AN EMPIRICAL ANALYSIS OF INTERNAL MARKETING ON ORGANIZATIONAL COMMITMENT: A STUDY OF BANKS IN LAGOS-NIGERIA.

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Abstract

The purpose of this paper was to investigate the effects of aspects of internal marketing on organizational commitment of employees. The research was conducted among managers of Nigerian banks situated in the major commercial city in Lagos, Nigeria. Internal marketing is growing recognition of both scholars and professionals with the increasing commoditization of products and services and the continuing failure of technology driven customer relationship management. The main criteria of internal marketing were derived from the literature; provided the backbone for our internal marketing dimensions. Data was gathered from a survey among 128 managers who rated self completion questions on the basis of their perception. In order to achieve the purpose, five hypotheses have been formulated that link the dimensions of internal marketing including motivation, job satisfaction, training,” understanding and differentiation”, “inter-functional coordination and integration” “to organizational commitment. Data analysis indicated that “inter-functional coordination and integration”, training and motivation have positive effects on the organizational commitment of employees among Nigerian banks. Therefore if the banks want to ultimately provide a better service experience for their customers, it is recommended that more attention be directed toward enhancing organizational commitment among personnel, with a focus on the effective aspects of internal marketing.

KEYWORDS: Internal marketing, Nigerian banks, Customer relationship management, Commitment, Employees.
Introduction

In today’s world of accelerated product lifecycles, the instant diffusion of information, and rapid globalization, it is possible for every company to enter the market and competition between companies has intensified. Consequently the products and services are delivered according to customer needs and wants. The role of marketing management in organizations is to identify and measure the needs and wants of customers whereas customer-orientation is the foundation of successful marketing. Marketing is a term usually reserved for the process of marketing a product, service, or idea to the final consumer outside the firm but marketing also takes place within an organization. In this instance the market is not only the ultimate consumer but also an individual or a group of individuals, within the organization. These internal customers are potentially as important as the external customers. Internal marketing is also a mutual valuable system between internal customer (employees) and organization which attracts and retains employees as a resource of surviving growth and profitability, and tries to pave the way for partnership of employees in promoting quality of product and services for external customers. For this purpose, by using advanced systems and tools and also increasing capabilities of organizational behaviour, there is a possibility of closer relationships with employees which enhances their commitment to the organization.

Statement of Research Problem

Today, obtaining and retaining a dominant position in the market has become very difficult due to the vast spread of products and services and the aggressive competition on one side and increasing (internal and external) customers demands on the other side. Also rapid transitions of information age and appearance of new economies set forth customer as a valuable asset and
communicating successfully with (internal and external) customers is an essential part of doing business which create competitive advantage in the external environment and enhance organizational commitment in internal environment, in a manner that all of the resources and technologies of an organization should combine with internal and external customers in order to have a sustainable competitive advantage and organizational commitment.

The service sector has a widespread spectrum and encompass financial, welfare, transportation, health and telecommunication, institutions which experiencing rapid growth in competitive markets and has more contact with customers (internal and external). Banking services as one of the oldest commercial activities have a large market share in delivering various level of services quantitatively and qualitatively to various levels of external customers (individual and companies). Nigerian’s need to banking services is increasing more than ever and people expect more and faster services from banks. Retaining existent (internal and external) customer as well as attracting new customer.

Successful organizations are those that integrate efficient and effective management in internal and external dimensions through external customer relationship management and enhancement of organizational commitment among internal customers. The slogan of all Nigerian banks is customer satisfaction and they try to understand customer needs and create a long term relationship with them, in order to have sustainable competitive advantage. The internal marketing paradigm is a mechanism for the managers to analyze the organizational issues which need to be addressed in implementing marketing strategies. It set to grow more important in Nigerian organizations due to emerging employment patterns and its significant role in enhancing customer loyalty.
Also it can help to establish an important framework of legitimacy for new directions and transformations and accommodate the constant process of change management and knowledge development. In this research paper we study the effect of various aspects of internal marketing including understanding and differentiation of employees, employee motivation, job satisfaction, employee training and “inter-functional coordination and integration” on organizational commitment of employees in Nigerian banking industry from the view point of managers.

