

## IMPLEMENTING INTERNAL MARKETING THROUGH EMPLOYEE'S MOTIVATION

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**POMS 18<sup>th</sup> Annual Conference**

Dallas, Texas, U.S.A.

May 4 to May 7, 2007

## **ABSTRACT**

According to Piercy and Morgan (1991) external customer satisfaction cannot be achieved without the fundamental contribution of the customer-contact employees who provide the service. The front-line employees of the bank interact with the majority of customers and generally handle a wide range of banking transactions. Because of the importance of the service provided, Bank firms should support customer-contact employees in order to acquire communicative sale skills and make them feel comfortable and satisfied with their job. The above ascertainment emerged the concept of Internal Marketing (IM). According to the Berry and Parasuraman (1991, p.151) each business should develop Internal Marketing programmes that would focus on the internal market (employees) in parallel to those for its external market (customers) in order to provide high quality services to its customers continuously. Consequently, external customer satisfaction cannot be achieved without the fundamental contribution of the employees who provide the service. Therefore managers who are concerned with monitoring and improving external customer satisfaction, need to develop employees' competence in order to act as "part-time" marketers for the organisation. The key for employees' competence is Internal Marketing, Gummesson (1987) where head office is highly involved in strategic and planning IM whereas senior and middle level managers have more tactic role. The implementation of Internal Marketing is carried out by the employees of the branches in order to transfer this philosophy into Bank's customers.

The present study aims to examine the adoption of IM concept from Bank's branches employees and their engagement and commitment on it. This survey contacted with a sample of 356 branches from banking sector in Greece. The discussion of the findings contributes to understanding how Internal Marketing influences work commitment of the employees and

how they are linked to the adequacies of a bank and its eventual performance in order to develop the Market Orientation concept.

We confirm that private Banks employees are more commitment to their organisation than the public banks' employees. In addition, employees are not willing to leave the bank they are working at and they consider employee loyalty to be extremely important for an organisation. Moreover, it seems that banks operating in Greece deem employee training and evaluation of performance with reward system as crucial, although improvement is required in the way that the company's mission statement is communicated and understood among the different employee grades.

**Key Words:** Motivation, Commitment, Internal Marketing

## 1. INTRODUCTION

Since the important developments of the late nineties, the banking industry is more competitive and has at its disposal greater capital reserves. The industry now operates within new environment that was introduced after the introduction of the Euro as the common EU currency. The Greek banking system is outward looking and has become extremely competitive with factors such as increased market share and flexible business strategies being those elements that diversify it from the past. The completion of important mergers and acquisitions, the strategic alliances with international banking institutions as well as the Greek market penetration from foreign banks and the expected further deregulation are about to lead the industry to greater competitive heights and the introduction of alternative actions Foreman and Money (1996).. The role of the different entities within domestic banking Groups has increased in importance as they channel strategic synergies McDonald (2003).

At the same time, Greek banks that adapt the new information technology innovations and improved their telecommunications infrastructure are now able to offer to their clients modern products and services of great quality, value and time effectiveness. Moreover, low interest rates and inflation led to an increase of consumer income and thus purchasing power. This resulted to the strengthening of economic activity and expanded the credit services offered by Greek Banks to businesses and households, McDonald (2003).

. Customer satisfaction is one of the biggest priorities of businesses. In the services industry, customer satisfaction levels are revealed during what we like to call the “moments of truth”; being the moment that the customer comes in contact with a front-line employee of the firm (Zeithaml and Bitner, 1996, p. 105; Lewis and Entwistle, 1990). Employees are a particularly important participant in the formulation of the image that customers get in relation to the

offered service. Because of the importance of this interaction with the customer, employees have to communicate effectively the quality standards of their organisation to new starters. Excessive training is required in order for the new recruits to familiarise themselves with the products and services offered and enable them to respond to queries in relation to the same. Along the same lines new staff has to be supported so they develop their communicational and problem solving skills so they can provide effective customer support. Lastly, this will enable them to work with different departments of the organisation better and will contribute to the feeling of job satisfaction Narver and Slater ,(1990).

The above points help us derive the meaning of Internal Marketing, guiding employees on how to achieve greater levels of customer satisfaction and loyalty. In addition, it was empirically proven that the adoption of these guidelines assist in creating a sentimental attachment and the establishment of a co-operative environment amongst employees (Jaworski and Kohli, 1993). They found that Internal Marketing Activities in financial institutions had a significant impact on customer satisfaction. The authors present an Internal Marketing programme and demonstrate the benefits of Internal Marketing in improving staff attitudes and client interaction, as portrayed by the enhanced relationships arising out of the programme. The main goal of the survey is to identify the impact of IM concept to the employee's commitment in order to lead the organization into market oriented Rafio and Ahmed, (2000).

## **2. INTERNAL MARKETING**

According to Berry and Parasuraman (1991, p.151) Internal Marketing is the process of handling staff as internal customers and projects as internal products that satisfy the needs and desires of the customers and adhere to the company's goals. On the other hand, (Jaworski and

Kohli, 1993) support that Internal Marketing is the process of promoting the company and its products to the employees. In other words, companies in the services industries have to develop programmes that will be addressed to the internal market (their employees) as well as the external market (customers) (Lovelock, 1991; Tansuhaj et al, 1987; Gummesson, 1994; Gronroos, 1990a, p.8).

