effect of job satisfaction as a most effective factor on the customer-oriented behavior, following by authorized autonomy and value of needs on the customer-oriented behavior. Moreover attitude, emotional labor and authorized autonomy significantly and positively influence on job satisfaction.
Rahmati et al. (2013)	Internal marketing, customer satisfaction and customer loyalty	The results of this study showed that internal marketing through the marketing mix and customer satisfaction has influenced the customer loyalty. Also, the results showed that employees and organizations must consider the process of overall marketing strategies with regard to competitive conditions in order to attain customer loyalty and satisfaction.
Hailu (2015)	Internal marketing and employee's job satisfaction	The research has proved the entire hypothesis formulated has positive relationship with the employee job satisfaction.

Source: Various Sources (2015)

2.3.2 Relationship between variables

Several studies on internal marketing have proved that internal marketing has resulted in the development of customer orientation among employees. In addition, internal marketing models developed by Ahmed and Rafiq (2000) suggested a direct link between internal marketing and the customer orientation of employees.

This research focuses on the link between internal marketing (empowerment, training, internal communication and reward) and customer orientation.

2.3.2.1 Relationship between empowerment and customer orientation

Empowerment can make employees be flexible during providing service. If employees have sufficient freedom of action, they can quickly resolve if there is the event of a service failure. Accordingly, they can flourish their creativity and use new ideas in the performance of their duties. Using the creativity and innovation leads employees to have more interest in their jobs and to increase their self-confidence, it can create a dynamic and active environment in an organization and organization can discover the hidden skills and knowledge of its employees and can use it to achieve organizational goals (Farahani, 2015).

Bowen and Lawler (1992) conclude that an increase in empowerment levels resulted in an increase in customer orientation because empowered employees were more satisfied with their job and, therefore, were more enthusiastic to serve their customers. This in turn resulted in a quicker response to customers' needs and increased customer satisfaction. Sood and Lings (2004) believed that allowing customer-contact employees to use their discretion whilst serving customers has many positive consequences for the way front line employees interact with their customers. Pappasolomou and Vorntis (2006) suggested that allowing customer-contact employees the authority to make decisions and take action in problematic situations would encourage them to become more responsive to customer needs and subsequently, perform more effectively and in a customer oriented manner.

RutaKazlauskaite et al., (2011) in a study organizational and psychological empowerment regarding human resources management and performance presented a model by which a positive relation was between organizational empowerment (independent variable) and customer-oriented behavior (dependent variable). Also, there was a positive relation between psychological empowerment and commitment (moderating variable) and customer-oriented behavior. In addition to these, Ahmed and Rafiq (2000) proposed that empowerment is linked to the customer orientation of employees. Drawing on this, the conceptual framework of this research hypothesize that employee empowerment is linked to employees' customer orientation.

H1: Empowerment has a significant and positive effect on customer orientation of CBE frontline employees.

2.3.2.2 Relationship between training and customer orientation

Papasolomou and Kitchen (2006) found that providing employees with knowledge through training schemes and education sessions encouraged them to have positive attitudes towards customers and employee training programmes helped to instill the idea of customer orientation in employees' minds as a prerequisite to customer satisfaction within banks. Gronroos (1981) pointed out that the significance of employee training programmes and seminars in fostering the right attitudes to encourage staff to behave in a customer-oriented manner. Lewis (1989) suggested that in order for a company to be successful with its internal marketing programme, particularly to create customer-oriented employees, the company has to train its staff to enhance their skills, to encourage customer orientation, and to supervise and evaluate their performance.

Moreover, Ahmed and Rafiq (2002) models suggested that employee training as an internal marketing activity will lead to the creation of customer-oriented people. For these reasons, the conceptual framework of this research hypostatizes a link between employee training and customer orientation.

H2: Training has a significant and positive effect on customer orientation of CBE frontline employees.

2.3.2.3 Relationship between internal communication and customer orientation

Research on internal marketing highlighted the role of employee communication in developing customer orientation among employees. Payne and Helman (1992) found that internal marketing in practice was concerned primarily with communication in order to develop customer orientation among employees. In other words, information sharing with employees will influence the knowledge, attitudes and behaviors of employees (Gronroos, 2000). The knowledge and attitudes of employees will be clear when employees behave responsively and independently to serve customers in a customer-oriented manner, to actively gather information and pass it on and to contribute to the internal dialogue of their companies (Stauss and Hoffmann, 2000). In this regard, Palmer (2001) stressed the

importance of sharing information with employees because it is necessary to generate consent and moral involvement by employees.

According to Ahmed and Rafiq (2002) providing employees with information about changes in marketing strategy is vital in enabling employees to realize the importance of their role in the service delivery process and encouraging them to become customer-oriented employees. The internal information must be effective, employees should be informed before the customers, and this information must be understood. This will encourage employees to become motivated and customer-oriented people (Gronroos, 1981). Consequently, the conceptual framework of this research hypothesize that internal communication is linked to customer orientation.

H3: Internal communication has a significant and positive effect on customer orientation of CBE frontline employees.

2.3.2.4 Relationship between reward and customer orientation

Papasolomou and Vorntis (2006) conclude that by aligning corporate and individual goals through a formal reward system, organizations instill confidence in employees that their effort in to achieving internal marketing objectives will be reflected in performance appraisals. Improved performance appraisals will create a benefit for the employee in the form of reward. Organizations should utilize both tangible and intangible reward systems for reaching organizational goals created by internal marketing programmes. An intangible or intrinsic reward is managerial recognition or promotion. Tangible rewards include prizes, bonuses and commissions. Research indicate that employees places emphasis on monetary rewards but also aspire to rewards of recognition in order to becomes to customer oriented behaviors (Papasolomou and Vorntis, 2006)

Offering bonuses in addition to wages commensurate with the performance of each employee, not only makes their income situation improved and reduce the mental involvement of their employees in the economic issues, but also it can be incentive for them to do their duties better and more effective and makes them achieve higher level of performance. If employees are ensured that these bonuses are in proportion to the level of performance of each employee and their efforts cannot be ignored, they feel more justice in organization and this sense of justice will increase their satisfaction with organization and their sense of belonging to organization and ultimately increase customer oriented

behaviors (Ganjavi et al, 2015). From the above discussion below hypothesis is drawn.

H4: Reward has a significant and positive effect on customer orientation of CBE frontline employees.

2.4 Conceptual framework of the study

The conceptual framework of this study is developed based on the literature review presented earlier and the models of internal marketing proposed by Ahmed and Rafiq (2000) to support the linkages between internal marketing elements and customer orientation suggested in this conceptual framework. To achieve this, the study identified a set of internal marketing elements, namely empowerment, training, internal communication, and reward as discussed earlier in this chapter. In addition, customer orientation is considered as the main aim of internal marketing (Gronroos, 1981; Pappasolomou, 2006). So, the conceptual framework proposed a link between each element of internal marketing and the customer orientation of employees. Thus, the conceptual framework of internal marketing developed in this research focused on the link between internal marketing elements and customer orientation.

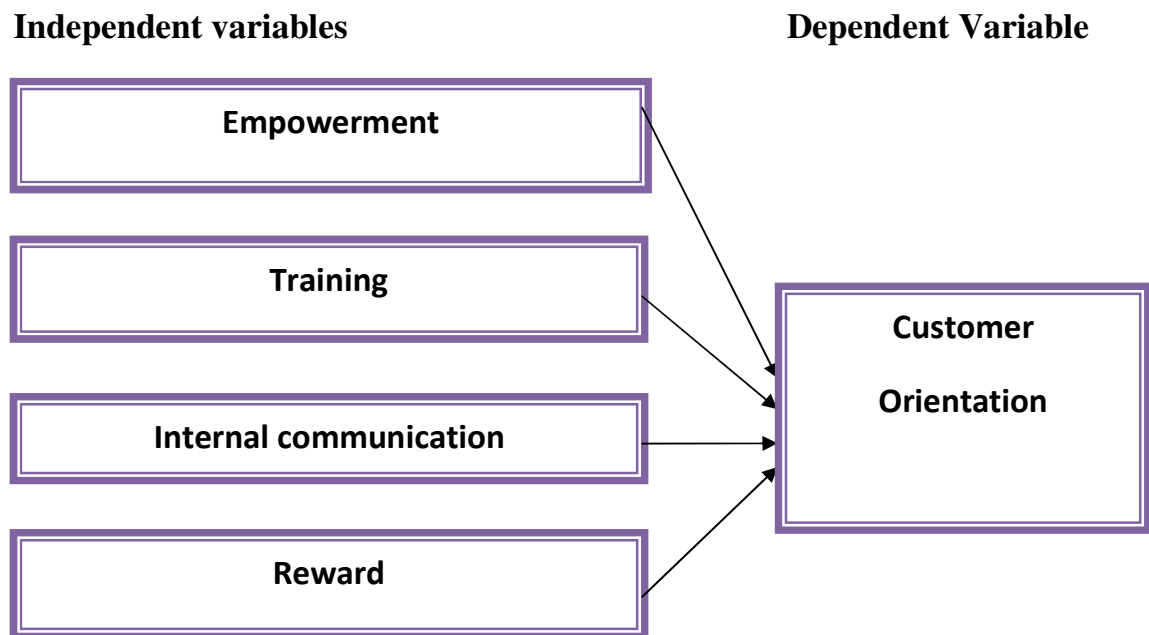


Figure 2.3 Conceptual framework; Source: Modified from Ahmed and Rafiq (2000)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter presents the research approach that was adopted in the study. It explains in detail the research methodology utilized and its justification for the purposes of this study. The chapter also discusses procedures and activities undertaken, focusing on namely the study's research design, data collection, sampling design, data processing and analysis and instrument development. It further addresses issues of reliability and validity and concludes with the ethical considerations of the study.