Research Objectives

Main objectives:

Determining the effect of various aspects of internal marketing on organizational commitment of employees in Nigerian banking industry.

1) Determining the effect of inter-functional coordination and integration on organizational commitment of employees.

2) Determining the effects of understanding and differentiation on organizational commitment of employees

3) Determining the effect of job satisfaction on organizational commitment of employees

4) Determining the effect of motivation on organizational commitment

5) Determining the effect of training on organizational commitment.

Research Question

This study was intended to answer the main research question which is:
RQ: What are the effects of aspects of internal marketing on organizational commitment of employees in Nigerian banking industry? Related to this is a set of hypotheses which have been formulated from the literature that link the dimensions of internal marketing to organizational commitment as follows:

H₁: Inter-functional coordination and integration has a positive effect on organizational commitment

H₂: Understanding and differentiation has a positive effect on organizational commitment

H₃: Job satisfaction has a positive effect on organizational commitment

H₄: Motivation has a positive effect on organizational commitment

H₅: Training has a positive effect on organizational commitment.

**Literature Review**

Over its relatively short history, internal marketing (IM) has developed along three separate and distinct tracks. The early approaches were suggested by Berry in the 1970s. Working in the area of service marketing, he developed the idea that because people were the most common form of service delivery, their actions probably had a major impact on consumer acquisition, retention and migration, and thus the ultimate success of the firm. Berry approached IM from a traditional marketing view (Batt 2006; Bartel 2007). He posited that employee jobs could be considered the firm’s products and developed traditional marketing models and approaches that were based on the idea of making the worker’s job attractive and desirable to him or her. He employed a basic 4ps approach that focused on the employee’s job as the product and used various forms and formats of price, distribution or place and
promotion to build that desirability. Thus, a major focus of Berry’s approach was to develop various types and forms of internal communication and promotion to encourage and build employee job satisfaction, with the idea that employee satisfaction would lead to customer satisfaction which would, in turn, build more customer loyalty. The goal would be to stimulate service awareness and customer oriented behaviour. According to Sasser(1996; Amouzegar 2002; Appelbaum et al 2006), internal marketing should be incorporated with HRM theories, technologies and principles. Herrell and Fors(1992; Cooper and Cronin 2006) believe that internal marketing is comprised of efforts within organizations to train and encourage employees to provide better services. In the 1990s two academics in the UK, Rafiq and Ahmed (2000) developed what was essentially a hybrid approach to IM. They took the best of Berry and Gronroos, they proposed that IM was inherently difficult to implement because of inter-functional conflicts between departments, management and employees and the firm’s inherent resistance to change. Thus, their methodology focused on overcoming organizational inertia by identifying the specific behavioural changes employees needed to make. They then related those behavioural changes to the various departments and groups within the firm. That provided the base for the development of cross functional integration within the firm. While there have been other approaches, these three streams of thinking have driven IM for more than 30 years.

There are many signals that internal marketing can be just as patently used as external marketing. There are some clear forces of change driving this momentum. Each of these drivers is increasing the need for internal marketing (Samms, 1990; Ivancevich et al 2005).

1) Many enterprises are continually in some form of transformation- mergers, alliances, downsizing and rightsizing generating the need for constant communication
2) Some enterprises may rename themselves as a result and this re-branding requires communication to all stakeholders including employees

3) More companies are empowering staff to take on increased focus in the customer relationship. This needs full involvement, immersion and training in brand values

4) There is more contract and less full time employment. Project staffs also need to understand the brand vision as they are working. This force of change is accentuated with the increasing trend to outsourcing

5) There is less reciprocal loyalty between employer and employee: the employee’s time becomes transactional. The internal brand can be a way to bind the two parties together with shared goals and values.

New ways to working require organizations and staff to constantly learn new skills and sometimes these are acquired through alliances. Building a learning company will be an important future consideration. Internal brand values can be an umbrella for this effort.

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

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

1) Employee motivation and satisfaction

2) Customer orientation and customer satisfaction

3) Inter-functional coordination and integration
4) Marketing-like approach to the above

5) Implementation of specific corporate or functional strategies.

