THE EFFECT OF INTERNAL MARKETING ON ORGANIZATIONAL COMMITMENT IN MULTINATIONAL COMMERCIAL BANKS IN KENYA

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DECLARATION

This project is my original work and has not been presented for a degree in other university.

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This project has been submitted for examination with my approval as a university supervisor.

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DEDICATION

I dedicate this project to my parents who supported and encouraged me to study hard despite of all cultural constraints that exist within our community.

I also dedicate this project to my husband; Nasir Said and our son Ahmed Nasir who have been a source of inspiration in achieving my goal. Thank you for loving and supporting me throughout the course of my studies.

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LIST OF TABLES AND FIGURES.

ABSTRACT

The importance of internal marketing in the achievement of strategic business objectives in the service industries cannot be over emphasized, as it has been identified as the key to addressing the numerous challenges in the operating business environment well as the higher stakeholder expectations. This study had two major objectives. The first objective sought to establish the internal marketing strategies used in commercial multinational banks in Kenya. The second objective was geared to determine the effect of internal marketing on organizational commitment in commercial multinational banks in Kenya.

The population of interest in this study was all the commercial multinational banks operating in Kenya. Data was collected using questionnaires which was administered using the drop and pick later method. The response rate was 77%. Data was analyzed using a standard deviation, mean scores, Spearman's correlation and presented in tables.

The study found out that all of the surveyed commercial multinational banks indicated that internal marketing strategies were used to a very large extent. It was also found out that out of the 10 internal marketing strategies used; only 3 had a great impact on organizational commitment despite their great usage in all the studied banks. These internal marketing strategies were motivation, training and job satisfaction.

It is recommended that there is need for commercial multinational banks be sensitized of their role in spearheading internal marketing initiatives, for a more proactive approach and for effective implementation of internal marketing strategies. If banks adopt a strategic approach to internal marketing it would lead to a greater commitment of employees and also a better achievement of organizational goals

The study was limited by the lack of 100% participation by all banks as initially intended. This study also relied heavily on self-reported feelings by the respondents, which may have biased, or their attitudes may have changed from time to time. Further research should be

conducted to include other industries; both service based and manufacturing; to establish if internal marketing strategies are used and to determine their impact on organizational commitment.

The findings and recommendations of this study will be useful to various stakeholders such as the government of Kenya, Researchers, Management and staff of Banks, practitioners, Policy makers etc. The study will be of value to future scholars by stimulating further research to develop a better understanding of internal marketing best practices applied in Kenyan firms. The study will also contribute to wider body of knowledge in marketing, Human Resource management and the cooperate world.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

A wide range of critical business challenges characterizes the dynamic and rapidly changing environment in which organizations operate today (Higgins, 1989). The powerful forces of globalization have yielded significant effects on the levels of competition, efficiency and productivity of many companies in the world (Lings, 2004). The impacts of information technology, intellectual capital and change cannot be overlooked (Samms, 2000). According to Ulrich (1998), successful organizations will be those that are able to quickly turn strategy into action manage processes intelligently and efficiently, maximize employee contribution and commitment and create the conditions that are seamless for change. Changing customer values and orientations, economic stagnation, environmental decline, increased global competition and a host of other economic, political and social problems (Kotler, 2000) means that it is no longer enough to concentrate all efforts on products and marketing activities.

In order to survive in the midst of all the intensive competition, companies have been forced to develop strategies that will help them maintain profitability and retain their share of the market. According to Chaston (1993), the linearization of the banking industry has led to many banks to merging, making strategic alliances, forming partnerships, making acquisitions and even taking to the drastic measures such as downsizing. Evidently, the market has now been flooded with the entry of many new products that have been introduced to the market vide intensive and extensive promotional strategies (Cahill, 1996). For most industries, it is no longer enough to concentrate all marketing efforts on the external customers. Companies are spending large sums of money in training programs meant to improve their competitiveness and ability to deliver high quality service through their staff (Lings, 2005). Among the key strategies banks will use to meet the challenges of the next decade will be effective markets and low products positioning, low cost funding, effective use of technology, the measurement and management of risks, changes in internal organization and management policies.

Internal Marketing is a concept which emphasizes that employees are a first market (Gronroos, 1990). According to Kotler (2000), internal marketing should be a priority before external marketing. According to Rafiq and Ahmed (1995), internal marketing is a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies, in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees. In fact the employees 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.

In the service sector, quality is closely related to employee performance. An essential feature of any successful organization is motivated employees. Therefore, the attitude of an employee towards his/her place of work and the extent to which an employer is able to

motivate employees may have a direct effect on the quality of those products. One of the most important challenges facing managers is the creation of a context within which employees feel motivated and will act in order to achieve the goals of the organization. The internal marketing concept emerged from service marketing and its main concern was to get everyone who was involved in service encounters – the front line or contact staff – to perform better in the interaction with customers (Gummesson, 2000).The usage of the concept has extended beyond its traditional field and is now accepted in all kinds of organizations. The overall objective of the internal marketing process is to attract suitable staff members as contact personnel and to managerial positions, to have a high retention rate among the co-workers and to develop motivated and customer-conscious employees.

Firms must put more care on and satisfy employees' the demand, commitment and inspiration in work and then push the employees to provide better service attitude and quality to customers. Lings (2004) pointed out that many researchers neglect one important focus, the demand of internal employees, especially those who directly get touch with customers. Satisfied customers can be achieved if the employees are satisfied (Kotler 2000). Excellent services to customers are resulted from satisfied employees. Because the attitude and behavior of employees interacting with customers would influence the feeling and behavior of the customers when they get the service, it is quite important for managers to efficiently define and manage the way that their employees do the service in order to make sure that their attitude and behavior are good for service providing. Internal marketing is a philosophy that actively promotes motivation, rather than using the passive approach used traditionally. According to Grönroos (1983), internal marketing is concerned with management methods, personnel policies, policies of internal training, and systems for planning, implementing and control.

1.1.1 Internal Marketing

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

Rafiq and Ahmed (1993) depict internal products as the values and attitudes of employees required for achieving successful marketing strategies and the training courses for developing internal customers' knowledge. Price is defined as the cost to employees for gaining new knowledge, while internal promotion pertains to the effective communication to employees, for example the use of face-to-face interactions, recognitions and reward systems. The tools utilized to distribute products to internal customers as internal place. Examples include formal meetings and the use of consultants for providing in-house educational advancement. They also advocate the utilization of physical evidence. Examples include memos, training manuals etc.

Different definitions of Internal Marketing have been formulated over time from different perspective. Berry and Parasuraman (1991), Bitner (1990) and George (1990) have defined Internal Marketing as a Human Resource Management concept whereby internal customer satisfaction is key to achieving external customer satisfaction. To have satisfied customers, the firm must also have satisfied employees (Rafiq and Ahmed, 2003). Internal Marketing was originally derived from the notion that employees are the first market and the major point of the concept is ensuring employees feel that management cares about them and their needs (Ewing & Caruana, 1995). Brown (1996) argue that the function of marketing is not only to provide products for sale, but also to take care of staff. The successful service company must first sell the job to employees before it can sell its services to customers (Sasser, 1996).

Internal marketing plays a significant role in establishing an important framework of legitimacy for new directions and transformations (Quirke, 2002). It can accommodate the constant process of Change (Strum, 2001) that most companies can ride on. It is also significantly useful in the process of knowledge development and in enhancing customer loyalty (Lings, 2000) because the customer builds a bond of trust and expectations with employees. Reicheld (1985) connects the loyalty of employees with the loyalty of customers. Failure to practice internal marketing leads to gaps in the service delivery (Samms, 2000) such that the delivery does not live up to the brand.

According to Gronroos (1981) advocated that due to the importance "interactive marketing" between seller and buyer it is crucial that organizations have highly customer oriented and sales minded employees in order to take the opportunity that come forward during buyer-seller interaction. Cooper and Cronin (2000) believe that internal marketing is comprised of efforts within organizations to train and encourage employees to provide better services. They proposed that each employee be trained as a marketer, that is, trained to do add-on, cross-selling and the like along with the ongoing customer retention skills the would enable the building of customer relationships. Thus, the customer acing employee was a key to the firm's success. Companies should adopt a framework similar to that of its external marketing and develop a marketing program aimed at the internal market. The goal would be to stipulate service awareness and customer oriented behavior.

According to Joseph (1996), internal marketing should be incorporated with Human Resource Management theories, technologies and principles. Yang (2001) argues that a marketing manager may not have the training skills for employees thus the need to have the HR function working closely with the Marketing function to incorporate the practices of marketing activities with employee's orientation and training program. Henry (1994) argues that Human Resource, with its close alignment to change initiatives and employee attitudes is in a unique position to further the strategic aims of internal marketing. Marketers need to concentrate on the internal market just as much as on the external market if they want marketing plans and strategies to be successfully carried out within the organization (Chaston, 1993). Internal marketing helps employees understand the company's strategies and thus are able to help the customers (Gronroos, 1987).

1.1.2 Organizational Commitment

Organizational commitment emerged in the 1970's and 1980's as a key factor of the relationship between individuals and organizations (Mowday, 1979). The commitment is "the state of intellectual and emotional adherence to some political, social or religious theory or action or practice (Weiner, 1982) or" the state of being obligated or bound" (as by intellectual or emotional ties) or "engagement or involvement" (Brown, 1996). He further states that there will be the strong belief to the goals and values of an organization and accepting them, the desire to strive much for an organization and the strong desire to keep membership in an organization. An individual is loyal and she/he is involved and psychologically attached to one's work and she/he has affective ties to an organization (Mowday, 1979).