The above mentioned approaches emphasise the importance of applying marketing techniques on the company's employees. In particular, Marchal and al four "Ps" (1998) are fine tuned so they apply to the internal market. The concept of Product refers to the type of tasks offered to the internal customers (employees); Price refers to the opportunity cost of the employees performing tasks that they deem as boring; Place refers to the degree of easiness or difficulty in relation to employees' commuting to and from their work place and finally; Promotion refers to internal communications which enable the company's management to update employees about the company's vision for the future. The aim of Internal Marketing on a strategic level is the creation of an appropriate environment that will support employees' interest in external customer satisfaction. In addition, Internal Marketing regularly focuses on internal communication between management and staff (Gronroos, 1990a),

### **3. ORGANISATIONAL COMMITMENT**

Employee commitment according to Allen and Meyer (1990) refers to the emotional commitment of individuals that helps organisations achieve their objectives. In particular it is supported that organisational commitment is a psychological state that connects the individual with the institution he/she is working for. In turn, Becker (1960) refers to the additional investments that an employee is losing when leaving an employer. Allen and Meyer (1990)

refer to the psychological connection of the employee with their organisation and the adoption of appropriate behaviours (on an individual level) in line with the values of the organisation. Allen and Meyer (1990) expanded on the definition of employee commitment by adopting a multidimensional approach that contains three important factors:

1. The emotional factor: this refers to the emotional attachment, involvement and identification of the employee with his/her organisation.
2. The continuity factor: this refers to employee's calculative way of thinking in relation to the personal cost incurred if he/she decides to leave the organisation.
3. The balancing factor: this refers to the employee's feeling of obligation to the organisation that pushes him/her to stay with the business.

Those employees who experience an emotional commitment stay with the organisation because they wish to do so; those who think in a calculative way stay because they need to; there are also some employees that stay because they believe that this is the right thing to do (Allen and Meyer, 1990). The above mentioned psychological states are experienced from each and every employee in a different degree and each one has a different effect on his/her commitment to the organisation.

On the basis of this multidimensional definition of employee commitment, we created the questionnaire used for the needs of the present research based Allen and Meyer questionnaire that examines three sides of organisational commitment (Allen and Meyer, 1990). In the present research organisational commitment identified according to the following three sides:

1. Occupation in return to specific external rewards. The employee acts in relation to the business' performance in order to acquire specific rewards.
2. Occupation on the basis of developing a relation with the organisation. The employee identifies certain common elements with the organisation and wishes to maintain ties with it.
3. Occupation on the basis of aligning individual and organisational changes. The individual recognises that the organisation he/she is working for has promotes values compatible with his/her.

#### **4. MARKET ORIENTATION**

According to several authors Market orientation “identifying customer needs and satisfying them better than the competition can lead to a successful business” Gummesson, 1994. Whilst conducting interviews with managers and senior executives, Kohli and Jaworski (1990 p.6) described market coordination as the “*systematic market research, communication of the research's results to all the departments of the organisation and movement of the business towards achieving a common goal*”. They also emphasised the importance of individual as well as team effort in order to achieve enhanced performance. In particular, market orientation requires:

**Collecting Information.** This refers to the actions taken by a business in order to identify the needs and wants of the target market. In addition, information must be collected from a variety of sources about the advantages and disadvantages of competition. There can be more than one department participating in this function as each of one of them will collect and analyse data from its unique point of view (Kohli et al., 1993, p.468).

**Information distribution.** The collected information can be distributed vertically or horizontally (to the organisation's departments) in order to ensure that all employees have

access to the information they need in order to respond better to the requirements of their position.

**Response.** The organisation can use the information about its competitors and customers in order to respond swiftly and effectively to the opportunities and threats of its environment. In addition, it can grasp the pulse of its target market and provide innovative products and services that will cater for its forthcoming needs.

Gummesson (1991b, p.60) supports that employee behaviour (from all different levels of the hierarchy) can prove to be an obstacle to the company's market orientation. The lack of skills, experience and commitment from senior management can have a negative effect and lead to that (Pelham and Wilson, 1996). The greatest difficulty though is the one that derives from the change process involving the way employees think and behave in order to adopt a more customer focused culture. In addition, inter-departmental conflict can absorb a company's dynamic so its attention is drawn away from its external environment.

On the other hand, the structure of the organisation as well as the systems in place, the internal controls, the skills and commitment of the management team and the decision making process can prove unavoidable obstacles to the company's market orientation (Pelham and Wilson, 1996; Jaworski and Kohli, 1993). A more holistic approach is presented by Jaworski and Kohli (1993) .

The philosophy of market orientation is initially decided from the senior executives and it then flows through the lower levels of the hierarchy .The participation of the whole organisation is needed in order for the business to continuously identify the changes in the market-target matrix as these occur According to (Pelham and Wilson, 1996), "the whole

organisation has to look at things from the customer's point of view". This concept can be achieved from establishment of Internal marketing into organisation (Gronroos, 1994).

Chang and Chen , (1998) support that Internal Marketing can be applied to all types of businesses with greater application to those in the services industry. , Spreng and Mckoy, 1996 support the same opinion and they are also adding in their approach that the process can be used in order to manage change. , Spreng and Mckoy, 1996 recognised a type of Internal Marketing which recognises who the customer and who the marketer are, supporting the view that an institution can be both customer and marketer at the same time. Emphasising on the fourth type they developed a questionnaire which uses three factors; Vision, Development and Recognition are the criteria according to which one can measure the adoption of Internal Marketing from businesses.