3.2 Research approach

The research can be classified into two approaches. These are qualitative and quantitative research. The choice of a research approach is determined by many variables such as the nature of the study, the objectives that the study seeks to achieve, resource availability and time constraints Kothari (2004).

Qualitative research approach emphasizes the subjective aspects of human activity by focusing on the meaning, rather than the measurement of social phenomena (Hussey and Hussey, 1997). This implies that the research methods used under the qualitative approach are an array of interpretive techniques which seek to describe, translate and otherwise come to terms with the meaning not the frequency of certain more or less naturally occurring phenomena in the social world. Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis. It seeks to describe various aspects about behavior and other factors in the social sciences and humanities. In this kind of research data are often in the form of descriptions, not numbers. It typically involves in-depth interviews, group discussions, and observations without formal measurement.

Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and relationships. For the purpose of this study, quantitative research approach will be employed. The motivation for using the quantitative research approach is followed by two main reasons. First, the objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. It usually starts with a theory or a general statement proposing a general relationship between variables. Second, quantitative research favors methods such as surveys and experiments, and will attempt to test hypotheses or statements.

3.3 Research design

Research design is the blueprint for fulfilling research objectives and answering research questions (John et al., 2007). The same authors discuss three types of research design, namely exploratory (emphasizes discovery of ideas and insights), descriptive (concerned with determining the frequency with which an event occurs or relationship between variables) and explanatory (concerned with determining the cause and effect relationships).

As this study aims to examine the effect of internal marketing on customer orientation in CBE frontline employees, thus it targets to measure relationships between variables, a combination of descriptive and explanatory type of research were used. Descriptive type of research was used because it involves investigation which provides detailed picture of the situation and detail description of the findings display in tables the level of internal marketing (empowerment, training, internal communication and reward) as perceived by CBE frontline employees and describe the level of customer orientation of frontline employees in CBE. Explanatory type of research was also applied since it enriches and supports the previous theories through comparing the findings with research questions.

3.4 Research strategy

Since the design of this research is explanatory and descriptive and the aim of the study was collect answers from large scales of respondents of frontline employees in CBE in order to formulate the answer of the investigated problem, therefore the research strategy was survey.

Moreover, the study utilized cross-sectional in the sense that all relevant data were collect at a single point in time. The reason for preferring a cross-sectional study is due to the vast nature of the study and the limitation of time. And obtaining information from a cross-section of a population at a single point in time is a reasonable strategy for pursuing many descriptive researches and determines the relationship between two or more factors (Janet, 2006).

3.5 Sampling design

3.5.1 Target population

The target population of study was all frontline employees currently working in CBE branches.

3.5.2 Sampling frame

Due to the homogeneity of service provision, policy formulation and circulation and human resource strategy implementation of the bank over its all branches in the country, the sample frame was delimited to Addis Ababa branches.

3.5.3 Sampling technique

The researcher wants to make sure that every frontline employee at CBE has an equal chance of being chosen because it hoped to make generalizations from the findings. Therefore, the study was utilized simple random sampling technique (probability sampling technique). In the case of simple random sample every member of the population has a known and equal chance of selected. This method reduces the potential for bias in the selection of respondents included in the sample. This sampling method was employed for the reason that it could be specified each frontline employees of CBE. Thanks to the Human Resource Directorate of CBE, the sampling frame could be easily identified and the researcher obtained the name of every frontline employee from CBE data base.

Numbers were assigned to each name of frontline employee and then a random sample was generated by using random number generator. *Please see appendix two the random number generated.* This table of 341 random numbers was produced according to the following specifications: Numbers were randomly selected from within the range of 1 to 2965. Duplicate numbers were not allowed.

3.5.4 Sample size

To draw sample size from identified finite population, Krejcie and Morgan (1970) sample size formula was used. Most commonly the formula is computed based on 95% confidence interval of the accuracy of the sample size. As shows below calculated number, a sample size of 341 is appropriate for a given population size 2965 at the confidence level of 95% and a margin of error of 5%. Currently, the number of frontline employees in Addis Ababa branches is 2965, therefore, in this study 341 questionnaires were distributed to meet up to the required level of number of responses from frontline employees at CBE in Addis Ababa branches.

$$S = \frac{x^2 N p (1-p)}{d^2 N (N-1) + x^2 p (1-p)}$$

Where; S = required sample size.

x^2 = table value of chi - square for one degree of freedom at the desired confidence level (3.841 for 0.95 confidence interval).

N = the given population

p = population proportion (assumed to be 0.5 since this would provide the maximum sample size)

d = the degree of accuracy set at 0.05.

Therefore,
$$S = \frac{3.841 * 2965 * 0.5 (1-0.5)}{(0.05)^2 * 2965 (2965-1) + 3.841 * 0.5 (1-0.5)}$$
$$S \approx \underline{341}$$

3.6 Source of data

The study was employed both primary and secondary sources of data. Primary data were collected through well designed questionnaire adopted from previous study. This was completed by respondents (CBE frontline employees) that were willingly filled and returned the questionnaire. Secondary data were collected from CBE data base. Besides,

variety of books, websites, research journals, thesis and articles were reviewed to make the study fruitful.

3.7 Data collection instrument

Closed/ structured questioner of data collection is quite popular, particularly in case of big enquiries (Kothari, 2004). Therefore, a structured questionnaire was utilized to collect the data from CBE frontline employees. The respondents were asked to rate their level of perception of the five variables on five point Likert scale. In addition, demographic data from each respondent were collected.

Table 3.1: Research variables and their corresponding measures

Constructs	Source	Number of Items
Empowerment	Gounaris (2008); Al-Qudah et al. (2013)	4 items were used to measure this variable
Training	Gounaris (2008); Al-Qudah et al. (2013)	6 items were used to measure this variable
Internal communication	Gounaris (2008); Al-Qudah et al. (2013)	5 items were used to measure this variable
Reward	Gounaris (2008); Al-Qudah et al. (2013)	5 items were used to measure this variable
Customer orientation	Hennig- Thurau (2004)	12 items were used to measure this variable

Internal marketing were examined using 20 items, which contains four underlying dimensions (i.e. empowerment, training, internal communication and reward). Customer orientation was examined using 12 items. The questionnaire was developed and distributed in English language, no translation was carried out. This is because one of their job requirements is the skill of English language for CBE frontline employees. So, no translation was needed.

For each dimension, items are measured on a five point Likert scale, with anchors 1 for “Strongly disagree” and 5 for “Strongly agree” as shown in Table 3.2. All items are positively worded.

Table 3.2: The Response Value

Response Scale	Scale Rating
Strongly agree	5
Agree	4
Neutral	3
Disagree	2
Strongly disagree	1

3.8 Reliability and validity of the instrument

3.8.1 Instrument validity

Validity is the precision of a measure or the degree to which research instruments measure what it is supposed to measure (Zikmund and Babin, 2010). Content validity and construct validity were used to test for validity.

Content validity: content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study (Lacobucci and Churchill, 2010). It can be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it. In determining content validity an advisor was taking to ensure validity of the instruments. Besides, the opinion of bank experts and academicians in the field were taken to ensure the validity of the instrument. The questionnaire was finally revised based on the field feedback collected from experts in the field.

Construct validity: Validity often called construct validity refers to the extent to which a measure adequately represents the underlying construct that it is supposed to measure (Bhattacharjee, 2012). In addition to this, construct validity is the degree to which elements being assessed are identified before hypothesizing any functional relationships (Reynolds-DeBruin, 2013).

Exploratory factor analysis is usually used to validate a measurement instrument. For this reason, the researcher made use of the Kaiser-Meyer-Olkin (KMO) statistic and Bartlett's test of Sphericity discussed section 4.5 of chapter four to observe and determine the construct validity of the questionnaire. The KMO method indicates that factor analysis is conducted by correlating items in the questionnaire against each other. Groups of large correlations signify that variables may be measuring parts of the sample essential

dimension known as factors (Field, 2009). To verify that the data set is suitable for factor analysis, the KMO measure of sampling adequacy must indicate a value of 0.6 or above (Pallant, 2005). Bartlett's test of sphericity observes whether a variance-covariance matrix is proportional to an identity matrix and should be significant ($P < 0.05$) for factor analysis to be considered suitable (Field, 2009).

Factor analysis was done to perform the validity of the measurement instruments. Only factor loadings of 0.4 and higher (Field, 2009) were considered to validate the items that measure internal marketing and customer orientation in accordingly.

3.8.2 Instrument reliability

Reliability can be defined as the extent to which a scale is able to obtain consistent results across time, different evaluators or different items (Churchill and Brown, 2007). Internal consistency reliability test was conducted and the Cronbach's alpha coefficient for the instrument was calculated. Cronbach alpha values vary in values from 0, meaning no consistency, to 1, meaning complete consistency. Cronbach alpha values of 0.80 or higher are considered as high reliability, those between 0.70 and 0.80 are regarded as having good reliability, values between 0.60 and 0.70 are fair, and coefficients lower than 0.60 are questionable (Hair et al., 2010).

Before distributing the questionnaire to all respondents, 20 questionnaires for pilot test to make sure the questions are clear and reliable (Adams, et al., 2007). Hence, a total of 20 questioners were distributed in one branch for the pilot survey which has helped the researcher to ensure that the questionnaire were in fact clear to respondents and reliable. After pretesting questionnaire in one branch, it was assessed using Cronbach's coefficient alpha. The alpha values for all constructs in the study as shown in Table 3.3 are greater than the guideline of 0.70, so it can be concluded that the scales can be applied for analyses with acceptable reliability.

Table: 3.3 Reliability test for pilot study

Constructs	Cronbach's Alpha	Number of Items
Empowerment	.989	4
Training	.943	6
Internal communication	.937	5

Reward	.896	5
Customer orientation	.801	12
Reliability of total scale	.911	32

3.9 Data processing and analysis

The data collected through self administered questionnaires were process by using SPSS version 20.0. Only questionnaires that were returned and fully completed deemed valid and used in the analysis, but if the questionnaires were not be returned or not fully completed then they were deemed to void. This is the further transformation of the processed data to look for patterns and relationship between and/or among data groups by using descriptive and inferential analysis.