Many definitions of commitment emphasize an organization as the object of commitment (Allen & Meyer, 1990). But an object will be also a person, a group of persons, an idea, practice, work or other causes (Brown,1996) or objects will form many commitment relations and commitment to many objects at the same time (Reichers,1985). In the business organization employees may commit themselves to the goals and values of the company, but at the same time to other employees, which emphasizes the social character of commitment (Reichers, 1985). He further states that if an employee accepts the goals and values of the firm, there is the congruence between the firm and an individual and work itself includes elements of commitment. Not only occupational attributes or work tasks, but also people with whom an employee is working, especially other employees, the nearest manager and customers (Porter & Mowday, 1991).

Organizational effectiveness depends on more than simply maintaining a stable workforce; employee must perform assigned duties dependably and be willing to engage in activities that go beyond role requirements (Varey, 1995). He further states that, it seems reasonable to assume that employee willingness to contribute to organizational effectives will be influenced by the nature of commitment they experience. Employees who want to belong to the organization (affective commitment) might be more likely than those who need to belong(continuance commitment) or feel obliged to belong (normative commitment) to make an effort on behalf of the organization.

The terms of commitment would cause a desire to behave as agreed, implicitly or explicitly (Mayer, Allen & Smith, 1993), to produce something. The terms are results from negotiations between partners (Brown, 1996). This is called also an exchange. The value of the exchange between an individual and an organization consists of the quantity and value of inputs and the quantity and value of outputs. This aspect emphasizes calculative commitment and instrumentality according to side-bet theory (Heskett, 1994), and it means that the compliance to an organization happens with external rewards. The

contract and the terms of employment are typical, when recruiting new people to the company. When thinking of longer time of an individual's life period, terms of commitment will get more psychological features or social meanings (Allen & Meyer, 1997). Commitment to stay is more general for older people than young people. Changes in prestige and participation will cause value commitment (Meyer & Allen, 1996).
The process of commitment is complicated and covers perhaps quite a long period of time. The Commitment will vary quite a lot depending e.g. on the phase of career and physical age.

1.1.3. Effect of Internal Marketing and Organizational Commitment

Snipes (2005) pointed out that employee's satisfaction in work is the most important phenomena on the documents of organizational behaviors, because employees' satisfaction in work may be the major factor in influencing on customers' satisfaction. The relation between internal market orientation and customers' satisfaction perhaps could be connected through the interface variable, internal customers' satisfaction. This perspective takes the employees as the organization's internal customers liking the concept of external customers and the employees expect to satisfy their need in work. However, although many researches argue to connect the relation between internal market and external market, (Flipo, 1986) to there is almost no practical research to prove and support the relation between internal and external customers' satisfaction. (Schneider, 1991; Rafig & Ahmed, 1993).

Turnover intention is a direct predictor of real turnover, and makes a negative effect on job performance and productivity (Batt, 2002). High turnover rate among staff is regarded as a big problem in many organizations because of not only its cost of recruitment and training new staffs but also quality of customer care (Loveman, 1998). Turnover also influence retained employees by decreasing organizational commitment and increasing burnout, which could result in additional turnover (Thorsten, 2004). Marketing-oriented approach was suggested to solve the problems associated with high turnover rates (Schneider, 1980). Internal marketing is the management philosophy of concerning employees as customers and of offering jobs that meet employee's demands to gain employee loyalty and commitment (Thorsten, 2004). In other word, internal marketing is perceived satisfaction of internal consumers for their work environment in the areas of education, promotion, communication, segmentation, working environment, reward, and employee's management philosophy (Ballantyne, 2000).

Internal marketing has positively influenced on job satisfaction and organizational commitment among employees (Chen & Li-Chi, 2001), motivated employees' job performance and improved organizational productivity (Kim, 2006), and reduced absenteeism and turnover of staff (Chen & Li-Chi, 2001). Promotional opportunities and organizational characteristics have been found to decrease the likelihood of turnover and a management style that encourage staff involvement in decision-making enhances organizational and professional job satisfaction, resulting in lower turnover rates (Snipes ,2005). Overtime, weekends, nights, holiday shifts, and perception to the shift schedules have been found to be predictors of turnover (Thorsten, 2004).

Lings (2004) pointed out that there is a correlation between the perspective of internal market orientation and organization internal performance, such as employees retaining, motivation and morality, employees' satisfaction and organizations commitment. From the documents of human resource management researches, it also shows that the affairs managers emphasize that seems to be correlative to the perspective of internal market orientation. Therefore, after reviewing the relative documents, the factors of organization internal performance include employees' commitment (Berry & Parasuraman, 1991; Lings, 2004; Chen I-Ann, 2003) and employees' satisfaction (Lings 2004;Wang, 2004). For the employee's part, it does not only mean that employees have strong faith and acceptance on the organization's goals and values and want to after quite the effort to the organization, but also includes the employees' retain want in other words, employees have strong faith to continue to he one part of the organization (Lings 2004; Wang, 2004).

Lings (2004) provided the internal market orientation that emphasizes on the contact between customers and employees and makes the philosophy of taking employees as customers working at the company as the foundation of creating internal market orientation. He further states that it plays a role to improve the relationship between the company and its employees and also to enhance the quality of relationship between employees and customers. Further more, Lings also pointed out that internal market orientation has two important implications. One is the perspective of organization internal performance that includes employees retaining, motivation and morality, employees' satisfaction and organization's commitment. The other is the perspective of organization external performance, such as service quality, customers' satisfaction and financial performance.

Jones (1992) believes that high quality products and service would create high level customer satisfaction and high level customer satisfaction would make the growth of customer loyalty. More over, it is the most important motivation to long term performance. He further states that, to provide the best service quality in order to create customer satisfaction and loyalty is the key factor to increase the company's profit.Lings (2004) pointed out that many researchers neglect one important focus, the demand of internal employees, especially those who directly get touch with customers. Because the attitude and behavior of employees interacting with customers would influence the feeling and behavior of the customers when they get the service, it is quite important for managers to efficiently define and manage the way that their employees do the service in order to make sure that their attitude and behavior are god for service providing.

1.1.4 Multinational Banks in Kenya

Multinational Banks are understood here as banks that establish operations in more than one country. Hence, Multinational Banks are also sometimes referred to as foreign banks and are included in the general category of foreign direct investment in financial services Weller (1999). In contrast, international banks are banks that operate across international borders, but that do not establish a physical presence in other countries Weller (1999).

Multinational Banks operations can come in different forms, namely as branch offices, subsidiaries, joint ventures, or strategic partnerships. Branch offices, for instance, are an integral part of the mother company; that is, they have no capital of their own. Subsidiaries, however, are separate corporate entities that are fully owned by the mother company, but chartered in the host economy. Similarly, joint ventures are separate corporate entities owned jointly by more than one Mother Company.

The role of foreign banks in developing countries—and associated policy implications—has been hotly debated. Some argue that foreign banks and particularly large international banks should be allowed to operate in developing countries because they increase the capacity of local banking sectors to lend and support development and introduce international practices and know-how, which spills over to domestic banks and increases the efficiency of financial intermediation (Levine, 1996). Others maintain that international banks are too powerful and thus their presence deprives the domestic banking industry of a chance to develop.4 At the same time, several observers note that international banks typically favor large and foreign-owned corporations at the expense of local entrepreneurs (Grossman, 1990). According to Clarke (2001), using data from a large cross country survey of enterprises, find that foreign bank penetration improves financing conditions for all enterprises, although it seems to benefit larger firms more.

The banking sector in Kenya operates in a relatively deregulated environment. Foreign bank entry was never a substantial issue in Kenya, as the banking system after independence consisted only of foreign-owned banks; their dominance has been eroded since then, but they still account for a substantial part of the system . (Brownbridge and Harvey, 1998). Monetary policy reforms during the 1990s have entailed liberalizing interest rates and replacing direct controls on lending with open market operations.

Kenya's financial sector has experienced rapid growth in the post-independence period making it one of the strongest financial markets in the region. The number of licensed commercial banks has risen from 9 in 1963 to 56 by the end of 1998. In addition to the commercial banks, Kenya's financial sector included 13 non-bank financial institutions, 4 building societies, 2 mortgage finance companies, 44 foreign exchange bureaus and a stock exchange market by the end of 1998. The Nairobi Stock Exchange (NSE) market, one of the oldest in Africa had, by the end of 1998, 20 stockbrokers and 58 listed companies (Republic of Kenya, 1999a). Kenya's financial sector continues to be heavily dominated by two multinational banks, Barclays Bank and Standard Chartered Bank, and one government controlled bank, the Kenya Commercial Bank (KCB). These three top banks control about 60 per cent of the total deposits in the country's banking sector. Foreign and government domination of Kenya's financial sector is gradually (Republic of Kenya, 1999a).

1.2 Statement of the problem:

The commercial multinational banks occupy a key position in the Kenyan economy, creating deposits that act as the effective money supply for business activities, carrying the overriding responsibility of deposit safety and fulfilling the role of financial intermediaries , besides provision of numerous financial services and ultimately creation of employment. Commercial multinational banks in Kenya have not been spared of the business challenges that have dogged many companies today, which require organizations to build new capabilities. Intense competition, fast changing technological advancements, demanding customers, and similar products offered have led to erosion of market share and diminishing profits.

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, commercial multinational banks should support customer-contact employees in order to acquire communicative sale skills and make them feel comfortable and satisfied with their job.