## **5. CUSTOMER SATISFACTION WITHIN THE BANKING INDUSTRY**

The quality of the services provided determines in great extent the level of customer satisfaction and analysing the latter can help banks identify their weak points and act as a wake-up call for management and employees alike. For this reason most banks consider customer satisfaction as the primary criterion in their strategic planning since it is directly related to the institutions' profitability (Kessler, 1996, Spreng and Mckoy, 1996, Zemke and Schaaf, 1989).

Research conduct in order to measure customer satisfaction has become a necessary tool for banking marketing (Gerson, 1993, Kessler, 1996). Banking marketing can be defined as the sum of organised business activities conducted by a bank on the basis of banking deontology

in order to cater for both the existing and future target market needs. According to Heskett et al., 1994 research, those businesses famous for the high standards of customer service,

- have significantly higher degree of maintaining their customers;
- have extensive benefits from word-of-mouth advertising;
- earn a significant market share from those businesses with low -level customer service;
- have good reputation that help attract and retain skilled employees and
- have doubled their capital and sales performances in relation to that of institutes with lower standard customer service.

According to Heskett et al., (1994) in order to improve the quality of its internal and external services, a banking organisation has to take a number of steps such as: increase training levels especially on techniques aiming to improve communications, provide services knowledge, sales skills, reward and recognition system improvement, increase of employee morale and hiring of experienced staff.

Heskett et al., 1994 presented an interesting concept of the Chain of “service-profit”. They support that there is a relation between the profitability deriving from loyal and satisfied customers and the loyal and productive staff of the company itself. In particular they believe that loyal customers contribute in the business’ profitability as their satisfaction is determined by the quality of the services delivered by the company employees. The latter deliver quality services when they are satisfied with the returns they achieve from the company they work for.

## **6. RESEARCH METHODOLOGY**

The survey was conducted in Greek banks’ branches; both managers and assistant managers participated. The objective was to measure the level of acceptance of Internal Marketing

(applied throughout the business as per head office's instructions) from middle management. It was attempted to empirically prove the belief that those organisations that clearly state their vision through the use of the principles of Internal Marketing are more efficient in developing and maintaining of a Marketing concept. The effect of Internal Marketing on employee commitment to the organisation was also examined.

The following matrix of hypothesis will guide this research:

H1: Internal Marketing has a positive effect on Market Orientation.

H2: Internal Marketing has a positive effect on employee commitment

H3: The level of commitment in public banking sector is different from the private sector.

H4: The level of commitment from the working experience is high

H5: The concept of Internal Marketing from the working experience is high

In order to conduct this research we used a questionnaire that was distributed to the manager and assistant manager of each bank branch. The main concept was to grasp their notion in relation to the extent that the philosophy of Internal Marketing has penetrated the culture of their branch. The measurement of the research variables was conducted with the use of research questionnaires (Table1).

**TABLE1:** The Questionnaires Used for the Research

CONCEPTS	SOURCE	NUMBER OF QUESTIONS	SCALE	RELIABILITY CRONBACH A
<b>Internal Marketing</b>	Money and Foreman, (1996)	15	7 grade	0.94
<b>Market Orientation</b>	Narver and Slater (1990)	17	7 grade	0.89
<b>Organisational Commitment</b>	Allen and Meyer, (1990) Meyer and Allen, (1991)	24	7 grade	0.87

The research was conducted within the banking industry, according to which the number of active banks in Greece has been calculated to the number of 49 with 3150 branches. We

contacted 473 branches of 33 Banks with rate of respond 67,5% of the total Banks. In total, they respond 356 branches with rate of respond 75,3% of the total branches from those 46,7% ( 164 branches) belong to the public banks and the 53,8% of the sample belongs to private banks. The research was conducted from 10th March 2006 – 1<sup>st</sup> December 2006. Face-to-face interviews were used in order to collect the data.

In order to ascertain the quality of the questionnaires used in the research, we conducted a reliability check. The internal validity of the questionnaires' variables was checked with the help of the reliability factor Cronbach a and the reliability of the scale separation. The reliability factor Cronbach a (Cronbach, 1951) determines the reliability of each individual variable as well the sum of all variables together. According to Nunnally (1978, p.245), this tool can be deemed as reliable when the factor a (that varies between 0 and 1) is greater than 0.70. As portrayed in (Table 2), factor a for the research tools varies between 0.80 and 0.93, satisfying this way the above mentioned criterion.