3.9.1 Descriptive analysis

Descriptive analysis such as frequencies, percentages, means and standard deviations were used to summarize and present the data. In addition to this, Pearson’s correlation coefficient used to show the interdependence and to ascertain whether a statistically significant relationship between the independent and dependent variables.

According to Sekaran and Bougie (2010), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. The results of correlation coefficient may be interpreted as follows.

Table 3.4: Guideline for the Pearson correlation analysis

Pearson Correlation	Strength of correlation relationship
r = 0.10 to 0.29 or r = -0.1to -0.29	Weak
r = 0.30 to 0.49 or r = -0.30 to -0.49	Moderate
r = 0.50 to 1.00 or r = -0.50 to -1.00	Strong

Source: Sekaran and Bougie (2010)

3.9.2 Inferential analysis

According to Sekaran (2000), inferential statistics allows to infer from the data through analysis the relationship between two or more variables and how several independent

variables might explain the variance in a dependent variable. With regard to inferential statistics which were run in this research are as follows:

3.9.2.1 Multiple regression

Multiple Regressions is a statistical technique that allows us to predict someone's score on one variable on the basis of their scores on several other variables. In this study standard multiple regression analysis will be employed. In standard multiple regression all the independent (internal marketing elements) variables are entered into the equation simultaneously. Each independent variable is evaluated in terms of its predictive power, over and above that offered by all the other independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike correlations, however, the primary purpose of regression is prediction (Geoffrey et al., 2005).

Model specification

The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (customer orientation) and independent variables (internal marketing: empowerment, training, internal communication and reward). The basic objective of using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables. The regression equation is as follows:

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Customer orientation

X₁ = Empowerment

X₂ = Training

X₃ = Internal communication

X₄ = Reward

α_1 = the intercept term- constant which would be equal to the mean if all slope coefficients are 0.

e = Error

β_1 , β_2 , β_3 , and β_4 are the coefficients associated with the average amount the dependent variable increases when the independent variable increases by one standard deviation

3.9.2.2 The independent t- test

Independent t-test is used to test mean differences between two groups. Thus, t-test was used to compare mean difference between genders/academic qualifications of the CBE frontline employees with respect to the level of customer orientation.

3.9.2.3 One-Way ANOVA

ANOVA is a test of mean comparisons. In fact, one of the only differences between a independent t-test and One-Way ANOVA is that the One-Way ANOVA can compare means more than two groups or conditions. Hence, One-Way ANOVA analysis was carried out to compare mean difference among work experience/age groups of the CBE frontline employees with respect to the level of customer orientation.

3.10 Ethical considerations

All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent will be secured before the commencement of distributing questionnaire. Respondent were 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. Moreover, no information was modified or changed, therefore information were presented as collected and all the literatures collected for the purpose of this study are appreciate in the reference list.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

Generally, this chapter is organized in the following manner: It consists of reliability and validity test for the measures used, the demographic profile of the respondents were presented and analyzed. To facilitate ease in conducting the empirical analysis, the results of descriptive analyses were presented first, followed by the results of Pearson's correlation coefficient and multiple regression were analyzed. Moreover, One-Way ANOVA analysis and independent t-test was carried out to compare mean difference between and among demographic profiles.

4.2 Samples and response rate

The questionnaires were distributed in person and by mail to the selected frontline employees. These selected employees were informed by phone and in person to send the questionnaires back for collection. A total of 341 questioners were distributed, and 310 were received back. After excluding 15 invalid questionnaires, a total of 295 valid questionnaires were accepted for a response rate of 90.91%. Out of the 341 questionnaires distributed, 86.51% of the subjects returned valid questionnaires.

4.3 Demographic profile of respondents

The samples of this study have been classified according to four demographic background information collected during the questionnaire survey. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as the number of respondents' proportion of males and females in the sample, range of age, academic

qualification, and service years of respondents of frontline employees. The demographic composition of the respondents is summarized in Table 4.1 below.

It is evident from the table that the majority of CBE frontline employees are between the ages of 21-25 (55.30%). The major participants were males (62.40%), whilst 37.60 % of the participants were females. Furthermore, the academic qualification of the respondents consist 10.50% diploma and 89.50% of the respondents holds first degree. 65.80% respondents were service years between 3-5 years.

In summary, the majority of the respondents were males within the age group 21-25 having predominantly first degree and. 3-5 work experiences.

Table 4.1: Demographic information for CBE frontline employees

Items	Description	Frequency	Percentage	Cumulative Percent
Age	21-25	163	55.30	55.30
	26-35	90	30.50	85.80
	36-45	34	11.50	97.30
	46-55	8	2.70	100.00
	Total	295	100.00	
Gender	Male	184	62.40	62.40
	Female	111	37.60	100.00
	Total	295	100.00	
Academic qualification	Diploma	31	10.50	10.50
	First degree	264	89.50	100.00
	Total	295	100.00	
Service years	1-2	84	28.50	28.50
	3-5	194	65.80	94.20
	6-10	14	4.70	99.00
	11-20	3	1.00	100.00
	Total	295	100.00	

Source: Survey Data (2016)

4.4 Reliability test

The pilot survey has proved the questioners designed to collect the desired data was reliable. Moreover, for the reliability test of the all data Cronbach's alpha was calculated using SPSS and the result is presented in Table 4.2 below. The alpha values for all constructs in the study are greater than the guideline of 0.70, so it can be concluded that the measurements can be applied for analyses with acceptable reliability.

Table 4.2: Measurement Reliability

Constructs	Cronbach's Alpha	Number of Items
Empowerment	.896	4
Training	.934	6
Internal communication	.851	5
Reward	.809	5
Customer orientation	.793	12
Reliability of total scale	.808	32

Source: Computation from survey data (2016)

4.5 Construct validity test

Factor analysis was conducted in order to assess the construct validity of the questionnaire. Only factor loadings of 0.4 and higher are considered to validate the items that measure the constructs (Field, 2009).

Before the factor analysis was performed, the data was verified for factor analysis suitability using the KMO measure of sampling adequacy and Bartlett's test of sphericity. Bartlett's test of sphericity should be $P < 0.05$ and the KMO should be greater than 0.6 (Pallant, 2005).

4.5.1 Empowerment

The KMO score is 0.782 and the Bartlett's score equally satisfactory at Sig. value is 0.000 as shown in Table 4.3. The data met the requirements for Bartlett's test of Sphericity and KMO, indicating that factor analysis for empowerment construct was possible.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.782
Bartlett's Test of Sphericity	Approx. Chi-Square	774.253
	df	6
	Sig.	.000

Source: Computation from survey data (2016)

Once factor analysis suitability had been assessed, exploratory factor analysis could then be conducted. The factor analysis of the empowerment construct indicates that all the questions loaded onto one factor. In order to determine which factors to extract from this empowerment scale, only questions with factor loadings 0.4 were considered. As shown in Table 4.4 below all the questions have favourable factor loadings which are exceeding 0.40. This indicates that empowerment is adequately measured by the mentioned four questions.

Table 4.4: Factor analysis of empowerment

Questions	Component
	1
My managers allow me to use my own judgment in solving problems.	.830
My managers encourage me to take initiatives.	.906
My managers allow me to take a high degree of initiative.	.904
My managers trust me to exercise good judgment.	.853

Source: Computation from survey data (2016)

4.5.2 Training

As shown below in Table 4.5 the KMO score is 0.858 and the Bartlett's score equally satisfactory at Sig. value is 0.000. The data met the requirements for Bartlett's test of Sphericity and KMO, indicating that factor analysis for training construct was possible.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.858
Bartlett's Test of Sphericity	Approx. Chi-Square	2002.750
	df	15
	Sig.	.000

Source: Computation from survey data (2016)

Once factor analysis suitability of the training construct had been assessed, exploratory factor analysis could then be conducted. The factor analysis of the training construct indicates at all the questions loaded onto one factor. In order to determining which factors to extract from this training scale, only questions with factor loadings 0.4 were consider. As shown in Table 4.6 below all the questions have favourable factor loadings which are exceeding 0.40. This indicates that training is adequately measured by the mentioned six questions.

Table 4.6: Factor analysis of training

Questions	Component
	1
In CBE training is closely related to the individual needs of each frontline employee.	.770
A newly hired employee will have to find his own answers to the requirement of the job.	.834
Before the implementation of a major change in service rules we always gets significant training regarding its impact on our daily activities and job description.	.921
If one moved from one task to another, the managers will facilitate to train him/her for a pre-specified period.	.924
CBE has adequate resources to train employees.	.898
Training is clearly directed at creating the competencies that is important to the business.	.888

Source: Computation from survey data (2016)

4.5.3 Internal communication

As shown in Table 4.7 below the KMO score is 0.776 and the Bartlett's score equally satisfactory at Sig. value is 0.000. The data met the requirements for Bartlett's test of sphericity and KMO, indicating that factor analysis for internal communication construct was possible.

<i>Table 4.7: KMO and Bartlett Test – Internal communication</i>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.776
Bartlett's Test of Sphericity	Approx. Chi-Square	823.661

	df	10
	Sig.	.000

Source: Computation from survey data (2016)

Once factor analysis suitability of the internal communication construct had been assessed, exploratory factor analysis could then be conducted. The factor analysis of the internal communication construct indicates at all the questions loaded onto one factor. In order to determining which factors to extract from this internal communication scale, only questions with factor loadings 0.4 were consider. As shown on Table 4.8 above all the questions have favourable factor loadings which are exceeding 0.40, therefore no questions should be excluded. This indicates that internal communication is adequately measured by the mentioned five questions.