Traditional methods of obtaining commitment from employees must be integrated with the internal marketing strategies which this paper seeks to establish. The great turnover rate of employees tells something negative of employees' commitment. Sasser (1996) connects the loyalty of employees with the loyalty of customers. Permanent and loyal employees indicate permanent and loyal customers. Employees who are committed demonstrate higher job performance, less job displeasure. More ethical behaviour, diminished intent to leave, less stress and organizational citizenship. Further more they perceive the value of organizational goals and those of the organization in personal terms; thereby a lot of cost efficiencies accrue from committed employees.

A number of studies have been conducted on internal marketing in management fields such as public sector (Ewing & Carvana, 1995), Life Assurance (Rafiq and Ahmed, 2003), international airlines (Frost and Kumar, 2001) and on manufacturing firms (Chen, 2001).

Internal marketing expresses the relations between management and employees (Chen, 2003).Most Literature concentrated on Traditional Marketing Methods which only targeted external customers in Multinational Banks. Hence, there is a great need to establish the internal marketing strategies adopted by multinational banks as it leads to satisfied employees and satisfied customers. Satisfied customers will lead to growth in revenue, earnings and return on investment. The research posed the following questions:

What internal marketing strategies are used by commercial multinational banks in Kenya? What are the effects of internal marketing on organizational commitment in multinational commercial banks in Kenya?

1.3. Research Objectives

i) To establish internal marketing strategies used by multinational commercial banks in Kenya.

ii) To determine the effect of internal marketing strategies on organizational commitment of commercial multinational banks in Kenya.

1.4. Importance of the research

The results of the study may be useful to various stakeholders such as the government of Kenya, Researchers, Management and staff of Banks, practitioners, Policy makers etc.
The government of Kenya will benefit from the research and be informed of how internal marketing can be used in the public sector to develop human potential by empowering employees and give them accountability and responsibility. This will lead to job satisfaction and commitment from the employees which will contribute to the achievements of organizational goals.

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

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

CHAPTER TWO: LITERATURE REVIEW

2.1 The concept of Internal Marketing

The concept of Internal Marketing has been evolving in the management literature for more than a decade. The Internal Marketing concept is a complement to the traditional marketing concept and holds that an organization's internal market of employees can be influenced most effectively and hence motivated to customer-consciousness, market-orientation and sales mindedness flowing from a marketing-like internal approach and by applying marketing-like activities internally (Gronroos, 1983). He further states that all the concepts had a single aim, to improve service quality of the firm towards the customers. Internal marketing concept is has been defined as the process of promoting the firm, its products and /or services to employees and communicating the brand mission, philosophy, core values, corporate vision, organizational goals and priorities to staff (Piercy and Morgan, 1991).

Hales and Mecrate-Butcher (1994) suggest that the purpose of internal marketing activities is to create, at least, a stable workforce, with reduced absenteeism and labor turnover and, at best, a workforce with high levels of morale, initiative and responsibility, committed to customer service. MaGuire (1999) described the concept of internal marketing as a philosophy, strategy, and process. Internal Marketing as a philosophy describes a customer-orientated culture in which everyone understands the strategic intent or purpose, and is motivated to participate in implementing the strategy. He further states that integrating "front- and backstage" activities requires a shared and common understanding of objectives and desired outcomes, as well as clarity of the roles of these activities in the service delivery process. Ewing and Caruana (1995) suggest that at the strategic level Internal Marketing should create environments that foster customer consciousness amongst employees and thus the concepts are concerned with challenging the attitudes and behaviour of employees to make them more customers conscious.

Gronroos (1990) defined the Internal Marketing concept as a statement of strategy for the internal marketing process that identifies a 'product', 'target customers', and 'capabilities'. He further states that the products are jobs and the work environment that influence employees' motivations and the target customers are top management; supervisors; contact personnel; and support personnel. Further, Gronroos (1989) argued that Internal Marketing requires two capabilities - communication and attitude management. The first relates to customer - orientation and what he describes as "service-mindedness". Communication management is the more traditional realm of marketing and the second capability, attitude management, is arguably more the traditional realm of personnel or human resources management. Internal Marketing as a process is a set of functions or activities and the list of Internal Marketing activities is usually defined very broadly to include 'almost any function or activity that has an impact on the service-mindedness and customer consciousness of employees' (MaGuire, 1999).

Further George (1990) asserts that Internal Marketing creates an inspiring climate characterized by a framework of targeted communication aimed at everyone in the organization, and in which as a consequence, motivation and morale thrive. He further states that according to this view, Internal Marketing ensures that both the internal "people relationships" and the resources of the business are working in harmony to achieve the organization's strategic and tactical goals. On the other hand, Hales (1994) debates whether Internal Marketing offers a new perspective on the management of human resources or whether it is a "metaphor too far". Hales is skeptical of the "utility and relevance" of the use of marketing principles and the components of exchange and transaction inside organizations. He further suggests that the normative aspects of "people management", which relate to the management of employees as a resource, should be aligned with the strategic direction of the firm.

Hales (1994) stresses that the key physical, human and organizational internal resources of the firm together influence the development and maintenance of competitive advantage in the external market place. As far as human capital is concerned, Hales highlights the critical nature of "training, experience, judgment, intelligence, relationships and insight of individual managers and workers in the firm". The term "internal marketing" has been used to describe a variety of internal management activities, which, although not new in themselves, have "offered a new approach to developing a service orientation and an interest in customers and marketing among all personnel" (Gronroos, 1990). There is no single unified notion of what is meant by internal marketing however it is a concept, which offers a "philosophy for managing the organization's human resources based on a marketing perspective" (George and Gronroos, 1990; Foreman and Woodruffe, 1991; Rafiq and Ahmed, 1993).

According to Piercy and Morgan (1991), internal marketing is defined as the management process whereby exchanges and transactions within the organization are managed in order to implement quality management programs. They further state that, it is considered the process of managing and improving internal organizational communication and corporate culture change to ensure everyone in the organization understands the organizational goals. Therefore, Internal Marketing requires the commitment of strategic management in order to ensure it receives sufficient importance within the organization (Preston & Steel, 2002). The idea of Internal Marketing originates at the top management and be communicated down to the very bottom of the firm (Winter, 1985).

According to Sasser (1996), he believe that high quality products and services would create high level customer satisfaction. And high level customer satisfaction would make the growth of customer loyalty. More over, it is the most important motivation to long term performance and how to provide the best service quality in order to create customer satisfaction and loyalty is the key factor to increase the company's profit. Lings & Greenley (2005) provided the concept of Internal Market Orientation that crosses the functions between marketing and human resource management and in addition, it integrates the conception of market orientation and internal marketing that points out the organization tales employees as internal customers and consumers as external customers. Internal marketing explains that if the organization gives priority to emphasize the need of internal customers in work, they will provide good quality of service to external customers because they feel satisfied and its main purpose is to make the employees get the balance between the input of the work and the payoff (Lings, 2004).

The concept of internal marketing emerged from the development of business structures and services marketing (Varey & Lewis, 2000). In particular, internal marketing has been perceived as a means of creating a sustainable competitive advantage in the marketplace (Sargeant & Asif, 1998) through the provision of high service quality (Cronin & Taylor, 1992). Although originating within the services marketing literature, internal marketing is now viewed as applicable in all industry contexts (Ahmed & Rafiq, 2002; Cahill, 1995; Foreman & Money, 1995; George, 1990). Researchers cite a need for the development of simplified internal marketing models so as to promote greater acceptance of internal marketing practices within the wider business community (Varey, 1995). Benefits resulting from this approach include building a universal business vision, employee empowerment, increased employee interaction and employee skills and knowledge development (Cahill, 1995).

Internal marketing can assist in creating a working atmosphere and environment in which employees are valued and able to improve service delivery and business performance and foster long term competitive advantage through the creation of strong organizational cultures (Ahmed & Rafiq, 2003). This is achieved through breaking down bureaucratic processes and barriers and facilitating efficient and flexible interaction between management departments and groups within organizations (Varey & Lewis, 2000). They further state that internal marketing may enhance employee creativity, innovation and performance and hence it appears a proficient method of changing the attitudes and behaviors of employees so as to recognize the importance of meeting external consumer expectations and satisfying customer needs.

The internal market of employees has been determined to be an important target market for firm-related marketing efforts (Morgan and Hunt, 1994).They further state that it is an established as the term encompassing marketing efforts directed towards this target market of internal customers . Internal marketing has also been previously proposed as an important precursor to successful external marketing activities (Gronroos, 1990; Foreman & Money; 1995). Successful marketing efforts are reliant upon employees' ability to adapt to change quickly and this requires high quality communication so as to inform employees as to the nature and importance of external environment change. This can be deemed a typical internal marketing activity (Ahmed & Rafiq, 2002) and generally requires firms to focus upon customers and adopt a market orientation (Kohli, Jaworski & Kumar, 1993).

The staff represents the "coal-face" of the corporate brand as they are the ones who meet, greet and serve customers in a variety of different ways and customer relationships depend on their attitude and loyalty (Samms, 2000). To build loyalty it is necessary for communication to flow horizontally and vertically to all staff levels and this process of communication should include the brand mission, philosophy and core values (Berry, 1981). He further states that many organizations are unable to harmonize these communications flows to reach staff levels; some do not achieve even one of these flows and for this reason, a new view may have to be taken of the classic human resources function in many organizations. According to Gronroos (1990), internal marketing is treating both employees and customers with equal importance through proactive programs in order to achieve organizational objectives. He further states that the key aims of internal marketing are the development of internal and external customer awareness and the removal of functional barriers to achieving organizational effectiveness. Lack of commitment from employees can be harmful to an organization, resulting in poorer performance arising from inferior service offerings and higher costs (Gummerson, 2000).