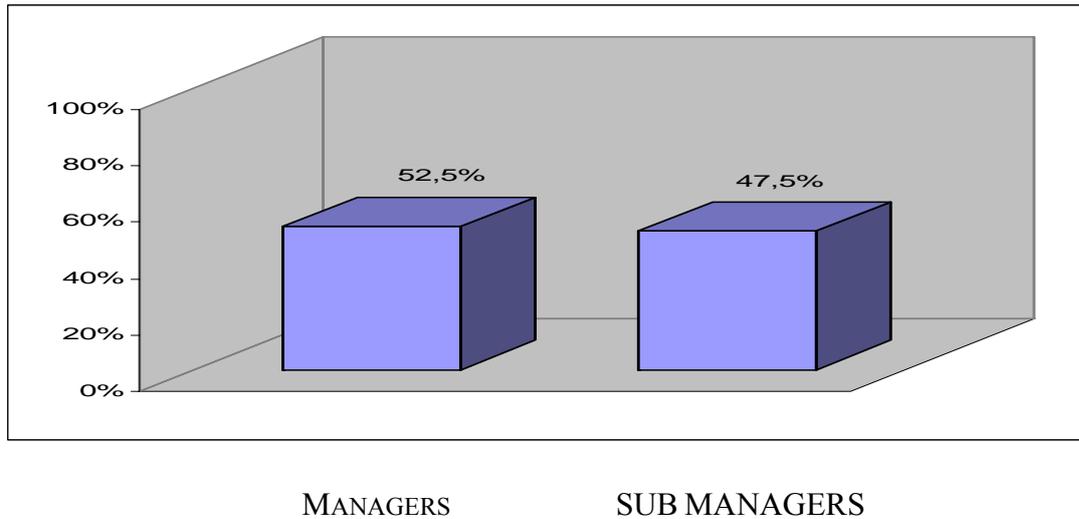
**TABLE 2:** Reliability as per Cronbach  $\alpha$

<b>RESEARCH TOOL</b>	<b>NUMBER OF VARIABLES</b>	<b>CRONBACH'S A</b>
Internal Marketing (For Assistant Managers and Executives)	15	0.92
Market Orientation	17	0.89
Internal Marketing (For Managers)	15	0.94
Organisational Commitment	24	0.87

## **6.1 DESCRIPTIVE STATISTICS**

The sample was comprised by managers and assistant managers in about the same percentage of each. In particular, managers made up 52.5% of the total sample with assistant managers taking the remaining 47.5% (see Diagram 1).

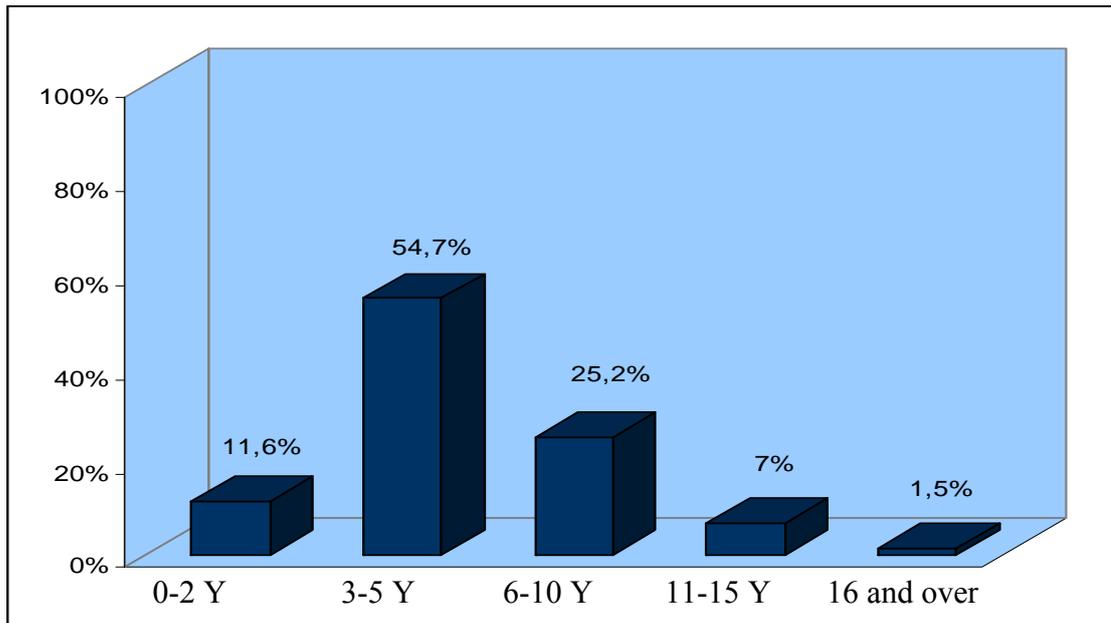
**Diagram 1:** Sample Analysis in Relation to Role within the Bank



The majority of managers and assistant managers who were included in the research sample have been working for the particular bank for many years. This provides an extra layer of assurance that they are aware of the way their institutions operate, their culture and philosophy in relation to training and developing its executives. In particular, just 20% of the sample has been working with the bank in question for less than 10 years and 80% of the sample has been within the same organisation for over 11 years at the time that the survey was conducted.

The executives who participated in the survey were mostly very experienced as 54.7% of them had the same role within the bank (manager or assistant manager) for anything between 2 to 5 years. In addition, the percentage of the sample that obtained their position within the last 0-2 years only amounted to 11.6% (Diagram 2).

**Diagram 2:** Sample Analysis in Relation to Years in Service in the Same Role



In (Table 3) we can see the average and typical variation in regards to the questions referring to the internal marketing. In particular, from the values of variables 4, 5, 6, 7, 10 and 11 we realise that Greek banks consider employee training as very important. On the other hand, vertical communication (from top to bottom) presents a small mean value which means that there is still room for improvement (variables 2, 3 and 9). Finally, we can assume that team work does not carry the same importance (variable 8).