Table 4.8: Factor analysis of internal communication

Questions	Component
	1
Before any policy and procedures change my managers informs me phase to phase in advance.	.596
Managers are sincerely interested in listening to what frontline employees have to say about their jobs, the problems they have and the solutions that employees suggest.	.737
If an employee has a certain personal problem that influences negatively his/her work performance, she/he is encouraged to discuss it with his/her managers.	.842
Managers are never too busy if one of their frontline employees wishes to meet personally.	.864
Managers are spend time with their customer service officer, explaining them organization values and how these vales affect what the organization expects from each individual employee.	.893

Source: Computation from survey data (2016)

4.5.4 Reward

The KMO score is 0.708 and the Bartlett's score equally satisfactory at Sig. value is 0.000 as shown below in Table 4.9. The data met the requirements for Bartlett's test of sphericity and KMO, indicating that factor analysis for reward construct was possible.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.708
Bartlett's Test of Sphericity	Approx. Chi-Square	685.158
	df	10
	Sig.	.000

Source: Computation from survey data (2016)

Table 4.10: Factor analysis of reward

Questions	Component
	1
The performance measurement reward system encourages employees to work hard	.842
My salary and the annual increment are closely tied to my performance.	.790
When I do something extraordinary I know I will receive some financial bonus/reward.	.774
Everyone gets an annual bonus based of their performance.	.697
My salary and the annual increment are related to those of people with similar qualifications working in this or any other industry.	.666

Source: Computation from survey data (2016)

Once factor analysis suitability of the reward construct had been assessed, exploratory factor analysis could then be conducted. The factor analysis of the reward construct indicates at all the questions loaded onto one factor. In order to determining which factors to extract from this reward scale, only questions with factor loadings 0.4 were consider. As shown on Table 4.10 above all the questions have favourable factor loadings which are exceeding 0.40. This indicates that reward is adequately measured by the mentioned five questions.

4.5.5 Customer orientation

The KMO score is 0.754 and the Bartlett's score equally satisfactory at Sig. value is 0.000 as shown Table 4.11 below. The data met the requirements for Bartlett's test of sphericity and KMO, indicating that factor analysis for customer orientation construct was possible.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.754
Bartlett's Test of Sphericity	Approx. Chi-Square	434.513
	df	66
	Sig.	.000

Source: Computation from survey data (2016)

The factor analysis of the customer orientation indicates that all the questions loaded onto one factor. Out of twelve questions ten questions have favourable factor loadings which are exceeding 0.40. But the two questions these were “I am able to consider the customers’ perspective” and “I know how to treat a customer well” scored below 0.4. This shows that these questions were deleted from the analysis because of the factor loadings lower than 0.40. This indicates that customer orientation can be measured only by the mentioned ten questions that factor loading exceeding 0.40.

Table 4.12: Factor analysis of customer orientation

Questions	Component
	1
I have a high level of bank knowledge	.614
I am an expert in my job	.515
I am highly competent	.469
I have extensive social skills	.427
I am able to consider the customers’ perspective	.097
I know how to treat a customer well	.230
I always show strong commitment to my job	.440
My ultimate goal in this job is to meet the needs of the customers	.495
I am always highly motivated	.546
I can decide autonomously in customer matters.	.561
I have appropriate room for maneuver in solving customer problems.	.602
In the case of customer requests, I do not need to ask superior for permission.	.617

Source: Computation from survey data (2016)

4.6 Descriptive statistics

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).

4.6.1 CBE frontline employees’ perception on empowerment

This section of the questionnaire tested the attitude and views about empowerment levels of CBE frontline employees. A series of four statements were presented to respondents and respondents were asked to rate their level of agreement with each statement. Table 4.13 indicates the mean and standard deviation for each item.

The means for the empowerment items construct ranged between 2.72 and 3.53 (1= strongly disagree and 5= strongly agree) and the standard deviation for the empowerment perception construct ranged between 1.099 and 1.133 which show some level of variance. The statement which respondents agree with most was “my managers allow me to use my own judgment in solving problems” (mean=3.53 and standard deviation= 1.133). The statement indicating the least level of agreement was “my managers trust me to exercise good judgment” (mean= 2.72 and standard deviation= 1.109). The overall mean for the perception of empowerment is 3.07, indicating that the majority of respondents are towards medium level agreement with the statements specified in the study.

Table 4.13: Descriptive statistics for attitude of CBE frontline employees about empowerment

Empowerment	Mean	Std. Deviation
My managers allow me to use my own judgment in solving problems.	3.53	1.133
My managers encourage me to take initiatives.	3.16	1.124
My managers allow me to take a high degree of initiative.	2.88	1.099
My managers trust me to exercise good judgment.	2.72	1.109

Overall level of employees perception about empowerment	3.07	1.116
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Source: Computation from survey data (2016)

4.6.2 CBE frontline employees' perception on training

This section of the questionnaire tested the attitude and views about training levels among CBE frontline employees. A series of six statements were presented to respondents and respondents were asked to rate their level of agreement with each statement. 4.14 indicates the mean and standard deviation for each item.

Table 4.14: Descriptive statistics for attitude of CBE frontline employees about training

Training	Mean	Std. Deviation
In CBE training is closely related to the individual needs of each frontline employee.	1.98	.749
A newly hired employee will have to find his own answers to the requirement of the job.	2.07	.850
Before the implementation of a major change in service rules we always gets significant training regarding its impact on our daily activities and job description.	2.29	1.063
If one moved from one task to another, the managers will facilitate to train him/her for a pre-specified period.	2.59	1.252
CBE has adequate resources to train employees.	2.78	1.247
Training is clearly directed at creating the competencies that is important to the business.	2.98	1.244
Overall level of employees perception about training	2.45	1.068

Source: Computation from survey data (2016)

The means for the training items construct ranged between 1.98 and 2.98 (1= strongly disagree and 5= strongly agree) and the standard deviation for the training perception construct ranged between 0.749 and 1.252 which show some level of variance. The statement which respondents agree with most was “training is clearly directed at creating the competencies that is important to the business” (mean=2.98 and standard deviation=1.244). The statement indicating the least level of agreement was “in CBE training is closely related to the individual needs of each frontline employee” (mean= 1.98 and

standard deviation= 0.749). The overall mean for the perception of training is 2.45, indicating that the majority of respondents towards medium level of agreement with the statements specified in the study.

4.6.3 CBE frontline employees' perception on internal communication

This section of the questionnaire tested the attitude and views about internal communication levels among CBE frontline employees. A series of five statements were presented to respondents and respondents were asked to rate their level of agreement with each statement. Table 4.15 indicates the mean and standard deviation for each item.

Table 4.15: Descriptive statistics for attitude of CBE frontline employees about internal communication

Internal communication	Mean	Std. Deviation
Before any policy and procedures change my managers informs me phase to phase in advance.	3.19	1.010
Managers are sincerely interested in listening to what frontline employees have to say about their jobs, the problems they have and the solutions that employees suggest.	3.09	1.049
If an employee has a certain personal problem that influences negatively his/her work performance, she/he is encouraged to discuss it with his/her managers.	2.92	1.102
Managers are never too busy if one of their frontline employees wishes to meet personally.	2.94	1.128
Managers are spend time with their customer service officer, explaining them organization values and how these vales affect what the organization expects from each individual employee.	3.03	1.126
Overall level of employees perception about internal communication	3.04	1.083

Source: Computation from survey data (2016)

The means for the internal communication items construct ranged between 2.92 and 3.19 (1= strongly disagree and 5= strongly agree) and the standard deviation for the internal

communication perception construct ranged between 1.010 and 1.128 which show some level of variance. The statement which respondents agree with most was “before any policy and procedures change my managers informs me phase to phase in advance” (mean=3.19 and standard deviation= 1.010). The statement indicating the least level of agreement was “if an employee has a certain personal problem that influences negatively his/her work performance, she/he is encouraged to discuss it with his/her managers” (mean= 2.92 and standard deviation= 1.102). The overall mean for the perception of internal communication is 3.04, indicating that the majority of respondents towards medium level of agreement with the statements specified in the study.

4.6.4 CBE frontline employees’ perception on reward

This section of the questionnaire tested the attitude and views about reward levels among CBE frontline employees. A series of five statements were presented to respondents and respondents were asked to rate their level of agreement with each statement. Table 4.16 indicates the mean and standard deviation for each item.

Table 4.16: Descriptive statistics for attitude of CBE frontline employees about reward

Reward	Mean	Std. Deviation
When I do something extraordinary I know I will receive some financial bonus/reward.	2.29	.810
Everyone gets an annual bonus based of their performance.	3.75	.989
The performance measurement reward system encourages employees to work hard.	2.75	.957
My salary and the annual increment are closely tied to my performance.	2.32	.951
My salary and the annual increment are related to those of people with similar qualifications working in this or any other industry.	3.65	1.005
Overall level of employees perception about reward	2.95	.942

Source: Computation from survey data (2016)

The means for the reward items construct ranged between 2.29 and 3.75 (1= strongly disagree and 5= strongly agree) and the standard deviation for the reward perception construct ranged between 0.810 and 1.005 which show some level of variance. The

statement which respondents agree with most was “everyone gets an annual bonus based of their performance” (mean=3.75 and standard deviation= 0.989). The statement indicating the least level of agreement was “when I do something extraordinary I know I will receive some financial bonus/reward” (mean= 2.29 and standard deviation= 0.810). The overall mean for the perception of reward is 2.95, indicating that the majority of respondents towards medium level of agreement with the statements specified in the study.

4.6.5 Comparison of CBE frontline employees’ perception on internal marketing mix constructs

Table 4.17 below show the overall means of all items in the internal marketing mix constructs for CBE frontline employees’ level of perception. According to the findings of the means empowerment represented the highest overall mean score (mean= 3.07), meaning that CBE frontline employees have a tendency towards agree with statements relating the empowerment construct (1= strongly disagree and 5= strongly agree) compare to other constructs. Internal communication followed with overall mean score of 3.04. This was followed by reward (mean= 2.95). The lowest level of agreement was with the training construct (mean= 2.45).