Based on these, they define IM as “a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer-oriented employees”. Basic activities of internal marketing are e.g. internal information, training of personal, creating community spirit and motivation. These means include elements of personnel administration. Figure 1 shows the interrelationships between the criteria for IM and the implementation of one particular organizational strategy that is at the heart of service organizations, namely, service quality. At the centre of this framework is customer orientation which is achieved through a marketing-like approach to the motivation of employees, and inter-functional coordination (Lambert 2002; Ho 2006).

The centrality of customer orientation reflects its importance in the marketing literature and its central role in achieving customer satisfaction and hence organizational goals. Rafiq and Ahmed (2000), highlighted the key role of training in customer orientation and customer satisfaction. They explained that employees also need the right type and level of training to perform their jobs. This can help to reduce ambiguity surrounding their role and help employees to meet the needs of customers more effectively(Rafiq and Ahmed, 2000; Marketing Teacher LTD 2000).
Rafiq and Ahmed (1995; Rafiq and Ahmed 2003; Naude et al 2003) presented a multi-stage model which highlighted how a marketing-like approach and techniques can be used internally in an organization. That model is operationalized by closely intertwining and inter-linking an internal marketing mix to internal marketing research, segmentation, and positioning within a strategic context. Briefly at stage one, namely that of direction, internal marketing research helps to link external marketing research efforts to define realistic opportunities in line with current and future competencies and capabilities. In so doing, it acts as the first step to translate visions
or missions of change into reality. At stage two, internal marketing research is shown to play a role in the process of internal segmentation by helping to define the participants into segments as well as probe their characteristics, motivations and resistances. This helps identify for each segment specific barriers which need to be overcome in order that implementation can successfully occur.

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

Since motivation influences productivity, supervisors need to understand what motivates employees to reach peak performance. It is not an easy task to increase employee motivation because employees respond in different ways to their jobs and their organization’s practices. Motivation is the set of processes that moves a person toward a goal. Organizational practices are the rules, human resources, policies, managerial practices, and rewards systems of an organization. Supervisors must consider how these factors interact to affect employee job performance. Maslow’s hierarchy of needs identifies five levels of needs, which are best seen as a hierarchy with the most basic need emerging first and the most sophisticated need last (Maslow, 1954; Lambert 2002; Ho 2006).

Level 1- physiological needs, Level 2- safety needs, Level 3- social needs, Level 4- Esteem needs, Level 5- Self-actualization needs. Further, employees within the lower levels of organizations are more likely to be motivated by lower order needs, and employees within the higher levels of organizations are more likely to be motivated by higher order needs (Berl et al., 1984). Herzberg (1996) examined motivation in the light of job content and contest. Motivating employees is a two-step process. First provide hygiene and then motivators. One continuum ranges from no satisfaction to satisfaction. The other continuum ranges from dissatisfaction to no dissatisfaction.

Hygiene factors correspond to Maslow’s physiological. Safety and social needs in that they are extrinsic, or peripheral, to the job. They are present in the work environment of job context (Allen, 1998).
Theoretical Development and Evolution of the Internal Marketing Concept

A careful examination of the literature over the last 20 years indicates the existence of three separate yet closely intertwined strands of theoretical development of the IM conceptualization, namely an employee satisfaction phase, a customer orientation phase, and a strategy implementation/change management phase (Rafiq and Ahmed, 1995; Schultz 2004; Stershic 2005).

Phase 1: Employee motivation and Satisfaction

In the early developmental phase, the majority of the literature on internal marketing focused upon the issue of employee motivation and satisfaction. The major reason behind this was the fact that the roots of the internal marketing concept lie in efforts to improve service quality. Not being automatons, individuals exhibit inconsistencies in the performance of service tasks and as a consequence cause variation in the level of delivered service quality. The problem of “Variability” focused organizational efforts on getting employees to deliver consistently high quality service. The overall effect of this was to bring to the fore the issue of employee motivation and satisfaction.