Table 3: Mean and Standard Deviation per Variable for Internal Marketing

<b>VARIABLE</b>	<b>MEAN</b>	<b>STANDARD DEVIATION</b>
1. The organisation projects its vision to its employees in a way that inspires	5,7	1,10
2. The company's vision is communicated successfully to its employees	5,4	1,21
3. The organisation trains its employees well so they improve their performance	5,6	1,04
4. The organisation considers Employee training as an investment and not as just another cost	6,2	0,85
5. Developing employee knowledge and skills is viewed as a continuous process within the organisation	6,00	0,93
6. The organisation teaches its employees why they have to perform a function rather than simply dictating them how to do it	5,5	1,17
7. Employees are educated and trained well within the organisation	5,6	0,95
8. The performance appraisal and rewards systems of the organisation encourages team work amongst employees	4,6	1,51

9. The organisation rewards those employees whose performance helps more than others' in achieving the company's vision	4,6	1,67
10. The organisation uses information that was collected from its employees in order to improve their jobs and develop strategies	5,2	1,22
11. The organisation makes clear to its employees their importance in customer service	6,3	0,80
12. Those employees within the organisation who perform exceedingly well are rewarded for their efforts	4,8	159
13. The organisation ensures that its employees are trained appropriately in order to perform well during the customer service process	5,5	1,05
14. The organisation is flexible and can respond to the needs of its employees	4,7	1,36
15. The organisation considers the development of work related networking as very important	5,1	1,26

In (Table 4) we can see the mean and standard deviation in regards to the questions referring to the organisational commitment. From the mean values of the relevant questions 11 and 13 we can see that employees are not willing to quit their job at the bank and they consider their commitment to the organisation as an important value in variable 22 as well as the employees seems to be related to the organization which they employed (variables 5, 6 and 8).

**TABLE 4:** Mean and standard deviation per Variable for organizational commitment

<b>VARIABLE</b>	<b>MEAN</b>	<b>STANDARD DEVIATION</b>
1. I Would Be Happy To Stay With The Bank Until The End Of My Career	5,8	1,24
2. My work at the bank is an interesting DISCUSSION topic with people outside the organisation	5,13	1,48
3. I view the bank's problems that i deal with at work as my own	5,6	1,25
4. I believe that i could contribute a lot to any other organisation in the same way that i have done so at the bank	5,3	1,25
5. I do not feel as a member of the bank's "family"	2,3	1,32
6.I am not emotionally attached to the bank	2,3	1,32
7.The bank and its objectives have become one my personal concerns	5,5	1,7
8.I do not feel that i truly belong to the bank	2,2	1,26

9.I am not worried about what could happen if i was to quit my position at the bank even if i have not secured a position with another organisation	3,1	1,74
10.Even if i wanted to it would be difficult for me to leave my current position at the bank	4,5	1,67
11. My life would be affected greatly if i was to leave my job at the bank	5,1	1,36
12. my life would not change much if i was to leave my job at the bank	3,1	1,52
13. The fact that i am still with the bank is a matter of choice as well as need	5,6	1,23
14. I feel that i would have limited alternatives if i was to leave my job at the bank today	3,9	1,72
15. I think that my greatest worry in regards to leaving the bank i work for at the moment is the fact that there are not many other alternatives for me	3,8	1,63
16. One of the major reasons that i stay with the bank is that if i was to quit i would be required to make personal sacrifices	4,0	1,56
17. I believe that nowadays employees move regularly from one organisation to another	4,5	1,52
18. I do not believe that an employee should stay faithful to one organisation forever	4,4	1,49
19. I do not believe that moving from one organisation to another is unethical	5,4	1,10

20. One of the most important reasons that i stay with the bank is because i consider my commitment to the organisation crucial and i feel an ethical obligation to stay	4,43	1,637
21. I do not consider it ethical to leave the bank if i receive a better offer from elsewhere	3,28	1,498
22. Commitment to the organisation is an important value	5,49	1,186
23. Things used to better when employees used to stay with one organisation for the biggest part of their careers	4,28	1,518
24. Nowadays it is not important for someone to stay with an organisation for the whole of his/her career	4,19	1,329

In (Table 5) we can see the mean and standard deviation in regards to the questions referring to the organisational commitment and internal marketing for public and private sector.

**TABLE 5:** Mean and standard deviation per Variable for public and private sector

VARIABLES	MEAN	STANDARD	MEAN	STANDARD
	PUBLIC SECTOR	DEVIATION PUBLIC	PRIVATE SECTOR	DEVIATION PRIVATE
1. The organisation projects its vision to its employees in a way that inspires	5,83	1,035	5,34	1,202
2. The company's vision is communicated successfully to its employees	5,50	1,144	5,10	1,382
4. The organisation considers Employee training as an investment and not as just another cost	6,29	,859	6,07	,799
7. Employees are educated and trained well within the organisation	5,93	1,163	5,51	1,414
1. I would be happy to stay with the bank until the end of my career	5,25	1,447	4,78	1,564
2. My work at the bank is an interesting discussion topic with people outside the organisation	5,69	1,170	5,21	1,440
3. I view the bank's problems that	5,45	1,163	4,84	1,413

deal with at work as my own				
4. I believe that i could contribute a lot to any other organisation in the same way that i have done so at the bank	2,18	1,257	2,65	1,478
10. Even if i wanted to it would be difficult for me to leave my current position at the bank	5,61	1,133	5,10	1,208
20. One of the most important reasons that i stay with the bank is because i consider my commitment to the organisation crucial and i feel an ethical obligation to stay	2,16	1,226	2,51	1,346
21. I do not consider it ethical to leave the bank if i receive a better offer from elsewhere	4,66	1,695	4,08	1,555

From the mean values of the relevant questions the employees in the public and private banking sector seem to be committed and engaged to their organization but the same time they believe they could contribute a lot to any other organization in the same way that they have done so at the bank. Employees in the public sector desire to remain until to the end of their career in relation to the employees in the private sector who they consider to remain in a smaller degree.