Internal marketing is often discussed as a philosophy, a set of techniques and as an approach to effective organizations (Cooper & Cronin, 2000). They further state that as a philosophy, internal marketing is closely related to organizational culture and argue that 'the link between internal marketing and service marketing goes beyond the traditionally stated objective of improving quality of service to external customers'. It is related to understanding employees as customers, where 'the job experience itself is a service that is designed and delivered to internal customers which are all employees of an organization and the internal customer satisfaction derived is a function of the quality of the internal marketing efforts of that organization' (Powpaka, 2006).

Internal marketing is a philosophy of an organization that means to 'care' about the employees and consider them as internal customers. Ewing and Caruana (1998) claim that the emphasis of internal marketing is on the feelings of employees who need to feel safe, cared for and accepted from the management side. They further state that this understanding is built upon the relationship between employees and the organization and is reflected in the process of change. The core concept of internal marketing as a philosophy includes needs, interests, expectations and satisfaction of employees, which are as much as possible in tune with the needs of the organization, focused on internal and external customers and the achievement of organizational goals (Piercy and Morgan, 1991).

2.2. Organizational Commitment

According to Paxon (1993), Mowday, Porter and Steers (1982) describe commitment as the relative strength of an individual's identification with and involvement in a particular organization. Conceptually, it can be characterized by at least three factors, a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization" (Paxon, 1993). According to this definition, commitment is a result of an evaluation of the work situation, which links the employee to the organization and this type of commitment is referred to as attitudinal or affective commitment (Mottaz, 1989).

Multiple definitions of organizational commitment are found in the literature. Bateman and Strasser (1984), state that organizational commitment has been operationally defined as "multidimensional in nature, involving an employee's loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership". Porter (1985) identified commitment-related attitudes and commitment-related behaviors.
Porter (1979), discuss three major components of organizational commitment as being "a strong belief in and acceptance of the organization's goals, a willingness to exert considerable effort on behalf of the organization, and a definite desire to maintain organizational membership".

Sheldon (1991) defines commitments as being a positive evaluation of the organization and the organizations goals. According to Buchanan (1974) most scholars define commitment as being a bond between an individual (the employee) and the organization (the employer), though his own definition of commitment Meyer and Allen (1990) identified three types of commitment; affective commitment, continuance commitment, and normative commitment. Normative commitment is a relatively new aspect of organizational commitment having been defined by Bolon (1997).

Affective commitment is defined as the emotional attachment, identification, and involvement that an employee has with its organization and goals (O'Reily & Chatman, (1986). Porter (1979) further characterize affective commitment by belief in and acceptance of the organization's goals and values, a willingness to focus effort on helping the organization achieve its goal's, and a desire to maintain organizational membership". Mowday, Steers and Porter (1979) further state that affective commitment is when the employee identifies with a particular organization and its goals in order to maintain membership to facilitate the goal. Meyer and Allen (1991) continue to say that employees retain membership out of choice and this is their commitment to the organization.

Continuance commitment is the willingness to remain in an organization because of the investment that the employee has with "nontransferable" investments which include things such as retirement, relationships with other employees, or things that Schultz, are special to the organization (Reichers, 1985). Continuance commitment also includes factors such as years of employment or benefits that the employee may receive that are unique to the organization (Reichers, 1985). Meyer and Allen (1990) further explain that employees who share continuance commitment with their employer often make it very difficult for an employee to leave the organization.

Normative commitment (Bolon, 1997) is the commitment that a person believes that they have to the organization or their feeling of obligation to their workplace. Weiner (1982), discusses normative commitment as being a "generalized value of loyalty and duty". Meyer and Allen (1990) supported this type of commitment prior to Bolon's definition, with their definition of normative commitment being "a feeling of obligation" and he argues that normative commitment is only natural due to the way we are raised in society. Normative commitment can be explained by other commitments such as marriage, family, religion, etc. therefore when it comes to one's commitment to their place of employment they often feel like they have a moral obligation to the organization (Weiner, 1982).

Meyer, Allen, & Smith (1997) say that the three types of commitment are a psychological state "that either characterizes the employee's relationship with the organization or has the implications to affect whether the employee will continue with the organization". Meyer et al. (1997) continue to say that generally the research shows that those employee's with a strong affective commitment will remain with an organization because they want to, those with a strong continuance commitment remain because they have to, and those with a normative commitment remain because they fell that they have to. Meyer & Allen (1997) define a committed employee as being one "stays with an organization, attends work regularly, puts in a full day and more, Schultz, protects corporate assets, and believes in the organizational goals" and he positively contributes to the organization because of its commitment to the organization.

2.3 Multinational Banks

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2.3 Multinational Banks

The Kenyan financial sector has remained fairly liberal and competitive. Entry into the Kenyan financial market by foreign investors has remained largely unrestricted. One of the restrictions introduced in 1986 was the requirement for higher minimum paid-up capital for foreign owned banks compared with locally owned banks. Thus, to start a new bank, foreign investors were required to have Kshs 150 million as the minimum paid-up capital while a local investor needed only Kshs 15 million. The 1999 Budget made large upward adjustments to this minimum core capital. Without differentiating between foreign and locally owned banks, the budget raised the figures to Kshs 500 million for banks and mortgage finance companies, Kshs 375 million for nonblank financial institutions and to Kshs 150 million for building societies (Republic of Kenya,1999b).

In Kenya, the presence of Multinational banks was a legacy of the colonial period, but this long-standing, large Multinational banks presence did not help to avoid the financial instabilities of the late 1980s and early 1990s. Undercapitalized domestic banks extended domestic loans often based on political connections of the borrowers, rather than on an assessment of the business opportunities to be financed. The practice of politically determined loans meant that many non-creditworthy borrowers were served by domestic banks, that rigorous credit review standards were not implemented and that the quality of loans continued to deteriorate. The subsequent financial instabilities meant a concentration of credit in the large urban centers, which left many borrowers underserved (Economic Surveys, Republic of Kenya, 1990-1999).

Multinational Banks have operated in Kenya since 1906. Prior to Kenya's independence in 1963, eleven Multinational Banks were presented. By the 1990s, thirteen Multinational Banks comprised the Kenyan banking system: Bank of India (India), Standard Bank (UK), Barclays Bank (UK), ABN Amro (Netherlands), Habib Bank (Switzerland) National and Grindlays (UK), Bank of Baroda (India), African Banking Corporation (UK), Stanbic Bank (South Africa), Commercial Bank of Africa (U.S.A.), Citibank N.A. (U.S.A.), Credit Agricole (Swaziland), First American Bank (U.S.A). Similar to other countries, Multinational Banks attract qualified staff with high salaries. The top managers are usually expatriates. As of 2000, 12,438 people worked in Kenyan banking, of which 4,379 people worked for Multinational Banks. By 2000, Multinational Banks had over 53% of total banking sector assets, while they employed 30% of the sector's workforce, reflecting higher productivity (Economic Surveys, Republic of Kenya, 1990 – 1999)

The first Multinational bank in Kenya was the National Bank of India, which open its first branch in Mombasa in 1896. The Standard Bank of South Africa followed in 1910, and the National Bank of South Africa in 1916. Between 1910 and 1919 banking was controlled by the banks' headquarters in London, and between 1919 and 1966 the British colonial government established a currency board for East Africa which determined banking and financial policies in the East African Region. It was not until 1966 that the Kenyan Government broke away from the currency board to establish a central bank. By 1965, three British banks (National and Grindlays Bank, Barclays Bank and Standard Bank) accounted for 80% of all deposits (Economic Surveys, Republic of Kenya, 1990-1999).

In the late 1960s, domestic bank development followed, supported by the government. In January 1968, the Co-operative Bank of Kenya was established, and in June 1968 the National Bank of Kenya was set up as state-owned bank. Due to greater competition from Multinational banks, local banks improved their services by computerizing their operations and employing highly skilled labour. Multinational banks introduced ATMs and branchless banking. And modern technology led to more efficient payments system. Partially, as a result of the technological changes, many banks closed most of their branches in smaller towns and now they serve only the major towns, Nairobi and Mombasa (Economic Surveys, Republic of Kenya, 1990-1999).

The financial crisis in Kenya in 1986 did not affect Multinational Banks because they had sufficient capital and a large share of their assets was in government securities. But the longstanding and large presence of Multinational Banks in Kenya did not help to stabilize the financial sector in the 1980s or the 1990s. Hence, the capital base of domestic banks remains inadequate, while their bad loan burden stays high. One possible explanation why the presence of Multinational Banks did not increase financial stability may be the

focus of Multinational Banks on a few, narrow, yet highly profitable market segments, where Multinational Banks are dominant. A large share of Multinational Banks assets is invested in central bank and government securities. Moreover, Multinational Banks grant loans to companies with which they have longstanding relationships, such as Multinational Corporations (Economic Surveys, Republic of Kenya, 1990 – 1999).

The financial instabilities of the 1980s and 1990s meant a concentration of credit in the large urban centers, which left many borrowers underserved. In addition, FL and financial fragility led to rising interest rates, thus shutting good borrowers out. Also, Multinational Banks quickly concentrated on lending to the government and to a few of their core borrowers, thereby reducing Multinational Banks loans quickly to less than one-fourth, relative to Gross Domestic Point, of what they were in 1985. Further, the practice of politically determined loans meant that many non-creditworthy borrowers were served by domestic banks, that rigorous credit review standards were not implemented and that the quality of loans continued to deteriorate. Ultimately, many Kenyan businesses, particularly in the countryside and in the informal sector remained underserved. However, a large share of the Kenyan economy is located in the informal sector For instance, about two-thirds of employment outside of agriculture is in the informal sector (Economic Surveys, Republic of Kenya, 1990 – 1999).