Viewing Employees as Internal Customers

As Berry’s(1991) defined internal marketing is viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization.
Viewing their Job Offerings as Product and their Employees as Customer forces

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

Focus on Employee Satisfaction

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

Phase 2: Customer Orientation

Interactive Marketing

The second major step in the development of the IM concept was undertaken by Gronroos(1981) whose starting point was the concern that because contact employees in services become involved in what he termed “Interactive Marketing” it is essential that they are responsive to customers’ needs. Gronroos recognized that not only do buyer-seller interactions have an impact on purchasing and repeat purchasing decisions but also, crucially, those buyer-seller interactions provide a marketing opportunity for the organization. To take advantage of these opportunities
requires customer oriented and sales minded people. Hence, the object of the IM is to “get motivated and customer conscious employees” (Gronroos, 1991). In this view, it is not sufficient that employees are motivated to perform better (as in the approach of Berry and his Followers), but they must also be “sales” minded. Furthermore, effective service also requires effective coordination between contact staff and backroom support staff. Gronroos also views the IM concept as a means of integrating the different functions that are vital to the customer relations off service companies (Gronroos, 1991). Gronroos extended his original definitions of IM in 1995 as a method of motivating personnel towards customer consciousness and sales mindedness, to include the use of marketing-like activities in this pursuit: holding that an organization’s internal market of employees can be influenced most effectively and hence motivated to customer-consciousness, market orientation and sales mindedness by a marketing-like internal approach and by applying marketing-like activities internally (Gronros, 1995). George (1990) similarly accepts this position by asserting that IM holds that employees are “best motivated for service-mindedness and customer oriented behaviour by an active marketing-like approach, were marketing like activities are used internally”. The addition of marketing like techniques internally, moves Gronroos’ definition closer to that of Berry’s (1991) definition in that both sets of approaches stress the need to motivate employees, and advocate the use of marketing like techniques to do it.


The beginning of the third phase is marked by insights drawn from a number of authors who explicitly began to recognize the role of IM as a vehicle for strategy implementation. Winter (1985) was one of the earliest to bring to prominence the potential role of IM as a technique for
managing employees towards the achievement of organizational goals. Winter emphasized that the role of IM is that of: Aligning, educating and motivating staff towards institutional objectives. Initially, this viewpoint appeared in the context of services marketing in the works of Flippo (1996), and Tansuhaj et al., (1997). Later it was generalized to any type of marketing strategy by Piercy and Morgan (1991).

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

Organizational Behaviour

Internal marketing bridges two normally separate disciplines: marketing (especially services marketing) and organizational sciences (especially organizational behaviour). Organizational behaviour is a field of study that draws on theory, methods, and principles from various disciplines to learn about individual’s perceptions, values, learning capabilities and actions, while working in group and within the organization and to analyze the external environment’s
effect on the organization and its human resources, missions, objectives and strategies. The multidisciplinary definitions of organizational behaviour illustrate a number of points (Gibson et al., 2005). First organizational behaviour indicates that behaviours of people operate at individual, group, and organizational levels. This approach suggests that when studying organizational behaviour, we identify clearly the level of analysis - individual, group and/or organization being used. Second organizational behaviour is multidisciplinary; it uses principles, models, theories, and method from other disciplines. Third, there is a distinctly humanistic orientation within organizational behaviour, people, their attitudes, perceptions, learning capabilities, feeling and goals are important to the organization.

Organizational Commitment

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

**Methodology**

The best research approach to use for a study depend on the study’s research purpose/ objective and the accompanying research questions (Yin, 1994; Saunders et al 2000; StatSoft 2006). Since the main objective with this work is to study the effect of different aspects of internal marketing on organizational commitment, therefore we should use quantitative methods and address a large population in order to describe and compare different aspects of internal marketing influencing organizational commitment of employees.

The statistical population of this research consists of all the branch managers of Nigerian banks. In this research the main instrument for data gathering is interview and questionnaire. Before designing the questionnaire the interview has been arranged to investigate different points of view about banking services and organizational behaviour and effective factors on organizational commitment. By using questionnaire we could evaluate the effect of internal marketing dimensions on organizational commitment of the personnel. The questionnaire is in two sections.

There are approximately 525 active branches in the Nigerian banking industry and applying sample size formula,

\[
    n = \frac{NZ^2Pq}{\alpha^2} \left( 1 + \frac{Z^2 \alpha Pq}{2} \right)
\]
We arrived at sample size of 118, so the findings of the study were based on 118 questionnaires that were returned by respondents from 118 banks. Principal component factor analysis was performed to recognize the items that broadly loaded as expected providing support for both discriminant and nomological validity. The result of analysis in table 1, 2. and 3 indicated that the number of variables of each dimension which their factor loads is greater than 0.3 among 47 variables are as the following. Understanding and differentiation consists of 12 variables. Motivation factor consists of 23 variables. Satisfaction factor consists of 10 variables and interfunctional coordination and integration consists of 2 variables.