Table 4.17: Overall mean and standard deviation scores for the internal marketing mix

Construct	Mean score	Standard deviation	Rank
Empowerment	3.07	1.116	1 st
Training	2.45	1.068	4 th
Internal communication	3.04	1.083	2 nd
Reward	2.95	0.942	3 rd

Source: Computation from survey data (2016)

4.6.6 The level of customer orientation of CBE frontline employees

This section of the questionnaire tested the attitude and views about customer orientation levels among CBE frontline employees. A series of twelve statements were presented to respondents and respondents were asked to rate their level of agreement with each statement. Table 4.18 indicates the mean and standard deviation for each item.

The means for the level of customer orientation of CBE frontline employees items construct ranged between 2.52 and 3.52 (1= strongly disagree and 5= strongly agree) and the standard deviation for the customer orientation perception construct ranged between 0.533 and 0.982 which show some level of variance but it is small variance compare to other constructs. The statement which respondents agree with most was “I have a high level of bank knowledge” (mean=3.52 and standard deviation= 0.533). The statement indicating the least level of agreement was “I always show strong commitment to my job” (mean= 2.52 and standard deviation= 0.914). The overall mean for the perception of customer orientation is 2.86, indicating that the majority of respondents towards medium level of agreement with the statements specified in the study.

Table 4.18: Descriptive statistics for attitude of CBE frontline employees about customer orientation

Customer orientation	Mean	Std. Deviation
I have a high level of bank knowledge	3.52	.533
I am an expert in my job	3.37	.567
I am highly competent	3.38	.610
I have extensive social skills	3.06	.756
I am able to consider the customers’ perspective	2.61	.907
I know how to treat a customer well	2.53	.906
I always show strong commitment to my job	2.52	.914
My ultimate goal in this job is to meet the needs of the customers	2.66	.980
I am always highly motivated	2.62	.943
I can decide autonomously in customer matters.	2.65	.932
I have appropriate room for maneuver in solving customer problems.	2.71	.939
In the case of customer requests, I do not need to ask superior for permission.	2.72	.982
Overall level of customer orientation	2.86	0.830

Source: Computation from survey data (2016)

4.7 Correlation analysis: relationship between the study variables

In this study Pearson's correlation coefficient was used to determine whether there is significant relationship between empowerment, training, internal communication and reward with customer orientation. The following section presents the results of correlation on the relationship between independent variables and dependent variable. Table 4.19 below indicates that the correlation coefficients for the relationships between customer orientation and its independent variables are linear and positive ranging from weak to moderate correlation coefficients.

Table 4.19: The relationship between independent variables and customer orientation

		Customer orientation
Empowerment	Pearson Correlation	.195**
	Sig. (2-tailed)	.001
	N	295
Training	Pearson Correlation	.434**
	Sig. (2-tailed)	.000
	N	295
Internal Communication	Pearson Correlation	.245**
	Sig. (2-tailed)	.000
	N	295
Reward	Pearson Correlation	.216**
	Sig. (2-tailed)	.000
	N	295
Customer orientation	Pearson Correlation	1
	Sig. (2-tailed)	
	N	295

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

Source: Computation from survey data (2016)

As it is clearly indicated in Table 4.19, a weak to moderate positive relationship was found between empowerment and customer orientation ($r = .195$, $p < .01$), training and customer orientation ($r = .434$, $p < .01$), internal communication and customer orientation ($r = .245$, $p < 0.01$), and reward and customer orientation ($r = .216$, $p < .01$) which are statistically significant at 99% confidence level.

Although we cannot make direct conclusions about causality from a correlation, we can take the correlation coefficient a step further by squaring it. The correlation coefficient squared (known as the coefficient of determination, r^2) is a measure of the amount of variability in one variable that is shared by the other (Field, 2009). Therefore, based on the correlation coefficients result obtained from the table empowerment can account for 3.80%, training for 18.84%, internal communication for 6% and reward for 4.66% of the variation in customer orientation. This implies that, the most important internal marketing practices on customer orientation is training in CBE, which goes to prove that training is perceived as a dominant internal marketing practice to affect the customer orientation.

4.8 Assumptions of regressions analysis

Multiple Regressions is a statistical technique that allows us to predict someone's score on one variable on the basis of their scores on several other variables. Then, the following assumptions test should be done (Pallant, 2005).

4.8.1 Sample size

Different authors tend to give different guidelines concerning the number of cases required for multiple regression. Tabachnick and Fidell (2001) give a formula for calculating sample size requirements, taking into account the number of independent variables to use: $N > 50 + 8m$ (where m = number of independent variables). In this study four independent variables had existed and cases were 295. Therefore, the study satisfied sample size assumption.

4.8.2 Linear relationship

Customer orientation is assumed to be linearly related with internal marketing elements; meaning the dependent variable customer orientation is assumed to be impacted with changes in internal marketing elements (the independent variables). The relationship between the two variables should be linear. This means that at a scatter plot of scores should be a straight line (roughly), not a curve (Pallant, 2005). The scatter plots of this study show that there is almost linear relationship between the variables. The plots do not show any evidence of non-linearity; therefore, the assumption of linearity is satisfied. *Please see appendix four the scatter plot diagram.*

4.8.3 No or little multicollinearity

Multicollinearity is used to describe correlation among independent variables. If there is high correlation between two or more predictor variables, may cause problems when trying to draw inferences about the relative contribution of each predictor variable to the success of the model (Pallant, 2005).

Multicollinearity in this study was tested using Variance Inflation Factor (VIF) value and tolerance value. If tolerance value closed to 1 and VIF value is around 1 and not more than 10, it can be concluded that there is not multicollinearity between independent variable in the regression model (Pallant, 2005). Below Table 4.20 shows there is no multicollinearity exist.

Table 4.20: Multicollinearity of internal marketing elements

Model	Collinearity Statistics	
	Tolerance	VIF
Empowerment	.966	1.035
Training	.972	1.029
Internal Communication	.972	1.029
Reward	.986	1.014

Source: Computation from survey data (2016)

4.8.4 Homoscedasticity

Homoscedasticity is the variability in scores for variables of independent should be similar at all values of variable dependent. In order to ensure the fulfillment of this relationship between independent variable and dependent variable, the variance of dependent variable values must be equal at each value of independent variables (Hair, 2010). For a basic analysis it is worth plotting ZRESID (Y-axis) against ZPRED (X-axis), because this plot is useful to determine whether the assumptions of random errors and homoscedasticity have been met.

Decision rule: If there were certain variant, such as organize shaping dot (waves, fuse and narrow), therefore no homoscedasticity happened. If there were not certain variant, and dots spreads above and below 0 numbers in axis Y, then homoscedasticity did happened (Pallant, 2005). The scatter plots show that there is homoscedasticity. Thus the assumption is reasonably supported in this study. *Please see appendix five the scatter plot diagram.*

4.8.5 Normality test

The study used two methods of assessing normality; graphically (Normal Probability Plot) and numerically (Skewness and Kurtosis). In the Normal Probability Plot it will be hoped that points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. *Appendix three depicted that the scores are normally distributed.*

Numerically, the evaluation of normality in the data analysis began with exploring the skewness and kurtosis values of the elements of internal marketing mix and customer orientation. skewness and kurtosis values greater than 1 and less than -1 are considered being abnormally distributed (Gamst et al., 2008). Table 4.21 below summarises the skewness and kurtosis values of the constructs.

The skewness and kurtosis values for the internal marketing mix elements, namely empowerment, training, internal communication and reward were all below 1 and greater than -1 indicating that the data is normally distributed for these elements. The customer orientation constructs also showed skewness and kurtosis value of less than 1, and is therefore normally distributed.

Table 4.21: Summary of skewness and kurtosis statistic

Constructs	Skewness statistic	Kurtosis statistic
Empowerment	.014	-.596
Training	.925	.106
Internal Communication	.336	-.969
Reward	.375	-.024
Customer orientation	.131	.328

Source: Computation from survey data (2016)

4.8.6 No auto correlation

Regression analysis is based on uncorrelated error/residual terms for any two or more observation (Kothari, 2004). This assumption is tested for each regression procedure with the Durbin-Watson test, which test for correlation between variables residuals. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated (Field, 2009). A value greater than 2 indicates a negative correlation

between adjacent residuals, whereas a value below 2 indicates a positive correlation. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Muluadam, 2015). In this study the Durbin-waston value was 1.741, which is very close to 2, therefore it can be confirmed that the assumption of independent error has almost certainly been met.

4.9 Regression analysis and hypothesis testing

For the purposes of determining the extent to which the explanatory variables (internal marketing elements such as empowerment, training, internal communication and reward) explain the variance in the explained variable (customer orientation), regression analysis was employed after the study met the regression assumptions. The significance level of 0.05 with 95% confidence interval was used.

In the foregoing correlation analysis, the association between the variables, which is customer orientation and internal marketing elements, has been estimated. In effect, four variables showed statistically significant positive correlation with customer orientation. It is of interest in this section to further detect the combined effect of these independent variables on the dependent variable using multiple regression analysis.

Table 4.22: ANOVA- The results of multiple regression analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.533	4	5.133	41.313	.000
	Residual	36.033	290	.124		
	Total	56.566	294			
a. Dependent Variable: Customer orientation						
b. Predictors: (Constant), Reward, Empowerment, Internal Communication, Training						

Source: Computation from survey data (2016)

The ANOVA table tells us whether the overall model results in a significantly good degree of the prediction of the outcome variable (Field, 2009). The proposed model was adequate as the Sig. value (0.000) is less than 0.05. This indicates that the overall model was statistically significant relationship between internal marketing practices and customer orientation.