The growing presence of Multinational Banks can be linked to a lack of banking services for many borrowers. Especially low and moderate income households and small and medium-sized enterprises small and medium-sized enterprises did not receive adequate funds, thereby facing higher costs of capital. With respect to financial stability, this report's findings are more tentative. There is evidence that banking practices that helped to increase financial fragility continued to thrive in the presence of Multinational Banks in Kenya (Economic Surveys, Republic of Kenya, 1990 – 1999).

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Domestic and multinational banks also differ in the way they see their strategic goals. All banks are concerned with profit performance, client focus, service quality, improved revenue growth and retention of existing clients. But Multinational Banks consider building a customer base, addressing new compliance and regulations and recruiting/training front office staff as the next important steps. Domestic banks, in comparison, list liquidity of banks, understanding complex products, high dependence on new technology, and increasing competition from Multinational Banks (Economic Surveys, Republic of Kenya, 1990 – 1999)

Likewise, measures of successful activities varied between domestic and multinational banks. Multinational Banks recorded their most successful activities as mergers and acquisitions, stock brokerage, structured finance for projects, treasury operations and foreign exchange dealings, and they saw the following as nonexistent or least successful activities: insurance, property finance, mortgages, retail lending and credit cards. Domestic banks considered their most successful activities to be structured products, private banking, credit cards, mortgages, mergers and acquisitions, and retail deposit taking, and their least successful activities as corporate finance, retail lending, stock brokerage and unit trusts. There is little indication that this will change as Multinational Banks show no interest in entering retail banking or insurance markets (Economic Surveys, Republic of Kenya, 1990 – 1999).

2.4 The Internal Marketing Process

2.4.1 Establishment of a service culture

The culture of an organization heavily influences the behaviour of employees. Corporate culture can be defined as the pattern of shared values and beliefs that give the members of an organization meaning, and provide them with the rules for the behavior in the organization. Experts have suggested that a customer oriented , service oriented organization will have at its heart a 'service culture' defined as a 'culture where an appreciation for good service exists and where giving good service to internal as well as external customers is considered a natural way of life and one of the most important norms by everyone' (Stephanie, 1994).

A customer oriented environments offers results from the internal marketing endeavor. Internal marketing is more than a strategy, it represents efforts to change the values and beliefs of an organization by promoting the firm and its products and services to employees (George , 1990). A strong culture empowers employees to make decisions, thus setting up common values and norms is more critical and more important than setting rigid procedures, policies, rules and guidelines. Although rules, procedures, policies are important for a firm to be organized, Managers should focus not just merely on controlling them to think beyond these rules and improve them as needed (Ahmed & Rafiq, 2003).

2.4.2 Development of a marketing approach to human resources management

A firm would be able to achieve this by using the same concepts applied on knowing one's customers, knowing what the needs and wants are and providing them with those needs and wants. Internal customers are motivated on the basis of their needs and wants (Flipo, 1986) and it is therefore important to design and implement human resource strategy and internal marketing strategy which focuses on stimulating internal customers' needs and wants.

Finnigan (1993) suggests that starting with the right service delivery people form the beginning is one of the best ways to ensure that the customers receive the best service from the organization. Considerable attention then needs to be focused on hiring and recruiting the service personnel, which in contrary to the traditional practice where service personnel are the lowest on the cooperate ladder and work for a minimum wage (Cahill, 1996). Recruitment, training, performance management, management competencies, appraisal measurement and reward are all part of human resource's remit and exert a powerful influence on internal marketing initiatives (Gronroos, 1983). It is external customers is considered a natural way of life and one of the most important norms by everyone' (Stephanie, 1994).

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Human resource decisions and strategies, when approached from the point of view that the primary goal is to motivate and enable employees to deliver customer oriented promises successfully, can be useful in helping an organization ensure that service employees are willing and able to deliver quality services and that they stay motivated to perform in customer oriented and service minded ways (Piercy and Morgan, 1991). According to Rafiq and Ahmed (1993), the facets of internal marketing are basically Human resource strategies in closing service delivery gaps and the themes around building a customer oriented, service minded workforce are; hire the right people, develop them to deliver service quality, provide the needed support systems and retin the best people.

2.4.3. Dissemination of Marketing Information

Rafiq and Ahmed (1993) mention that communication of marketing information is characterized as a crucial component of internal marketing as there is a relationship between internal customers and suppliers, prior to the services, which are delivered to customers and between internal and external customers. Often, the most effective way of communicating with guests is through customer contact employees. Customer contact employees need to be aware of about upcoming events, ad campaigns, new promotions, menu changes.

Berry (1981), suggest at advertising campaigns not only get external customers' attention and encourage customers to buy products, but also should attract employees as a possible second audience and motivate employees to perform correctly and accordingly. This essentially means that internal customers have to be told what advertising and promotional campaigns are on at any particular point in time. Some practical methods include the provision of internal brochures and booklets to service providers and effective application of two-way communication channels.

2.4.4 Implementation of a Reward & Recognition System

Employee reward systems management is concerned with designing, implementing and maintaining reward systems, which are geared to the improvement of organizational team and individual performance (Beaumont, 1993). All employees need to know exactly what they must do to earn a particular reward. Goals should be as specific and measurable as possible. The policy on reward can potentially be used in developing a retention strategy that will help ensure the right people are well rewarded financially through salary packages as well as recognition for their individual and collective contribution towards the corporate strategy (Samms, 2000). Reward systems (e.g. monetary, promotion) should promote customer and market orientation (Grönroos, 1990) and also, together with educational incentives in an organization's retention program, reduce job turnover rates .

Nelson (2003) believes the use of monetary rewards are becoming "viewed as a right as opposed to reward and therefore the ability for money to serve as incentive is diminished"(p.8). Money also distracts team members as their concentration is now focused on individual cash gains. Therefore, Nelson (2003) has developed a number of ways in which an organisation can motivate their employees without incurring great financial costs. At the practical level, Zeithaml and Bitner (2003) cite internal marketing as the mechanism for enabling the delivery of promises that are made via external marketing. Employyes must have the skills, abilities, tools and motivation in order to deliver. Primises can be easily made, but unless the employees are appropriately rewarded then external promises may not be kept.

A good manager helps sub-ordinates feel strong and responsible, who rewards them properly for good performance and who sees that things are organised in such a way that subordinates feel they know what they should be doing (Zeithaml, V.A. & Bitner, M.J., 2003). Feeling of contribution to the job, Having management tell us we are doing a good job, having the respect of our peers and colleagues, being involved and informed of developments and having meaningful and interesting work. While, Nelson (2003) finds these methods as good motivating tools, he outlines how the use of recognition is the ultimate motivator. The importance being, "recognition is not just for the person who performed well – it also sends a message to other employees as it communicates the standard of the company" (Nelson, 2003, p.8). Nelson (2003) implores to management, recognition will improve the level of performance by employees, which inevitably improves the financial performance of the organisation.

2.5 The strategic and tactical levels of internal marketing

The internal marketing process can be realized on two different levels: on a strategic and on a tactical level. The objective of the internal marketing process is, on a strategic level, to pave the way for an internal milieu, which enhance customer-consciousness, sales mindedness and work motivation among the employees. This is accomplished through supportive management methods, personnel policy, internal training policy and planning and control procedures and organizational culture and highly engaging the people so that they are retained in the organization. The management is of outmost importance for the customer-consciousness firm and its employees (Grönroos, 1990). Motivating management methods are characterized by an understanding of management for the employees' working situation and an active interest in supporting employees in their work (Grönroos, 1990).

Personnel policy: A motivating personnel policy needs to be logical and just in its nature. If there is an absence of such a policy, it is likely that internal marketing efforts become fruitless. Motivating personnel policy starts of with job descriptions, which are customer-oriented and consider marketing and sales responsibilities that come with the particular work. However, some reflections are in order for too rigid job descriptions, which may have a negative outcome on the flexibility of the front-line personnel. With successful job descriptions come a well adapted recruitment policy and recruitment procedures (Grönroos, 1994). Reward systems (e.g. monetary, promotion) should promote customer and market orientation (Grönroos, 1994) and also, together with educational incentives in an organization's retention program, reduce e.g. job turnover rates .

Internal training policy: In every firm there is a need for an internal training policy, which aims to motivate the employees in their work. Continuing professional development is needed, and should not only cover the technicalities of the work itself, but more importantly the cultivation of customer relations, marketing and sales (Cahill, 1995). Rarely are the front-line personnel of service organizations aware of their importance as marketers and impact on the long-term benefits of an organization. However, it should be noted that a successful internal training policy is not the only answer to an organization's problems. No internal training policy can produce positive results unless it is integrated with motivating management methods, personnel policy, and planning and control procedures (Grönroos, 1994).

Planning and control procedures: Service encounters between front-line personnel and customers are a natural part of everyday life in the service industry. In these service encounters the front-line personnel have an extraordinary opportunity to obtain information regarding the needs of the customers, the quality of the delivery process and the customer-experienced product quality. Motivating planning and control procedures should aim at enabling this knowledge. However, often these natural rendezvous between the organization and the customers are damaged by defective organizational systems (Gronroos, 1994).