In this research, various statistical methods have been used such as variance and standard deviation in order to examine and compare the collected data from the questionnaires. In the section of inferential statistic various statistical tests have been run. For data analysis, the SPSS software has been used. The statistical tests which were run in this research include multiple regression, one way ANOVA, Friedman test and Turkey test.

**Result of Principle Component Factor Analysis**

**Table 1: Rotated Component Matrix for Understanding and Differentiation of Employees**

<table>
<thead>
<tr>
<th>Questions</th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
<th>Component 4</th>
<th>Component 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering service based on employees preference</td>
<td>0.832</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suitable design of services based on employees’ desires</td>
<td></td>
<td>0.432</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On time service delivery to employees</td>
<td>0.912</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prioritize employees based on value creation capabilities</td>
<td></td>
<td></td>
<td></td>
<td>-0.436</td>
<td></td>
</tr>
<tr>
<td>Offering service to employees based on their age</td>
<td></td>
<td></td>
<td></td>
<td>0.423</td>
<td></td>
</tr>
<tr>
<td>Offering service to employees based on their education</td>
<td></td>
<td></td>
<td></td>
<td>-0.346</td>
<td></td>
</tr>
<tr>
<td>Offering service to employees based on their record</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.811</td>
</tr>
</tbody>
</table>
Reception and attention to criticisms and suggestions of employees & 0.867 &  &  &  &  \\
Effective consultation and guidance of employee &  &  &  & 0.646 &  \\
Ability of creating and retaining close relationship with employees &  &  &  & 0.584 &  \\
Estimating the needs of employees &  &  &  & 0.742 &  \\
Distributing employees in team work &  &  &  & 0.674 &  \\

Source: Field data, 2010

Extraction method: principal component analysis. Rotation method: Varimax with Kaiser normalization. Rotation converged in 8 iterations. Note: Loadings below 0.3 are not below.

Table 2: Rotated Component Matrix for Job Satisfaction, Training and Inter-functional Coordination.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
<th>Component 4</th>
<th>Component 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleanliness and decoration of bank</td>
<td>0.826</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
</tr>
<tr>
<td>Abundant number of branches</td>
<td>&amp;</td>
<td>0.440</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
</tr>
<tr>
<td>Up to date services</td>
<td>&amp;</td>
<td>&amp;</td>
<td>0.912</td>
<td>&amp;</td>
<td>&amp;</td>
</tr>
<tr>
<td>Cooperation of bank in social welfare</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>-0.448</td>
<td>&amp;</td>
</tr>
<tr>
<td>Security and variation of services</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>0.445</td>
</tr>
<tr>
<td>Lower bureaucracy in delivering the operations</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>-0.356</td>
</tr>
<tr>
<td>Stability of service delivery methods</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>0.847</td>
</tr>
<tr>
<td>Adequate number of employees for service delivery</td>
<td>0.879</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
</tr>
<tr>
<td>Comprehensive training of employee</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>0.648</td>
</tr>
<tr>
<td>Capable and experienced instructor</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>0.594</td>
</tr>
<tr>
<td>Rapid and synchronized flow of information</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>0.743</td>
</tr>
<tr>
<td>Adoption between structure and strategy</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>&amp;</td>
<td>0.694</td>
</tr>
</tbody>
</table>

Source: Field data, 2010
Extraction method: principal component analysis; Rotation method: Varimax with Kaiser normalization. Rotation converged in 8 iterations. Note: Loadings below 0.3 are not below.