From the model summary in below Table 4.23, R-value is 0.602, indicates correlation of the four independent variables (internal marketing elements) with the dependent variable (customer orientation) and the model exhibited an adjusted R square value of 0.354, it indicated that 35.40 % customer orientation in CBE was explained by the variation of the four internal marketing dimensions and 64.60 % was due to other factors/extraneous variables.

The Sig. values of empowerment, training, internal communication and reward are .000. This test shows that the coefficients of the four predictors are statistically significant at less than 5% level of significance. Thus, all four variables were found to be significant predictors of customer orientation of CBE frontline employees.

The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta is the amount that the dependent variable increases or decreases when the independent variable increases by one standard deviation. Thus, the largest influence on the customer orientation is from the training dimension (.443), and the next internal communication (0.325) and reward (0.271) respectively. On the other hand empowerment with the beta value of 0.169 is the poorest predictor of customer orientation when it is compared with the other explanatory variables under study.

Table 4.23: Regress customer orientation (as dependent variable) on the selected variables (as independent variables) using multiple regressions

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate		Sig.
		.602	.363	.354	.35249	
Coefficients	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Variables	B	Std. Error	Beta		
	(Constant)	1.184	.152		7.790	.000
	Empowerment	.076	.021	.169	3.551	.000
	Training	.206	.022	.443	9.313	.000
	Internal Communication	.166	.024	.325	6.827	.000
	Reward	.167	.029	.271	5.742	.000

a. Predictors: (Constant), Reward, Empowerment, Internal Communication, Training

b. Dependent Variable: Customer orientation

Source: Computation from survey data (2016)

The objective of the regression in this study is to find such an equation that could be used to find the impact of predictors on dependent variable. The specified regression equation takes the following form:

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Customer orientation

X₁ = Empowerment

X₂ = Training

X₃ = Internal communication

X₄ = Reward

So equation comes as:

$$\text{Customer orientation} = 1.184 + 0.169X_1 + 0.443X_2 + 0.325X_3 + 0.271X_4$$

The hypothesis test results based on standardized coefficient beta and P-value to test whether the hypothesis to reject or not reject. As shown from above Table 4.23 empowerment of CBE, P-value is significant (P < 0.05) and the beta value is positive (beta = .169). Therefore, the result supported the initial hypothesis and infers that empowerment has a significant and positive effect on customer orientation of CBE frontline employees. With regards to training of CBE, P-value is significant (P < 0.05) and the beta value is positive (beta = .443). Therefore, the result supported the initial hypothesis and infers that training has a significant and positive effect on customer orientation of CBE frontline employees. The same is true for internal communication of CBE, P-value is significant (P < 0.05) and the beta value is positive (beta = .325). Therefore, the result supported the initial hypothesis and infers that internal communication has a significant and positive effect on customer orientation of CBE frontline employees. Regarding to reward of CBE, P-value is significant (P < 0.05) and the beta value is positive (beta = .271). Therefore, the result supported the initial hypothesis and infers that reward has a significant and positive effect on customer orientation of CBE frontline employees.

4.10 Customer orientation of CBE employees based on their demographic Profile

The independent t- test and one-way ANOVA were applied to compare demographic characteristics and investigate how they are related with customer orientation of CBE frontline employees.

4.10.1 Customer orientation of CBE employees based on gender

The independent sample t-test was applied to compare the mean score of the two gender groups (male and female). In this case, as the table depicts below shows that the mean difference between male and female subjects with customer orientation is not significant as Sig. value (.241) is greater than 0.05. It can state with 95% confidence that there is not significant relationship between customer orientation of CBE frontline employees' and their gender.

Table 4.24: Independent Samples Test of customer orientation based on gender

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Customer orientation	Male	184	2.9429	.44765	.03300
	Female	111	2.8811	.42244	.04010

		Independent Samples Test					
		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Customer orientation	Equal variances assumed	.002	.960	1.174	293	.241	.06185
	Equal variances not assumed			1.191	242.590	.235	.06185

Source: Computation from survey data (2016)

4.10.2 Customer orientation of CBE employees based on academic qualification

The independent sample t-test was applied to compare the mean score of the two academic qualifications (diploma and first degree). In order to determine whether there are any significant differences between customer orientation of CBE frontline employees' and their academic qualification, independent t-test has been run. As the table depicts below shows that the mean difference between academic qualification subjects with customer orientation is not significant as their Sig. value (.669) is greater than 0.05. This shows that the customer orientation of CBE frontline employees' based on academic qualification did not differ significantly. It can state with 95% confidence that there is not significant relationship between customer orientation of CBE frontline employees' and their academic qualification.

Table 4.25: Independent Samples Test of customer orientation based on academic qualification

	Academic qualification	N	Mean	Std. Deviation	Std. Error Mean
Customer orientation	Diploma	31	2.9516	.43579	.07827
	First degree	264	2.9159	.43964	.02706

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Customer orientation	Equal variances assumed	.054	.817	.428	293	.669	.03570
	Equal variances not assumed			.431	37.538	.669	.03570

Source: Computation from survey data (2016)

4.10.3 Customer orientation of CBE employees based on Age

In order to determine whether there are any significant differences between the customer orientation of CBE frontline employees' and their age group, the one way ANOVA has been run. To use ANOVA, ideally the data satisfy two conditions: The dependent variable

(customer orientation) is normally distributed and the population variances across levels are equal (test of homogeneity of variance). The customer orientation constructs as shown in Table 4.21 skewness and kurtosis value of less than 1, and is therefore normally distributed. To test homogeneity of variance it is important to look Sig. value in Table 4.26 below. Sig. value (.180) is greater than 0.05. This shows that the population variances across levels are equal. Thus, test of homogeneity of variance satisfied.

Table 4.26: Test of Homogeneity of Variances			
Customer orientation			
Levene Statistic	df1	df2	Sig.
1.641	3	291	.180

Source: Computation from survey data (2016)

As the table depicts below shows that the mean difference among age groups subjects with customer orientation is not significant as their Sig. value (.904) is greater than 0.05. This shows that customer orientation of CBE frontline employees' based on age did not differ significantly. It can state with 95% confidence that there is not significant relationship between customer orientation of CBE frontline employees' and their age group.

Table 4.27: One-way ANOVA test of customer orientation based on age					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.110	3	.037	.188	.904
Within Groups	56.456	291	.194		
Total	56.566	294			

Source: Computation from survey data (2016)

4.10.4 Customer orientation of CBE employees based on service years

In order to determine whether there are any significant differences between customer orientation of CBE frontline employees' and their service years, the one way ANOVA has been run. To use ANOVA, ideally the data satisfy two conditions: The data are normally distributed and the population variances across levels are equal (test of homogeneity of variance). The customer orientation constructs as shown in Table 4.21 skewness and kurtosis value of less than 1, and is therefore normally distributed. To test

homogeneity of variance it is important to look Sig. value in Table 4.28 below. Sig. value (.336) is greater than 0.05. This shows that the population variances across levels are equal. Thus, test of homogeneity of variance satisfied.

Table 4.28: Test of Homogeneity of Variances			
Customer orientation			
Levene Statistic	df1	df2	Sig.
1.133	3	291	.336

Source: Computation from survey data (2016)

As the table depicts in Table 4.29 below shows that the mean difference between service years subjects with customer orientation is not significant as their Sig. value (.529) is greater than 0.05. This shows that customer orientation of CBE frontline employees' based on service years did not differ significantly. It can state with 95% confidence that there is not significant relationship between customer orientation of CBE frontline employees' and their service years.

Table 4.29: One-way ANOVA test of customer orientation based on service years					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.428	3	.143	.740	.529
Within Groups	56.137	291	.193		
Total	56.566	294			

Source: Computation from survey data (2016)

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary, conclusions and recommendations of the research undertaken in the study. For clarity purpose the conclusions are based on the research objectives of the study. The general explanations of the findings were discussed and recommendations drawn from the conclusions of the research were provided to CBE to improve frontline employees' customer orientation through the design or improvement of internal marketing programmes. Finally the study shows some limitation of the study and provides of directions for future researches.

5.2 Summary of findings

The following Table 5.1 below provides the summery overview of the results of the research.

Table 5.1: Summary of research findings

Objectives	Hypothesis	Results
To investigate the level of empowerment as perceived by CBE frontline employees.	N/A	CBE frontline employees' perception about empowerment is medium level (mean= 3.07).
To investigate the level of training as perceived by CBE frontline employees.	N/A	CBE frontline employees' perception about training are medium level (mean= 2.45).
To investigate the level of		CBE frontline employees'

internal communication as perceived by CBE frontline employees.	N/A	perception about internal communication is medium level (mean= 3.04).
To investigate the level of reward as perceived by CBE frontline employees.	N/A	CBE frontline employees' perception about reward is medium level (mean= 2.95).
To examine the level of customer orientation of CBE frontline employees.	N/A	The level of customer orientation CBE frontline employees' medium level (mean= 2.86).
To determine the effect of empowerment on the level of customer orientation of CBE frontline employees.	H1: Empowerment has a significant and positive effect on customer orientation of CBE frontline employees.	Not rejected (the outcome of the multiple regression supports the hypothesis; $\beta = 0.169$, $P < 0.05$)
To determine the effect of training on the level of customer orientation of CBE frontline employees.	H2: Training has a significant and positive effect on customer orientation of CBE frontline employees.	Not rejected (the outcome of the multiple regression supports the hypothesis; $\beta = 0.443$, $P < 0.05$)
To determine the effect of internal communication on the level of customer orientation of CBE frontline employees.	H3: Internal communication has a significant and positive effect on customer orientation of CBE frontline employees.	Not rejected (the outcome of the multiple regression supports the hypothesis; $\beta = 0.325$, $P < 0.05$)
To determine the effect of reward on the level of customer orientation of CBE frontline employees.	H4: Reward has a significant and positive effect on customer orientation of CBE frontline employees.	Not rejected (the outcome of the multiple regression supports the hypothesis; $\beta = 0.271$, $P < 0.05$)
To find out if there is any	$H_0: \mu_1 = \mu_2$	Rejected (with 95%)

variation in the level of customer orientation based on gender.	H ₁ : At least one mean value is different from other	confidence that there is not significant relationship between the level of customer orientation and their gender; P(0.241) > 0.05).
To find out if there is any variation in the level of customer orientation based on age.	H ₀ : $\mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5$ H ₁ : At least one mean value is different from others.	Rejected (with 95% confidence that there is not significant relationship between the level of customer orientation and their age; P(.180) > 0.05).
To find out if there is any variation in the level of customer orientation based on academic qualification.	H ₀ : $\mu_1 = \mu_2 = \mu_3$ H ₁ : At least one mean value is different from others.	Rejected (with 95% confidence that there is not significant relationship between the level of customer orientation and their academic qualification; P(0.669) > 0.05).
To find out if there is any variation in the level of customer orientation based on service years.	H ₀ : $\mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5$ H ₁ : At least one mean value is different from others.	Rejected (with 95% confidence that there is not significant relationship between the level of customer orientation and their service years; P(.904) > 0.05).