The objective of the internal marketing process is, on a tactical level, "to sell services, supporting services (used as means of competition), campaigns, and single marketing efforts to the employees" (Grönroos, 1983). According to Gronroos (1989) it is based on the principles that employees are the first market of the service company, an understanding among the employees of the service and the activities of the company, a fully developed and internally accepted service and working information channels.

The internal marketing mix for competitive advantage on a tactical level consists according to Grönroos (1994) of, interactive communication (with the overall objective of changing attitudes), sales assistance (e.g. pamphlets, slide shows), non-interactive communication (e.g. advertisement, pamphlets, and wall calendars), and price (Salary levels and fringe benefits are directly comparable with the price of a particular service), accessibility (flexible working hours, geographical location of place of work), and support service activities (e.g. meals and day nursery free of charge) (Grönroos, 1994).

2.6 Internal Marketing strategies

2.6.1 Inter-functional Coordination and Integration

A major impetus of internal marketing, amongst other thing, is to be a vehicle for internal strategic implementation (Winter, 1985). This can be done through interfunctional coordination and integration. The concept is defined as the coordinated utilization of an organization's resources in creating superior value for target customers (Narver & Slater, 1990). When an organization is able to use its resources effectively to create value, it will ensure long term profitability thus improving business performance. The role of internal marketing in integrating marketing and personnel functions must be to the extent in which personnel become a resource for the marketing function (Glassman & McAfee, 1992). Thus, it is important to include this concept in testing the implementation of internal marketing within organizations. The variable is tested using an established scale developed by Narver & Slater (1990).

Glassman and Macafee (1992), Piercy and Morgan (1991) argued that Internal marketing has the potentiality to integrate and overcome inter-functional conflict by treating employees as a resource to the marketing function (Rafiq and Ahmed, 2003). Internal Marketing can further be used as a strategic tool to enhance inter-functional coordination within the organization. This could be used as the internal interface between various functional departments such as marketing, personnel, operations and others (Gronroos, 1994). Internal marketing t could be used as a general tool for any kind of strategic implementation, either internal or external, as it has been able to reduce departmental isolation, inter-functional friction and overcome resistance to change (Rafiq and Ahmed, 2003).

2.6.2 Customer Orientation

Gronroos (1981) first allude to the fact that customer orientation is the driving force for internal marketing. This is especially important for services organizations where the most crucial part of the business occurs during employee-customer contact. Hence, internal marketing's aim is to get motivated and customer-oriented employees. Customer orientation is defined as the understanding of the need of one's target buyer in order to create value for them continuously. This effects business performance by decreasing the buyer's cost in relations with the buyer's benefits. This induces buyers to be loyal as they feel that their needs are being satisfied by the service rendered.

Thorsten (2004) offered the concept of customer orientation of service employees that indicates the degree that can satisfy the customers' need of the behavior that employees show in the work during the process of interaction between service employee and customers. It also developed a set of evaluation sheet of customer orientation of employees. The main concepts include professional technical ability, socialization ability, motivation, decision-making ability. The first line service employees would show the motivation to the service behavior through the four factors. The nature of service is invisible and the degree of interaction between the service employees and the customers, the customer orientation of service employees plays an important role in successful service industry. (Thorsten & Thurau, 2003).

2.6.3 Marketing-like Approach

Internal marketing holds that employees are "best motivated for service mindedness and customer oriented behavior by an active marketing-like approach, where marketing-like techniques are used internally" (George, 1990). Marketing-like approach is defined as a business management philosophy based on the need for customer orientation, profit orientation, and recognition of the role of marketing to communicate the needs of the market to all major corporate departments (Gronroos, 1994). Thus, the adaptation of marketing behavior lies at the heart of internal marketing, as eluded by early adopters like Berry and Gronroos.

Internal marketing is a process that operates across the functional departments and between staff and management (Varey, 1995). Ballantyne (1991) has highlighted the need for marketers to influence and motivate staff to change the internal process as required, collaboratively, for effective external market orientation. Market orientation can be modified to the context of employee-employer exchanges in the internal market and develop an internal market orientation (Lings and Greenley, 2005). It would be expected that this will lead to positive consequences for employees and the firm as has been suggested by other scholars (Payne, Holt and Frow, 2000). Gummenson (2000) suggests that internal marketing is an internally directed marketing strategy that focuses on jobs that satisfy needs of employees with the aim of achieving the company's service objectives and thus market orientation objectives. It is thus, internal market orientation which enables the development of market capability throughout the organization.

2.6.4 Job Satisfaction

Job satisfaction is important as internal marketing will also serve as a tool for organization to attract, retain and motivate its employees. Thus, it is imperative that employees must be able to relate positively to its job and are "satisfied" users of the internal product, which is the job itself. Job satisfaction is defined a show content an individual is with his or her job. The underlying view of internal marketing is based on the concept that in order for a service organization to have satisfied customers, it must first have satisfied employees (George, 1990).

According to Kimball Scot and Carl (2006) and Anderman, Belzer and Smith (2000), job satisfaction is a multifaceted construct. It is difficult to identify a complete list of contributors of job satisfaction. Hence, measurement of satisfaction can be problematic as studies on job satisfaction showed wide-ranging differences on contributors to the construct. Past studies have associated job satisfaction with administrative support (Gonzalez, 1995), interactions with colleagues (Kim & Loadman, 1994), autonomy (Kim & Loadman, 1994), working conditions (Kim & Loadman, 1994), salary Kim & Loadman, 1994), opportunities for advancement Kim & Loadman, 1994), pupils' achievement (Dinham, 1994), collegial support (Gonzalez, 1995), involvement in decision making (Gonzalez, 1995), accomplishment Anderman, Belzer & Smith (1991) and recognition . These findings confirmed the multidimensionality of the job satisfaction construct, comprising of different aspects of the job.

2.6.5 Empowerment

In order for employees to fully appreciate their job (i.e. the internal product), they must be allowed more latitude in dispensing their duties (Gronroos, 1981). Berry & Parasuraman (1991) believe that empowerment should be an essential aspect of internal marketing. Empowerment is the process of enabling or authorizing an individual to think, behaves, take action, and control work and decision making in autonomous ways (Rafiq & Ahmed, 1998). By allowing empowerment, employees can make faster decisions which in turn increase productivity and enhance the service experience and improve performance. Empowerment means giving the employees the desire, skills, tools and authority to serve the customer (Zeithaml and Bitner, 1996).

Many organizations have discovered that to be truly responsive to customer needs, frontline providers need to be empowered to accommodate customer requests and to recover on the spot when things go wrong. Zeithal and Bitner (1996), argue that while the key to empowerment is giving employees authority to make decisions on customer's behalf, it is insufficient when exercised solely. Employees need the knowledge and tools to be able to make these decisions and they need incentives to encourage them to make the right decisions. Flexibility, quick decisions and authority given to frontline staff characterize an empowered organization.

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2.6.6 Employee Motivation

In most organizations, the situation is that the customers are highly demanding of employees whilst the employees in turn hold high expectations from their jobs as sources of self-actualization and self-development (Rafiq & Ahmed, 1998). Here, internal marketing sought to increase employee motivation by focusing on treating the job as an internal product and try to "sell" it to the employees. This inward-looking philosophy is enhanced by steps which motivate employees to try out the product first.

Motivation is incidental to or defined by goal-directed behaviour. Well-motivated people are therefore those with clearly defined goals who take action which they expect will achieve those goals (Erez ,1984). They make effective contributions at work because of strongly developed feelings of behavioral commitment and they acknowledge that their efforts are required to further both the needs of the organization and their own interests (Robinson, 1992).

Verhellen (1994) argues that motivation strategies aim to create a working environment and to develop policies and practices, which will provide for higher levels of performance from employees. According to Tarkenton (1986), they will be concerned with measuring motivation to provide an indication of areas where motivational practices need to be improved; ensuring, so far as possible, that employees feel they are valued; developing behavioral commitment; developing an organization climate which will foster motivation; improving leadership skills; job design; compensation and reward management; and the use of behavioral modification approaches.

2.6.7 Employee Training and Development

Foreman & Money (1995) defines employee development as a strategic investment by an organization in training its members. If employees are required to perform their tasks well, they must be armed with the necessary skill and knowledge that is required of them. Piercy & Morgan (1991) say that in order for internal marketing to be effectively employed within an organization, employees must be trained and properly developed to fulfill its service role. With a well developed workforce, an organization will exploit the full potential of its resource (the employees) thus improving business performance. Those companies failing to offer employees career opportunities, room for advancement and enhancement of skills and knowledge may find it difficult to retain qualified employees.

To grow and maintain a workforce that is customer oriented and focused on delivering quality, it is important for an organization to develop its employees to deliver service quality. A focus on development can help them acquire the knowledge and skills they require to perform their roles to optimum levels. To provide quality service, employees need ongoing training in the necessary technical skills, knowledge and in the process or interactive skills (Varey and Lewis, 2000). Continuing professional development is needed and should not only cover technicalities of work itself but more importantly, the cultivation of customer relations (Cahill, 1995).

Training is specific to the needs of the organization (Crane, 1993). Training helps people to perform better in a job either through improving their fit with the job requirements or through creating a better fit with the overall strategies. Training and development processes are concerned with influencing people to contribute more to the organization and should be applicable to performance in a current or anticipated job, relatively complete its coverage of various job requirements and efficient in a cost/benefit sense (Argyris, 1999).