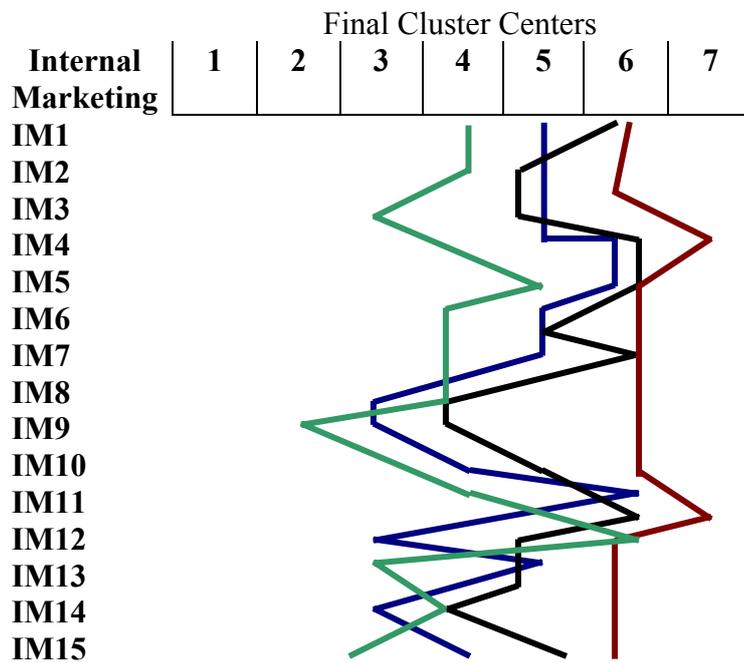
The most significant results of the survey from the descriptive analysis are as follows:

- Greek banks place extra gravity on training and strengthening their personnel. On the other hand, the communication of the organisation's vision from the top to the bottom employee grades as well as the concept of team work need improvement.
- Managers come across as very committed to the bank they work for. This result is supported further by the fact that 80% of the sample has been with their current organisation for anything over 11 years.
- Employees are not willing to leave their current roles in their organisations and they consider staff commitment to be an important value
- The analysis of Internal Marketing emphasise the importance of vertical communication (top to lower employee grade) as well as the involvement of all staff to the application of Internal Marketing's philosophy. Bankers consider the development and rewards offered to their employees crucial.
- The analysis of the results of the part of the survey referring to Organisational Commitment provided us with some decisive factors; emotional attachment, the continuity factor, the balancing factor, the willingness to quit, and the fear towards the job market.
- The survey results indicated that when a business applies the philosophy of Internal Marketing, employee commitment to the organisation is not affected greatly; In particular, we noticed that employees do not intend to quit their roles as much in the banks that apply the strategy of Internal Marketing.

## **6.1. CLUSTER ANALYSIS**

In order to identify the different attitudes towards Internal Marketing (Table 6, 7) and Organisational Commitment (Table 8, 9) we performed a cluster analysis that enabled us to categorise the different responses of the sample in unique teams with their own attitude profile. For this purpose we used the technique K-means and the SPSS Version 13 package.

**TABLE 6: INTERNAL MARKETING**



**TABLE 7: NUMBER OF CASES IN EACH CLUSTER**

<b>Cluster</b>	1	110,000	
	2	57,000	
	3	142,000	
	4	34,000	
	Valid	343,000	
	Missing	13,000	

### 6.1.1 INTERNAL MARKETING

#### Cluster 1

In Cluster 1 the employees appear informed about the organisation's vision and objectives. On the other hand, it seems that the organisation hasn't managed to satisfy the needs and wants of its internal customers since its employees believe that their performance is not measured effectively. It appears that the employees are expecting the organisation to change this.

## Cluster 2

Cluster 2 behaves similarly to Cluster 1 with the exemption that employees believe that the organisation will not achieve its objectives. The reason for that is the fact that staff rewards are not relevant to their performance and team work is not encouraged as much. Overall, the organisation is not flexible in terms of responding to the different needs of its employees.