5.3 Conclusions

This study aimed to examine the effect of internal marketing in its four dimensions (empowerment, training, internal communication and reward) on customer orientation in CBE frontline employees. The empirical results show that internal marketing has direct impact on customer orientation. The result confirms the hypothesized relationships in the research model. In this regard, it can be concluded about how each dimension of internal marketing influence customer orientation as below.

- One of the research findings that can be conclude from the statistics provided above is that empowerment is positively and significantly related to customer orientation in CBE. Empowerment of frontline employees in making decisions related to their routine job activities is directly related to employees' customer orientation, previous researches have also highlighted the significant relationship between empowerment and employees customer orientation (Ahmed and Rafiq, 2002; Sood and Lings, 2004; Bowen and Lawler, 1992).
- The most important factor that can affect customer orientation is training, as the above statistics imply, training has a positive and significant effect on customer orientation of CBE frontline employees. This conclusion is in accordance with Gronroos (1981) and Lewis (1989).
- According to the research findings, internal communication has a positive and significant effect on customer orientation of CBE frontline employees. The finding is consistent with results obtained by Ahmed and Rafiq (2002) and Gronroos (2000).
- In regard to reward, reward has a positive and significant effect on customer orientation of CBE frontline employees. The finding is consistent with results obtained by Pappasolomou and Vorntis (2006) and Lings (2004)
- One of the research objectives was met by employing independent t-test and one way ANOVA. Both results showed no significant variation between CBE frontline employees of different gender, age, academic qualification and service years with customer orientation. From this one can conclude that there is no significant relationship between customer orientations of CBE frontline employees' and their four demographic profiles.

5.4 Recommendations

Commercial bank of Ethiopia has a vision to become a world-class commercial bank by the year 2025. In an effort to attain its vision, managers and policy makers in the bank need to give more emphasizes to this idea of internal marketing and apply this concept in a more focused and thorough manner. Management of CBE must consider the organization as its first market and satisfy the needs of its internal customers. It must also establish on internal marketing program for CBE on the basis of those internal marketing

dimensions which enhance customer orientation. Accordingly, given the significantly positive relationships between internal marketing elements (empowerment, training, internal communication and reward) and customer orientation, the following measures are also recommended to CBE to increase customer orientation by implementing internal marketing practices.

- Managers should empower frontline employees because it is proved that from the findings when the frontline employees are participants in decision making process they provide a much better orientation of customers. Instead of taking each and every decision making situation to the managers, the employees should be empowered to decision making in cases where the decision is routine and not critical, then the frontline employees will be able to have better customer orientation.
- Training is recommended to be continuous process with no end for frontline employees. Periodic training about the new developments or change the organization is about to experience put the employees in much better positions to equipped those developments or change and adjust to the necessary requirements. In addition to this, training need to be improved to employees get extensive and diverse way on how to deal with and provide services to their customers.
- Since internal communication has a significant impact on customer orientation, managers have to communicate with their subordinates/frontline employees effectively in order to make them customer oriented. So, in order to achieve customer orientation managers have to make regular meetings with the frontline employees to hear their opinions and feedbacks about the job. Moreover, before any policy and procedures change managers must inform them phase to phase in advance.
- Furthermore, CBE should be periodically assessed frontline employees performance and provide appropriate rewards them for doing the right things.

5.5 Limitations and directions for future researches

Despite the worthwhile findings from this study, there are limitations to the study. Because of these potential limitations, the findings should be tempered by their inherent context, which however, future research can address. This study was based on a single service industry (banking industry) with its own peculiar characteristics. It is not clear to

what extent the substantive results of this study can be generalized to other industries. The second limitation concerned the internal marketing dimensions. Internal marketing has various dimensions; nevertheless the study was conducted on only four dimensions.

Given the promising results that were obtained, coupled with the inherent limitations to the study just discussed above, there are many potential avenues of further research that can be explored. Among these future researches should apply the study's model on a larger population of other private banks and other service and manufacturing industries and comparison of the results. It is also possible that additional dimensions of internal marketing exist that might improve its predictive ability that is additional constructs that can be included in a comprehensive model.

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APPENDIX ONE

Questionnaire



College of Business and Economics

School of Commerce

Post Graduate studies program

Questionnaire to be filled by CBE employees

Dear Participant:

I am a graduate student in the department of marketing management, Addis Ababa University School of Commerce. Currently, I am undertaking a research entitled '*The effect of internal marketing on customer orientation*'. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding. Your participation is entirely voluntary and the questionnaire is completely anonymous.

Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only. Thank you in advance for your kind cooperation and dedicating your time.

Your opinion matters so please share it and add value to this study!

Sincerely,

Kassahun Workneh

Tel: +251911881245

Instruction

- No need of writing your name

SECTION 1: RESPONDENT’S DEMOGRAPHIC DATA

This part of the questionnaire includes item related to basic data of respondents please indicate your responses by putting marks in the box

- 1. Gender: Male Female

- 2. Age: Less than 20 21-25 26-35 36-45 46-55
 56 and more

- 3. Highest academic qualification: Diploma First degree
 Above first degree

- 4. Service years at CBE:
 1-2 years 3-5 years 6-10 years 11-20 years
 More than 20 years

SECTION 2: INTERNAL MARKETING ELEMENTS AND CUSTOMER ORIENTATION

5. Please **encircle** the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly disagree and 5 being you strongly agree)

Where, 1-Strongly Disagree 2- Disagree 3-Neutral 4-Agree and 5-Strongly Agree

S. No.	Empowerment					
5.1	My managers allows me to use my own judgment in solving problems	1	2	3	4	5
5.2	My manager encourages me to take initiatives.	1	2	3	4	5
5.3	My manager allows me to take a high degree of initiative.	1	2	3	4	5
5.4	My manager trusts me to exercise good judgment.	1	2	3	4	5

Training						
5.5	In CBE training is closely related to the individual needs of each frontline employee.	1	2	3	4	5
5.6	A newly hired employee will have to find his own answers to the requirement of the job.	1	2	3	4	5
5.7	Before the implementation of a major change in service rules we always gets significant training regarding its impact on our daily activities and job description.	1	2	3	4	5
5.8	If one moved from one task to another, the manager will facilitate to train him/her for a pre-specified period.	1	2	3	4	5
5.9	CBE has adequate resources to train employees.	1	2	3	4	5
5.10	Training is clearly directed at creating the competencies that is important to the business.	1	2	3	4	5
Internal Communication						
5.11	Before any policy and procedures change my manager informs me phase to phase in advance.	1	2	3	4	5
5.12	Managers are sincerely interested in listening to what frontline employees have to say about their jobs, the problems they have and the solutions that employees suggest.	1	2	3	4	5
5.13	If an employee has a certain personal problem that influences negatively his/her work performance, she/he is encouraged to discuss it with his/her manager.	1	2	3	4	5
5.14	Branch manager is never too busy if one of their frontline employees wishes to meet personally.	1	2	3	4	5
5.15	Branch manager is spend time with their customer service officer, explaining them organization values and how these vales affect what the organization expects from each individual employee.	1	2	3	4	5

Reward						
5.16	When I do something extraordinary I know I will receive some financial bonus/reward.	1	2	3	4	5
5.17	Everyone gets an annual bonus based on their performance.	1	2	3	4	5
5.18	The performance measurement reward system encourages employees to work hard.	1	2	3	4	5
5.19	My salary and the annual increments are closely tied my performance.	1	2	3	4	5
5.20	My salary and the annual increment are related to those of people with similar qualifications working in this or any other industry.	1	2	3	4	5

6. Please **encircle** the following questions in terms of how much you agree with the statement (i.e. 1 being you strongly disagree and 5 being you strongly agree)

S. No.	Customer orientation					
6.1	I have a high level of bank knowledge	1	2	3	4	5
6.2	I am an expert in my job	1	2	3	4	5
6.3	I am highly competent	1	2	3	4	5
6.4	I have extensive social skills	1	2	3	4	5
6.5	I am able to consider the customers' perspective	1	2	3	4	5
6.6	I know how to treat a customer well	1	2	3	4	5
6.7	I always show strong commitment to my job	1	2	3	4	5
6.8	My ultimate goal in this job is to meet the needs of the customers	1	2	3	4	5
6.9	I am always highly motivated	1	2	3	4	5
6.10	I can decide autonomously in customer matters.	1	2	3	4	5
6.11	I have appropriate room for maneuver in solving customer problems.	1	2	3	4	5
6.12	In the case of customer requests, I do not need to ask superior for permission.	1	2	3	4	5