2.6.8 Vision of the Organization

Foreman & Money (1995) define vision as short term and long term goals that employees can believe in. Internal marketing programs that are imaginatively and sensitively created and implemented, with this in mind, will improve both the internal efficiency and external effectiveness of the organization's marketing efforts. A driven workforce galvanized by a cohesive and understandable vision can propel a company forward and improve its business performance.

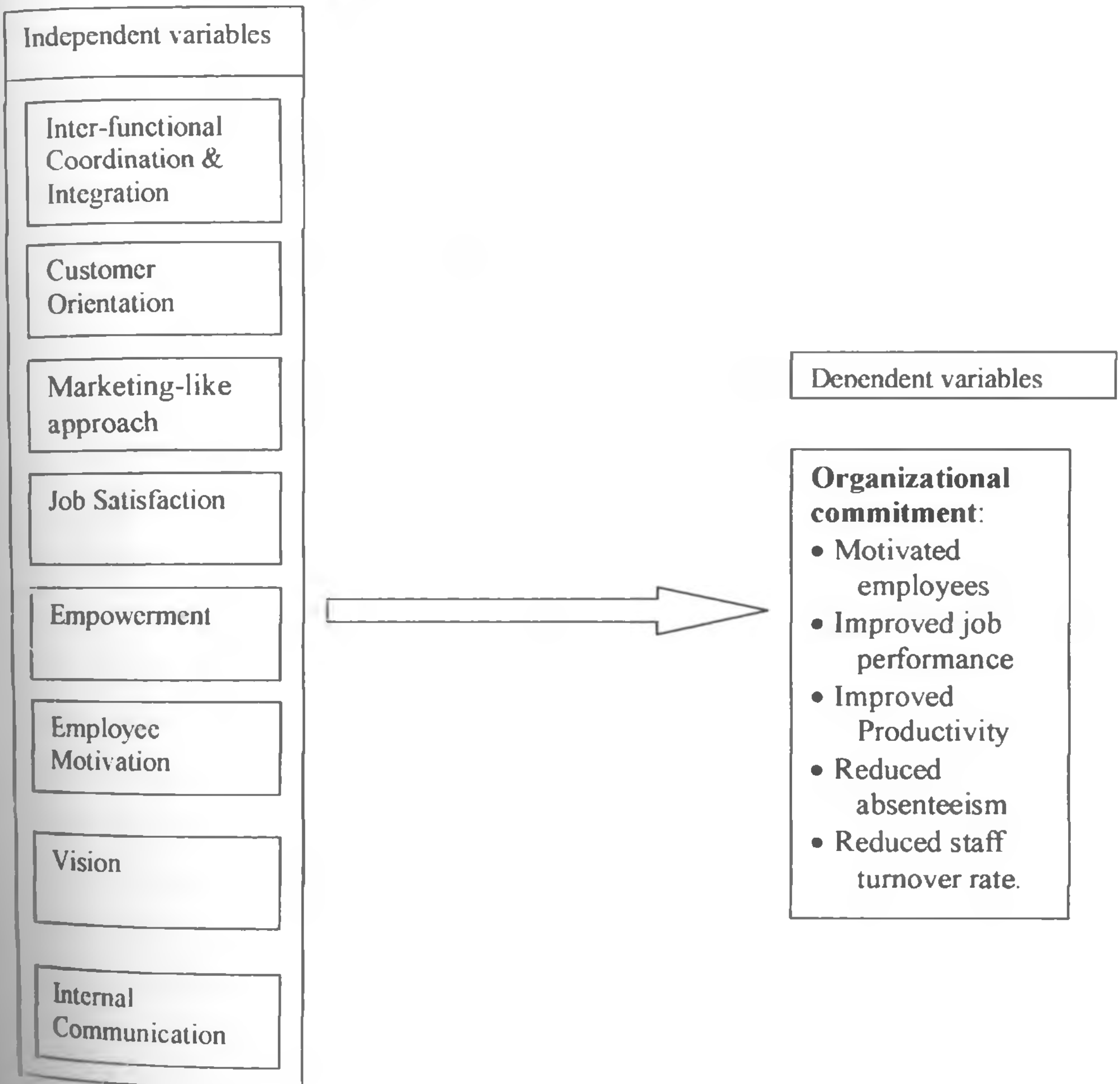
Employees, if they are to be effective brand ambassadors, need to be a part of a company's mission and need to buy into the corporate vision. Service personnel, in particular, also need to appreciate how their work fits into the big picture of the organization and its goals. This requires an understanding of the Employees, if they are to be company's service culture. Schneider and Bowen (1995) defines service culture as shared perceptions as what is important in organization, and shared values and beliefs about why those need to be a part of a company. Service standards tend to be adhered to mission and need to buy into the more often if their rationale is inculcated by those who provide the service. A shared service culture ensures that front-line' employees understand the logic driving service standards.

2.6.9 Internal Communication

Ahmed et al. (2003) identify internal communication as the dissemination of information within the organization to enable the creation of employees with a greater sense of ownership, accountability and responsibility. They further state that when employees are well-informed about the expectations of its customers as well as the condition and health of the organizations, they are more willing to dispense their duties diligently which in turn improves the business performance. They also believe that internal communication is an important element of internal marketing as it is the key factor in creating understanding among employees.

Internal communication within the organization is instrumental in connecting employees the organizations, connecting employees within the organization and finally connecting employees to the customers (Compton, 1987). The connections can be done by telling the employees what is happening within the organization, where it is going, what role of employees is and what is expected of them, and generally providing feedback on how the business is doing. According to Carlzon (1983), internal communication helps build a culture that provides a competitive edge that cannot be easily copied, while at the same time reducing the cost of reducing the cost of recruitment and cost of replacement.

Figure 1: Conceptual framework



Relationship between internal marketing strategies and organizational commitment.

2.7. Internal marketing and organizational commitment

Snipes (2005) pointed out that employee's satisfaction in work is the most important phenomena on the documents of organizational behaviors, because employees' satisfaction in work may be the major factor in influencing on customers' satisfaction. The relation between internal market orientation and customers' satisfaction perhaps could be connected through the interface variable, internal customers' satisfaction. This perspective takes the employees as the organization's internal customers liking the concept of external customers. And the employees expect to satisfy their need in work. However, although many researches argue to connect the relation between internal market and external market, (Flipo, 1986) to there is almost no practical research to prove and support the relation between internal and external customers' satisfaction. (Schneider, 1991; Rafig & Ahmed, 1993).

Turnover intention is a direct predictor of real turnover, and makes a negative effect on job performance and productivity (Batt, 2002). High turnover rate among staff is regarded as a big problem in many organizations because of not only its cost of recruitment and training new staffs but also quality of customer care (Loveman, 1998). Turnover also influence retained employees by decreasing organizational commitment and increasing burnout, which could result in additional turnover (Thorsten, 2004). Marketing-oriented approach was suggested to solve the problems associated with high turnover rates (Schneider, 1980). Internal marketing is the management philosophy of concerning employees as customers and of offering jobs that meet employee's demands to gain employee loyalty and commitment (Thorsten, 2004). In other word, internal marketing is perceived satisfaction of internal consumers for their work environment in the areas of education, promotion, communication, segmentation, working environment, reward, and employee's management philosophy (Ballantyne, 2000).

Internal marketing has positively influenced on job satisfaction and organizational commitment among employees (Chen, 2001), motivated employees' job performance and improved organizational productivity (Kim, 2006), and reduced absenteeism and turnover of staff (Chen, 2001). Promotional opportunities and organizational characteristics have been found to decrease the likelihood of turnover and a management style that encourage staff involvement in decision-making enhances organizational and professional job satisfaction, resulting in lower turnover rates (Snipes, , 2005). Overtime, weekends, nights, holiday shifts, and perception to the shift schedules have been found to be predictors of turnover (Thorsten, 2004).

Lings (2004) pointed out that there is a correlation between the perspective of internal market orientation and organization internal performance, such as employees retaining, motivation and morality, employees' satisfaction and organizations commitment. From the documents of human resource management researches, it also shows that the affairs managers emphasize that seems to be correlative to the perspective of internal market orientation. Therefore, after reviewing the relative documents, the factors of organization internal performance include employees' commitment (Berry & Parasuraman, 1991;Lings, 2004;Chen I-Ann, 2003) and employees' satisfaction (Lings 2004;Wang, 2004) For the employee's part, it does not only mean that employees have strong faith and acceptance on the organization's goals and values and want to after quite the effort to the organization, but also includes the employees' retain want in other words, employees have strong faith to continue to he one part of the organization.

Lings (2005) provided the internal market orientation that emphasizes on the contact between customers and employees. And makes the philosophy of taking employees as customers working at the company as the foundation of creating internal market orientation. It plays a role to improve the relationship between the company and its employees and also to enhance the quality of relationship between employees and customers. Further more, Lings also pointed out that internal market orientation has two important implications. One is the perspective of organization internal performance that includes employees retaining, motivation and morality, employees' satisfaction and organization's commitment. The other is the perspective of organization external performance, such as service quality, customers' satisfaction and financial performance.

Nowadays, consumers pay more attention to service quality, and enterprises place more importance on the relation of customers' interaction. It will be the important key factor to business operation. To increase the profit and get growth, we must hot only think of the market share, but also communicate the business philosophy and value of organization to employees. In addition must put more care on and satisfy employees' the demand, commitment and inspiration in work. And then push the employees to provide better service attitude and quality to customers. Lings (2005) pointed out that many researchers neglect one important focus, the demand of internal employees, especially those who directly get touch with customers. Because the attitude and behavior of employees interacting with customers would influence the feeling and behavior of the customers when they get the service, it is quite important for managers to efficiently define and manage the way that their employees do the service in order to make sure that their attitude and behavior are god for service providing.