Table 3: Rotated Component Matrix for Motivation

<table>
<thead>
<tr>
<th>Component</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Job security 0.725</td>
</tr>
<tr>
<td>1</td>
<td>Sense of job importance 0.840</td>
</tr>
<tr>
<td>2</td>
<td>Task variation 0.382</td>
</tr>
<tr>
<td>3</td>
<td>Freedom in job 0.376</td>
</tr>
<tr>
<td>4</td>
<td>Well defined tasks and responsibilities 0.416</td>
</tr>
<tr>
<td>5</td>
<td>Inform employees their performance result 0.346</td>
</tr>
<tr>
<td>6</td>
<td>Suitable insurance facilities 0.911</td>
</tr>
<tr>
<td>7</td>
<td>On time salaries and benefits payment 0.456</td>
</tr>
<tr>
<td>8</td>
<td>Receiving salaries and benefits based on their performance 0.387</td>
</tr>
<tr>
<td>9</td>
<td>Equity of salaries and fringe benefits 0.974</td>
</tr>
<tr>
<td>10</td>
<td>Involving of employees in decision making -0.314</td>
</tr>
<tr>
<td>11</td>
<td>Friendly contacts with personnel 0.342</td>
</tr>
<tr>
<td>12</td>
<td>Gratitude of the personnel’s attempts by managers 0.674</td>
</tr>
<tr>
<td>13</td>
<td>Coordination between personnel life and job of employees.</td>
</tr>
<tr>
<td>14</td>
<td>View of managers to employee as the main asset of banks 0.454</td>
</tr>
<tr>
<td>15</td>
<td>Clear advancement path 0.574</td>
</tr>
<tr>
<td>16</td>
<td>Responsibility of a similar purpose activities 0.364</td>
</tr>
<tr>
<td>17</td>
<td>Challenging work -0.384</td>
</tr>
<tr>
<td>18</td>
<td>Arranging junket and pilgrimage 0.397</td>
</tr>
<tr>
<td>19</td>
<td>Sport facilities 0.646</td>
</tr>
</tbody>
</table>

Source: Field data, 2010

Table 4: Cronbach’s Reliability Coefficient

<table>
<thead>
<tr>
<th>Internal Marketing Dimensions</th>
<th>Cronbach’s Coefficient Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding and differentiation</td>
<td>0.8433</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.8694</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>0.8726</td>
</tr>
<tr>
<td>Training</td>
<td>0.8267</td>
</tr>
<tr>
<td>Inter-functional coordination and integration</td>
<td>0.8564</td>
</tr>
</tbody>
</table>

Source: Field data, 2010

The cronbach’s alpha is interpreted as a coefficient alpha and its value ranges from 0 to 1. Sekaran (1992) advises that when calculating cronbach’s reliability coefficient, reliabilities less than 0.6 are considered poor, reliabilities within 0.7 ranges are considered acceptable, and those coefficients over 0.8 are considered good. Sekaran(1992; Howell et al 2005) also points out that
the closer the coefficient is to 1.0, the greater the reliability of the instrument. As Sekaran (1992; Cooper and Schindler 2003) advises, scores in the range of 0.8 are considered good. Since all 5 reliability alpha scores are greater than 0.8, the reliability of the questionnaire may be considered good. In order to calculate cronbach’s coefficient alpha for each dimension, the total variance of each dimension was calculated by SPSS software.

**Hypothesis Testing**

**Table 5: Result of Regression Analysis**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Squares</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Regression Residual</td>
<td>730.20</td>
<td>1</td>
<td>73.30</td>
<td>215.478</td>
<td>0.000</td>
</tr>
<tr>
<td>total</td>
<td>178.52</td>
<td>118</td>
<td>0.341</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2- Regression Residual</td>
<td>81.87</td>
<td>2</td>
<td>40.435</td>
<td>130.884</td>
<td>0.000</td>
</tr>
<tr>
<td>total</td>
<td>118</td>
<td>51/178</td>
<td>0.315</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data, 2010