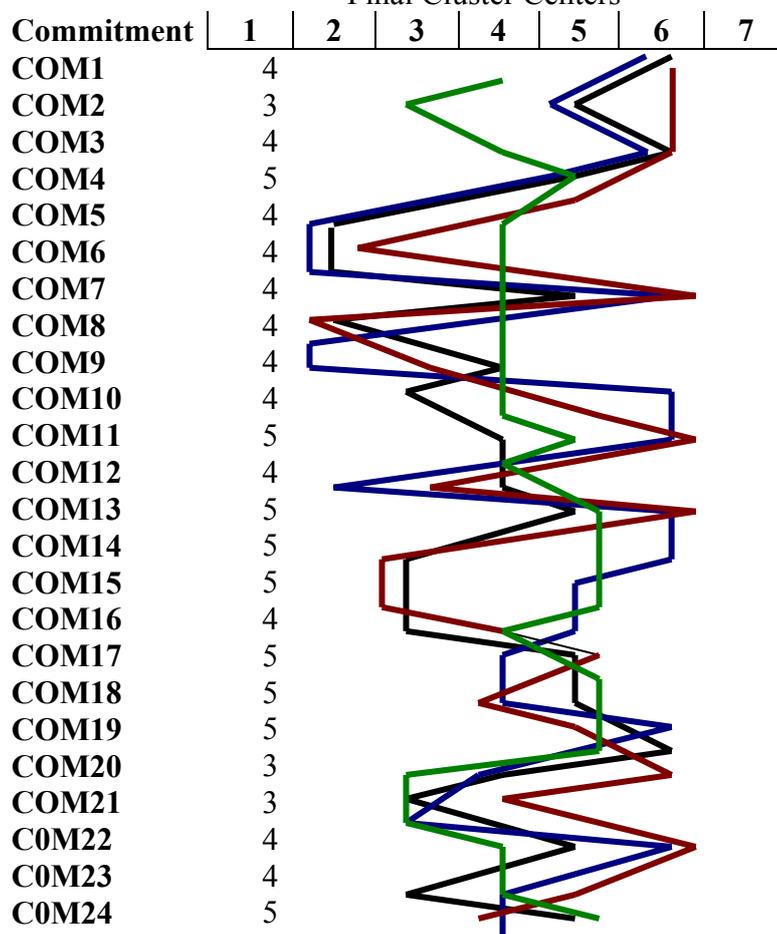
## Cluster 3

Cluster 3 portrays a successful organisation able to deal with its employees as internal customers and satisfying their needs and wants.

## Cluster 4

Cluster 4 portrays an organisation that failed to develop programmes and initiatives for its employees; it is also suffering from lack of effective internal communications.

**TABLE 8: ORGANIZATIONAL COMMITMENT**  
Final Cluster Centers



**TABLE 9: NUMBER OF CASES IN EACH CLUSTER**

<b>Cluster</b>	1	102,000	
	2	80,000	
	3	96,000	
	4	59,000	
	Valid	337,000	
	Missing	19,000	

## **6.1.2 ORGANISATIONAL COMMITMENT**

### **Cluster 1**

Employees believe that they are independent units and there are other alternatives in case their employment at the bank is terminated suddenly. They are not ethical reservations that will convince them to stay in their roles within the organisation but they do see themselves part of the bank's family. In this category, the organisation has not been successful in achieving those objectives that would create the necessary environment that would promote staff loyalty.

### **Cluster 2**

Employees feel insecure in their roles. The prospect of unemployment is a great concern for them resulting in a complicated form of loyalty towards the organisation they are working for. Their perceived lack of opportunities elsewhere strengthens whatever links exist between them and their current workplace. Commitment in this case follows the normal factor.

### **Cluster 3**

Employees of this category have adapted to the organisation's philosophy and they remain loyal because they really want to. On the other hand, they view a possible move to another organisation as something that would help boost their professional careers.

#### Cluster 4

The organisation that falls under Cluster 4 has failed to achieve its objectives as there is no connection with its employees and the latter has not accepted the organisation's principles and philosophy.

### 6.1.3. WORK EXPERIENCE WITH INTERNAL MARKETING AND COMMITMENT

Following the above, we examined the contribution of each cluster in relation to the work experience within Internal Marketing and Organizational Commitment (Table 10).

**TABLE 10:** Work Experience with Internal Marketing and commitment

<b>Internal Marketing</b>				
<b>Working experience</b>	<b>Cluster1 Lack of motivation</b>	<b>Cluster 2 Lack of goals</b>	<b>Cluster 3 Motivation</b>	<b>Cluster 4 Lack of developed programmes</b>
1-5	21,8%	5,5%	61,8%	10,9%
6-10	18,8%	9,4%	65,6%	6,3%
11-20	28,8%	21,2%	37,9%	12,1%
21 +	38,9%	19,4%	32,6%	9%
<b>Organizational Commitment</b>				
<b>Working experience</b>	<b>Cluster1 Lack of commitment</b>	<b>Cluster 2 Unsafe</b>	<b>Cluster 3 Commitment</b>	<b>Cluster 4 Lack of goals</b>
1-5	51%	5,95	25,5%	19,6%
6-10	46,7%	16,7%	26,7%	10%
11-20	31,8%	19,7%	28,8%	19,7%
21+	20,2%	32,9%	30,1%	16,8%

## **Internal Marketing with Work Experience**

**Cluster 1:** The organisation does not satisfy employee needs / lack of motivation

**Cluster 2:** The organisation cannot achieve its objectives.

**Cluster 3:** The organisation satisfies employee needs.

**Cluster 4:** The organisation does not develop programmes and initiatives for its employees.

Young employees in their majority believe that their organisation provides them with incentives linked their performance and supports their efforts to improve. Staff with 6-10 years worth of work experience believes the same but on the other hand, as the years of experience increase, motivation levels drop from 65% to 32.6% (significance level 0.01).

## **Work Experience and Commitment**

**Cluster 1:** Lack of commitment

**Cluster 2:** Insecure

**Cluster 3:** Committed

**Cluster 4:** Failing to understand the organisation's objectives

Employees with 0-5 year's worth of work experience in cluster 1 are characterised by lack of commitment towards their organisation (51%) and they do not consider themselves loyal to their company. As their experience and time with the company increase, they feel more committed to the organisation.

Employees of the organisation feel insecure in cluster 2 although they use to feel confident when they first joined. With time, and as they grasp the true dynamics within the organisation i.e. internal politics, they feel increasingly insecure.

Employees falling under cluster 3 consider themselves loyal to the organisation despite their lack of extensive work experience; in time their loyalty increases.