APPENDIX TWO

Output of Random Number Generator

341 Random Numbers											
1831	2318	0069	1673	2793	1609	0018	1039	2516	1051	1692	1344
2389	1431	2730	1799	2413	2749	2528	0228	1198	2041	2476	2559
0133	1483	1186	2864	0006	1863	2223	0354	0817	0216	2021	1748
1780	1685	1970	1114	1502	1914	2856	1419	1376	2294	1716	1875
1400	2825	1514	0303	0184	2116	1463	2635	2084	1558	2350	2939
1958	1938	1210	1217	2769	0291	1007	2611	0766	2547	0956	1977
2666	1989	1843	1495	2540	2369	0703	2737	0386	0722	0501	1166
2136	2191	0449	0532	1071	2421	1336	0050	0944	2801	0196	1293
1756	1154	2959	2686	2718	2623	2908	2053	1653	2065	0829	2357
1526	2445	2654	2813	2338	0798	2452	1241	0335	0089	2401	0608
0057	2496	0323	0912	2896	2876	2148	1368	2920	1229	1946	2761
1704	2698	1894	2128	0639	2927	2781	2433	0513	0342	1641	2888
1324	1661	1439	2104	2286	0164	1388	1471	2009	2571	2274	0988
1882	2951	1134	2231	1906	1305	0145	0659	0691	0596	0881	0026
2591	0038	1768	2508	2464	0418	0627	0786	0311	1736	2603	2179
1273	0240	0374	1546	0208	0469	1261	1851	0081	0849	0121	2306
0893	2167	2096	0734	2642	0671	2832	0101	1578	0113	0754	0406
1451	1281	2579	0861	2262	1811	1590	2255	0259	1103	2326	1621
2160	0544	0247	1926	2033	0924	2072	2381	2844	2243	1083	1597
1629	1534	1819	0176	0564	0976	2706	0481	0437	1356	1566	1724
1249	2674	0576	0152	2211	1178	1312	2484	1146	1407	2199	2001
1019	1787	0271	0279	1663	1568	1853	0998	0598	1010	2740	0515
0472	1390	1600	1758	1283	2708	0610	0187	2245	1212	1346	2518
1180	1441	2233	2823	1054	1821	1093	0313	1865	0175	0103	1707
0650	1643	0840	1073	2550	1085	1726	1378	2423	2253	0586	1833
0270	2783	2562	0262	1232	2075	0333	2593	0167	1517	1220	2898
0040	1897	0079	0389	0852	0250	2055	2569	2601	2506	2791	1149
1536	1948	0713	1453	1410	2328	2538	2696	2221	0681	1548	1125
0218	2150	2284	0491	2118							

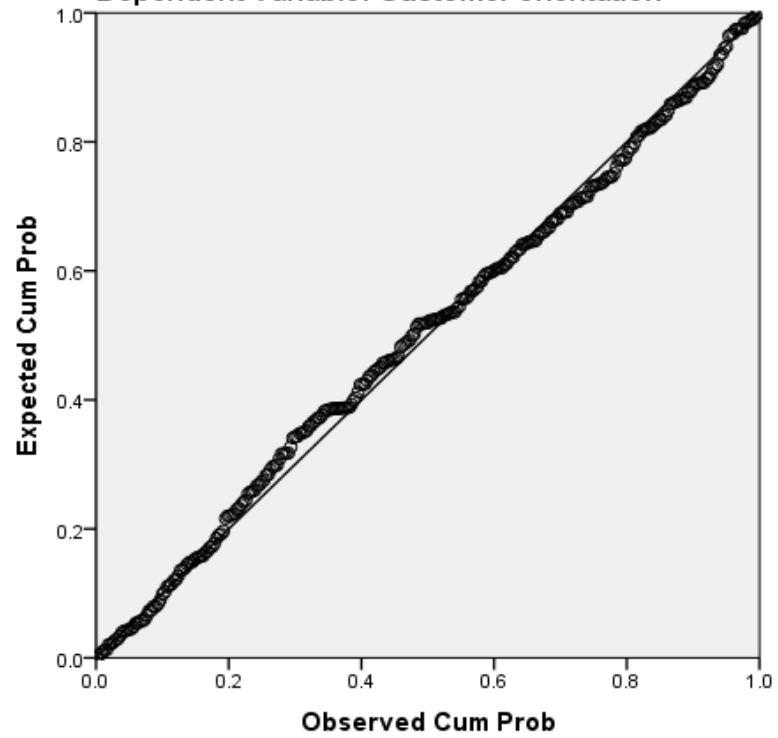
Specs: This table of 341 random numbers was produced according to the following specifications: Numbers were randomly selected from within the range of 1 to 2965. Duplicate numbers were not allowed. This table was generated on 3/21/2016.

APPENDIX THREE

Normal P-Plot of Regression Standardized Residuals

Normal P-P Plot of Regression Standardized Residual

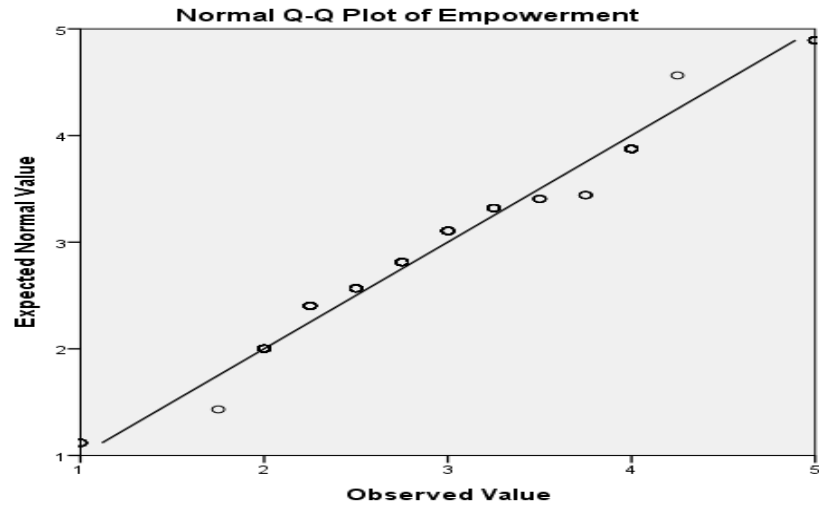
Dependent Variable: Customer orientation



APPENDIX FOUR

Scatter plot linearity test for internal marketing mix elements with customer orientation

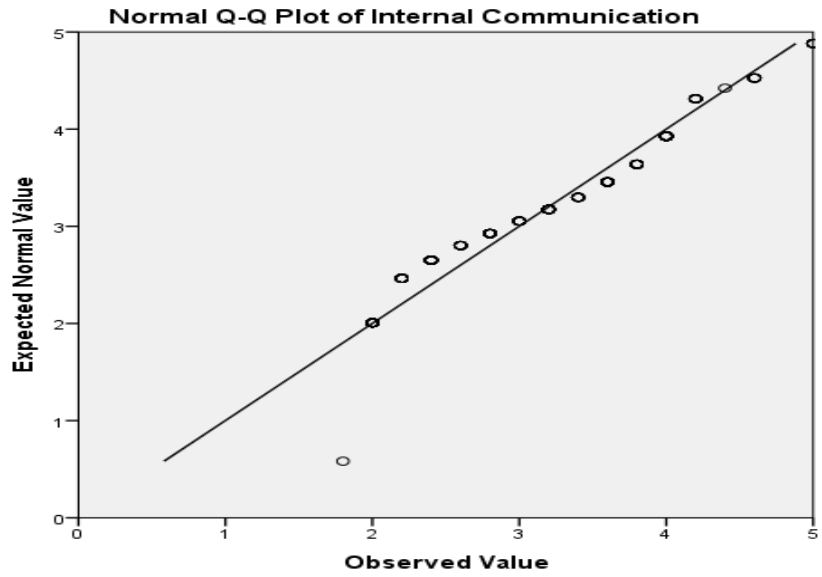
Empowerment and customer orientation



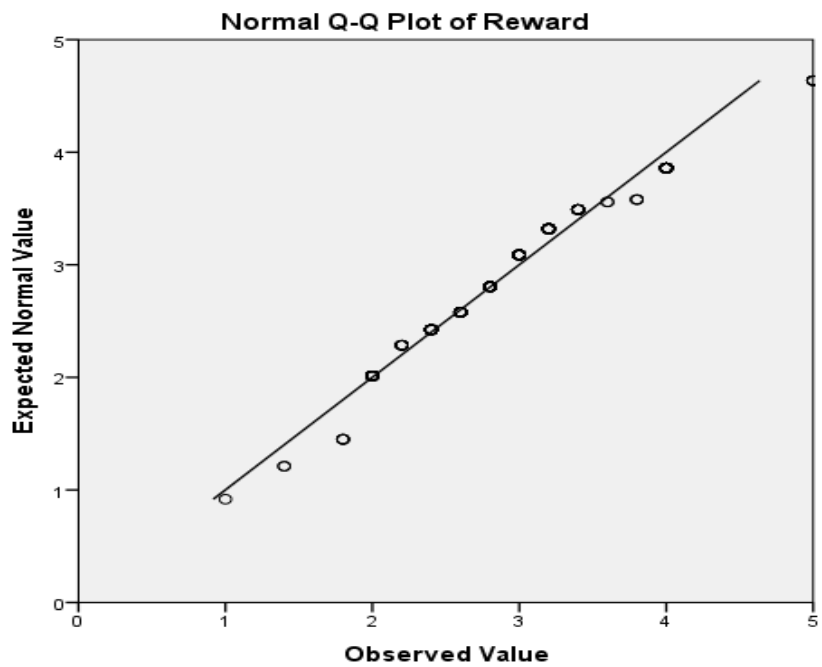
Training and customer orientation



Internal communication and customer orientation



Reward and customer orientation



APPENDIX FIVE

Scatter plot homoscedasticity test for internal marketing mix elements and customer orientation