**Table 6: Coefficients (α)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>4.893</td>
<td>3.084</td>
<td>1.587</td>
</tr>
<tr>
<td></td>
<td>H1</td>
<td>-.336</td>
<td>0.370</td>
<td>-.097</td>
</tr>
<tr>
<td></td>
<td>H2</td>
<td>-.548</td>
<td>0.637</td>
<td>-.095</td>
</tr>
<tr>
<td></td>
<td>H3</td>
<td>.234</td>
<td>0.339</td>
<td>.067</td>
</tr>
<tr>
<td></td>
<td>H4</td>
<td>.106</td>
<td>0.307</td>
<td>.035</td>
</tr>
</tbody>
</table>
Regression analysis was conducted by using SPSS in order to examine the effect of aspects of internal marketing on organizational commitment at the same time. The “Sig.” column on the table 6 presents the statistical significance of that variable given all the other variables have been entered into the model. For this reason, the Sig. column has been checked for values below approximately .05 levels in table 6. Three out of five constructs namely inter-functional coordination and integration, training and motivation meet this standard and they are significant predictors. Also the standardized coefficients in the B column have been used to assess the effect of each predictor and to test our hypotheses. According to table 6 the findings provide support for the 3 hypothesis. In significance level less than 5% we can state with 95% confidence that “training”, and “inter-functional coordination and integration” and “motivation” have a positive effect on organizational commitment of employees proposed by the hypotheses are observed in our data. Also the findings fail to support the 2 hypotheses namely understanding and differentiation and job satisfaction but do not provide evidence against it. We fail to observe the effect proposed by the hypotheses in significance level less than 0.05. The higher the absolute value of Beta, the more important is the variable in predicting the organizational commitment. In this case the most important predictors are inter-functional coordination and integration(Beta=0.097) training(Beta=0.095) and motivation(Beta=0.067) among all other aspects.
Additional Findings

Attitudes and View of Managers based on their Education

Table 7: One–way ANOVA Test of Managers’ view about Hypotheses based on their Educational level

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>P</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding and differentiation has a positive effect on organizational commitment</td>
<td>0.326</td>
<td>1.174</td>
</tr>
<tr>
<td>Motivation has a positive effect on organizational commitment</td>
<td>0.299</td>
<td>1.249</td>
</tr>
<tr>
<td>Job satisfaction has a positive effect on organizational commitment</td>
<td>0.696</td>
<td>0.487</td>
</tr>
<tr>
<td>Training the employees has a positive effect on organizational commitment</td>
<td>0.932</td>
<td>0.167</td>
</tr>
<tr>
<td>Inter-functional coordination and integration has a positive effect on organizational commitment</td>
<td>0.747</td>
<td>0.416</td>
</tr>
</tbody>
</table>

Source: Field data, 2010

In order to determine whether there are any significant differences between the manager’s attitudes and their educational level regarding the effects of aspects of internal marketing on organizational commitment in Nigerian banking industry, the one way ANOVA has been run.

Our hypotheses were as follows:

H0: $\mu_1 = \mu_2 = \mu_3$

H1: At least one mean value is different from others significance level: $\alpha \leq 0.05$.

According to table 7 and F obtained by one–way ANOVA, the mean of managers’ opinions in four educational levels namely diploma, technician, bachelor and master at significance level $\alpha \leq 0.05$, did not differ significantly. Thus we confirm H0 and we reject H1. We can state with 95%
confidence that there is no significant relationship between managers’ attitudes and their educational level.

**Attitudes and view of Managers based on their Record**

Table 8: One-way ANOVA Test of Managers’ view about Hypotheses based on their Record.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>P</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding and differentiation the employees have a positive effect on organizational commitment</td>
<td>0.029</td>
<td>2.826</td>
</tr>
<tr>
<td>Motivation has a positive effect on organizational commitment</td>
<td>0.074</td>
<td>2.240</td>
</tr>
<tr>
<td>Job satisfaction has a positive effect on organizational commitment</td>
<td>0.214</td>
<td>1.497</td>
</tr>
<tr>
<td>Training the employees has a positive effect on organizational commitment</td>
<td>0.497</td>
<td>0.879</td>
</tr>
<tr>
<td>Inter-functional coordination and integration has a positive effect on organizational commitment</td>
<td>0.654</td>
<td>0.619</td>
</tr>
</tbody>
</table>

Source: Field data, 2010

In order to determine whether there are any significant differences between the managers’ attitudes and their experience level regarding the effects of aspects of internal marketing on organizational commitment in Nigerian banking industry, the one-way ANOVA has been run. Our hypotheses in this test were as follows:

H0: \( \mu_1=\mu_2=\mu_3 \)
H$_1$: At least one mean values is different from others. Significance level $\alpha \leq 0.05$. According to table 8 and F obtained by one – way ANOVA, the mean of managers’ opinion differ significantly in five levels of experience including less than 5 years, 5 to 10 years, 11 to 15 years, 16 to 20 years and than 21 years at significance level $\alpha \leq 0.05$, thus we reject H0 and we confirm H1. We state that there is significant relationship between managers’ attitudes and their experience level.