Employees of cluster 4 fail to adopt the company's goals (10%-20%).

#### **6.1.4. PRIVATE / PUBLIC SECTOR WITH INTERNAL MARKETING AND COMMITMENT**

In our effort to identify differences in Internal Marketing between private and public sector banks we used the cluster analysis for each one of the sectors (Table 11).

**TABLE 11:** Private/Public with Internal Marketing and commitment

<b>Internal Marketing</b>				
	<b>Cluster1 Lack of motivation</b>	<b>Cluster 2 Lack of goals</b>	<b>Cluster 3 Motivation</b>	<b>Cluster 4 Lack of developed programmes</b>
<b>Public Sector</b>	64,5%	82,5%	26,2%	64,7%
<b>Private Sector</b>	35,5%	17,5%	73,8%	35,3%
<b>Organizational Commitment</b>				
	<b>Cluster1 Lack of commitment</b>	<b>Cluster 2 Unsafe</b>	<b>Cluster 3 Commitment</b>	<b>Cluster 4 Lack of goals</b>
<b>Public Sector</b>	40,6%	65%	49%	39.3%
<b>Private Sector</b>	59,4%	35%	51%	40,7%

## **Private /Public Sector - Internal Marketing cluster results**

### **Cluster 1**

Public sector banks in their majority present a certain lack of motivation (64.5%). In the private sector, a small number of employees feel like there are incentives to motivate them in their working environment.

### **Cluster 2**

In public sector banks, a crashing majority fails to identify with the objectives of their organisation (82.5%). In comparison, only 17.5% of the private sector employees are under the same category.

### **Cluster 3**

The previous statistics are verified by the obvious difference in organisational loyalty. A mere 26.2% of employees in the public sector are loyal in comparison to 73.8% of their private sector colleagues.

### **Cluster 4**

Two thirds of public sector bank employees believe that there is a lack (if any) of development programmes motivating and appraising staff as opposed to their private sector colleagues who believe the exact opposite.

## **Private / Public Sector – Commitment cluster results**

Bank employees in the public sector do not have any incentives as opposed to private sector staff. Their lack of motivation and insecurity causes them to pursue a permanent status within the organisation that will shield them from the job market conditions. In private sector banks the environment is completely different as employees seek personal development in an ever changing and competitive environment. In the third category we come across the same type of behaviour from employees of both sectors. In Cluster 4, 59.3% of public sector staff feels unconnected with the organisation's objectives as opposed to their private sector colleagues.

### **6.1.5 CLUSTER COMPARISON OF INTERNAL MARKETING AND COMMITMENT**

Finally, we examined the behaviour of committed and uncommitted customers within the various clusters in order to ascertain the levels of employee adoption of Internal Marketing and their willingness to carry the benefits to the external customers through means of improving their performance (Table 12).

**TABLE 12:** Cluster Comparison of Internal Marketing and Commitment

<b>Internal Marketing</b>				
<b>Commitment</b>	<b>Cluster1 Lack of motivation</b>	<b>Cluster 2 Lack of goals</b>	<b>Cluster 3 Motivation</b>	<b>Cluster 4 Lack of developed programmes</b>
<b>Cluster1 Lack of commitment</b>	29%	19%	45%	7%
<b>Cluster 2 Unsafe</b>	37,2%	16,7%	42,3%	3,8%
<b>Cluster 3 Commitment</b>	33%	9,9%	34,9%	2,2%
<b>Cluster 4 Lack of goals</b>	34,5%	20,7%	6.9%	37,9%

When employees are not committed to their organisation we note that there are no performance incentives (29%) and that they cannot identify with the company's objectives (19%). About 45% of the sample presents a lack of commitment despite efforts to change the situation. Insecure staff (37%) are also not committed and about 42% are still insecure despite the motivational programmes in place in their organisation. Committed staff (55%) is also motivated with only 33% coming across as not motivated. Employees with a lack of goals are also not motivated 34.5% and in conjunction with Cluster 2 we get a percentage of 55%. Only 7% of that part of the sample is motivated. Those employees who believe that there is a lack of development and motivational programmes for staff are at 37.9%.

## **7. CONCLUSIONS**

The survey results indicated that public sector bank employees are not using the concepts of Internal Marketing as their organisation failed to communicate its vision effectively and

establish performance appraisal and motivational programmes in order to make staff feel appreciated and included in the greater scheme of things. Private sector bank employees are in their majority motivated and they believe in the vision of their organisation. They understand and accept the company's objectives but at the same time are insecure which affects their loyalty. Using employee work experience as a criterion, we notice that those with less experience in terms of years on the job are the most motivated. In time their motivation levels start to drop below what they would once consider acceptable in order to stay in their role. At the same time, their commitment to the organisation is low as they believe that there are many other opportunities out there that could boost their careers. The longer they stay in their roles the more committed they become but at the same time they face an increasing feeling of insecurity.

As a result, Internal Marketing has not been communicated and established amongst employees in the way that was intended. In particular there are significant differences between public and private sector banks. According to this, the performance per employee level is far higher in the private sector. Public sector staff is not loyal to their organisation and they do not feel any ethical obligation that would make them stay in their roles. They would easily commit to a different company as opposed to their private sector colleagues. In contradiction to the above though, public sector staff are willing to remain in their jobs for the duration of their professional careers as opposed to private sector bank staff that are always on the look out for opportunities elsewhere.

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