The decision from the One- way Analysis of Variance is to reject the null hypothesis, it means that at least one of the means is not the same as the other means. What we need is a way to figure out where the differences lie, not just that there is a difference. In this situation the Turkey test will help us to analyses pairs of means to figure out where the differences lie. Here the Turkey test was run for dual comparison of means of managers’ attitude with respect to their experience, in order to determine that where the difference in attitude lies. The results indicated that concerning understanding and differentiation, mean of managers’ attitude whose experience is less than 10 years has significant difference at the level of $P<0.05$ compared to managers whose experience is more than 10 years pay attention to presenting service with respect to preferences, experience, age and skill of employees but managers whose experience is less than 10 years pay more attention to prioritize employees based on value creation capabilities of employees in organization, presenting service based on employees’ education and on time service delivery to employees and estimating their needs. Also managers whose experience is 16 to 20 years pay more attention to creating and retaining close relations with employees as well as estimating their needs and family managers whose experience is more than 20 years pay more attention to dividing employees in team works in order to enhance organizational commitment of employees.
Managerial Implications

Some managers expressed dissatisfaction with the availability of single acceptable perception concerning internal marketing concept in banks that lead to unsuitable methods for estimating of employees’ expectation. More than half of the managers believe that the extent of organizational commitment in Nigerian banking industry is medium, including listed symbols of this commitment by the respondents, receiving less salary and fringe benefits against more activities and also delivering services to more individuals. Also more than half of the managers believe the extent of acceptability of current service in Nigerian banking industry is medium to much but at the same time according to the latest report published by central bank of Nigeria on the financial efficiency of the banking sector.

In order to achieve inter-functional coordination, the banks in Nigeria need coherent and consistent management of internal systems. Internal systems include relationships between and within departments. Managers should be aware that their attempts to facilitate inter-functional coordination will succeed or fail on the effectiveness of the internal communications. Organizational structure plays a critical role because it determines the power of people in organizations and their perceptions of their role. In short if banks in Nigeria want to ultimately provide a better service experience for their customers, it is recommended that more attention be directed toward enhancing organizational commitment among personnel, with a focus on inter-functional coordination and integration, training and motivation.

Conclusions

Result of factor analysis indicated that importance factors are: delivering service with respect to employees’ preferences, suitable design of services with respect to employees’ desires, on time
service delivery to employees, prioritize employees based on their value-creation capabilities in organization, delivering service to employees based on their age, education and record, reception and attention to criticisms and suggestions of employees, effective consultation and guidance of employees, ability of creating and retaining close relationship with employees, estimating the employees’ needs, distributing employees in team work. Rafiq and Ahmed (1995; Rafiq and Ahmed 2003; Naude et al 2003) presented a multi-stage model which highlighted how a marketing-like approach and techniques can be used internally in an organization. That model is operationalized by closely intertwining and inter-linking an internal marketing mix to internal marketing research, segmentation, and positioning within a strategic context. Briefly at stage one, namely that of direction, internal marketing research helps to link external marketing research efforts to define realistic opportunities in line with current and future competencies and capabilities. In so doing, it acts as the first step to translate visions or missions of change into reality. At stage two, internal marketing research is shown to play a role in the process of internal segmentation by helping to define the participants into segments as well as probe their characteristics, motivations and resistances. This helps identify for each segment specific barriers which need to be overcome in order that implementation can successfully occur.

More than half of the managers have more than 11 years of experience (54.2%) and 19.5% of the managers have less than 5 years of experience in other word the experience level of managers in Nigerian banking industry is high. This is very good news because experience plays an important role in succeeding in banking. According to our finding about 71.2% or in other word majority of managers in our sample have very low to average familiarity with internal marketing concept because internal marketing is a novel concept, and there is lack of sufficient notice to organizational behaviour in Nigerian banking industry, and there is not enough efficient and
effective training as well as shortage of Persian information resources in this field. Therefore familiarizing them with this concept is necessary.

References


Available: http://qualityservicemarketing.blogs.com/quality service marketing/2005/03/internal market.html