Jones (1992) believes that high quality product sand service would create high level customer satisfaction. And high level customer satisfaction would make the growth of customer loyalty. More over, it is the most important motivation to long term performance. Consequently, how to provide the best service quality in order to create customer satisfaction and loyalty is the key factor to increase the company's profit. The service scope of service industry is very broad, but few of researches discuss the correlation of contact between employees and customers.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Research Design

This will be a survey of all Multinational Banks in Mombasa. The choice of Multinational banks was based on the fact that they have continued to carry out profitable operations in Kenya over the years in spite of constantly changing Kenya business environment. The research design adopted for this study is a survey. The basic idea behind survey methodology is to collect data from a broad category of Multinational Banks to be able to make comparisons. In this study we seek to establish the relationship between internal marketing strategies and organizational commitment. In most instances, surveys attempt to capture attitude or patterns of past behavior. Most recently several researchers (Nganga, 2005) have successfully adopted this research design in their studies.

3.2. Target Population

The target population will be of Multinational Commercial Banks in Kenya. According to Registrar of companies as of 31/12/2009 there are 13 Multinational Commercial banks in Kenya. Stratified sampling method will be adopted for this research. Stratification is the process of grouping members of the population into relatively homogeneous subgroups before sampling. A stratum is a subset of the population that shares at least one common characteristic. This research will have two strata, managers and non-managers. Stratified random sampling method is then used to select a sufficient number of subjects from each stratum that reasonably represents the population.

3.3. Data collection

The research will utilize primary data. The primary data will be collected through Questionnaires. Part A of the questionnaire collects data on general information of respondents. Part B collects data on the various internal marketing strategies adopted by the banks and Part C collects data on the effects of the above strategies on organizational commitment. The respondents will be all managers and at least 50% of the employees who will be selected randomly. The kind of information to be sought requires an insight into realities of internal marketing strategies and can only be provided by these persons. The questionnaires will be administered to all Banks by drop and pick method.

3.4. Data analysis

Data will be analyzed quantitatively using Percentage (%) mean scores and Spearman's correlation analysis. Percentage mean scores will be computed to determine the percentage of banks that use internal marketing strategies as per the first objective of the research in study. Correlation analysis will be used to determine whether there exists an association or correlation between the internal marketing strategies and organizational commitment .if there is, then of what degree and in which direction.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter deals with data analysis, findings and discussion of the research findings. The data for part A and B is summarized in the descriptive statistics using mean scores, percentages and frequencies and presented in form of tables. Data for part C was summarized using mean scores and correlation analysis and presented in the form of tables. Out of the 13 commercial multinational banks, 10 completed the questionnaires giving a response rate of 77%. The collected data has been analyzed and interpreted in line with the aim of the study, which is to establish the effect of internal marketing on organizational commitment. The respondents were managers and non-managers.

The chapter is divided into 4 major sections .Section 1 is introduction to the chapter, Section 2 deals with data analysis related to general characteristics of respondents, Section 3 deals with data analysis of the extent to which internal marketing strategies are used by commercial multinational banks. Section 3 deals with data analysis on the effect of internal marketing on organizational commitment and section 4 deals with data analysis of the various aspects of organizational commitment.

4.2 Respondents characteristics

4.2.1. Length of stay of respondents at current job (Managers)

Data is presented in table 4.1 below.

Table 4.1: Length of stay of respondents at current job.

Years at job	Frequency	Percent
<1 year	6	60
1-6 years	2	20
7-10 years	1	10
>11 years	1	10
Total	10	100

Source: primary data   Percent = (Frequency*100)/10

The table above shows that a very large proportion of managers (60%) had been in their current jobs for less than 1year. 20% of managers had been in their current positions between 1 and 6 years and only 10% of them had been in their current positions between 7 and 10 years and more than 11 years.

4.2.2 Length of stay of respondents at current job (Non-Managers)

Data is presented in table 4.2 below.

Table 4.2: Length of stay of respondents (Non-managers) at current job.

Years at job	Frequency	Percent
<1 year	10	14
1-6 years	10	14
7-10 years	30	43
>11 years	20	29
Total	70	100

Source: primary data   Percent = (Frequency*100)/10

The table above shows that a very large proportion of the non-managers (43%) had been in their current jobs between 7-10 years. 29% of the non-managers had been in their current positions for more than 11 years and only 14% of them had been in their current positions between 1-6 years and less than 1 year.

4.3 Internal Marketing Strategies used by Commercial Multinational Banks in Kenya

The first objective sought to establish Internal marketing strategies used in Commercial Multinational Banks in Kenya. Data was collected by a 5 rating scale, 5 - not at all, 4-Little extent, 3-Moderate extent, 2-Great extent and 1- Very great extent.

Data was analyzed by mean scores, a mean score of 4.5 or more would be interpreted as indicating that the item was to a large extent practiced. A mean score of 3.5 or more but less than 4.5 would indicate that the element was practiced to a great extent. A mean score of 2.5 or more but less than 3.5 would indicate the element was practiced to a moderate extent. A mean score of less than 1.5 but less than 2.5 would indicate that the element is practiced to a little extent and a mean score of less than 1.5 would indicate that the element practiced at almost no extent at all. The higher the mean score the greater is the use of the strategy and vice versa.

The data analysis is presented in table 4.3

Table 4.3: Internal Marketing Strategies.

Internal marketing Strategies	Mean scores	Std deviation(SD)
Inter-functional Coordination & Integration	4.6	0.53
Customer Orientation	5.0	0.0
Job satisfaction	4.0	0.0
Empowerment	4.0	0.0
Employee motivation	4.0	0.8
Vision Projection	4.8	0.5
Internal communication	3.8	
Training & Development	4.3	0.5
Grand mean	4.2	0.5

Source: primary data

As table 4.3 shows Internal marketing strategies that are widely practiced in all commercial multinational banks in Kenya is customer orientation with a mean score of 5.0. It is followed by a clear projection of company vision with a mean score of 4.8. The least used strategy was internal communication with a mean score of 3.8. The standard deviations are less than 1, indicating that there was little variance in the results.

4.4. The Effect of Internal Marketing on Organizational commitment

The second objective sought to establish the effect of internal marketing on organizational commitment. Data was collected by a 5 rating scale, 5 – Very Positively, 4-Positively, 3-Neutral, 2-Negative and 1- Very negative. Data was analyzed using Spearman's correlation analysis. A correlation coefficient measures the strength of a relationship between 2 variables. A value of +1 indicates a perfect positive correlation; a value of -1 indicates a perfect negative correlation. Values near zero indicate no relationship.

The data analysis is presented in table 4.4

Table 4.4: The effect of internal marketing strategies on organizational commitment.

Internal Marketing Strategy	Organizational commitment	
	Spearman's correlation coefficient (r_s)	Significance (2-tailed)
Motivation	0.76	0.00
Empowerment	0.19	0.00
Customer orientation	0.48	0.00
Inter-functional coordination	-0.09	0.00
Job satisfaction	0.65	0.00
Training	0.66	0.00
Internal communication	0.53	0.00
Vision Projection Methods	-0.16	0.00

Source: primary data

Table 4.6 shows that motivation has a strong positive relationship with a Spearman's correlation coefficient (r_s) of 0.76 and. This indicates that as motivation increases, organizational commitment also increases. It was followed by training which a moderate correlation with a Spearman's correlation coefficient (r_s) of 0.65. Vision projection methods and inter-functional coordination and integration were the strategies which had the lowest Spearman's correlation coefficient (r_s) of -0.16 and -0.09 which indicated a very negative correlation.
The significance levels were determined using the Spearman's critical values shown in appendix 4. The critical value is 0.6485 at 5% significant level. The results reported in the above table show that motivation had a spearman's correlation coefficient of 0.76 which is greater than the critical value and therefore it is significantly related to organizational commitment in commercial multinational banks in Kenya. It means that increase or decrease in motivation will bring corresponding change in employee organizational commitment.

Training is also significantly related with organizational commitment as can be seen in above table. It has a spearman's correlation coefficient of 0.66 which is greater than the spearman's critical value at 5% significant level. A statistical significant relationship was also observed between job satisfaction and organizational commitment. Job satisfaction had a spearman's correlation coefficient of 0.65 which is greater than spearman's critical value at 5% significant level.

Motivation, training and job satisfaction are the only three strategies that have spearman's correlation coefficient greater that 0.65 and therefore this indicates with 95% confidence we can state that these 3 strategies have a positive effect on organizational commitment. All the other strategies have Spearman's correlation coefficient (r_s) less than the critical value at 5% significant level and therefore we can state that these strategies do not have a positive effect on organizational commitment.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of this study was to determine the effect of internal marketing on organizational commitment within the commercial multinational banks in Kenya. The literature covered in this study pointed out at various internal marketing strategies and their effect on organizational commitment. This chapter is divided into 6 sections. Section 1 is introduction to the chapter, section 2 is summary, discussions and conclusions, section 3 is limitation of the study, section 4 deals with recommendations on further research and section 5 deals with implications of the study.

5.2 Summary, Discussions and Conclusions

From the research findings as presented in chapter 4, several conclusions may be drawn. These are now discussed with regard to objectives of the study. Barlett and Ghoshal (2002), emphasize that people are the heart of a strategy and that the knowledge, experience and general attitude of people are the key factors in enabling the success of any strategy. This research sought to find out the effect of internal marketing on organizational commitment in commercial multinational banks.

The first objective of the study sought to establish internal marketing strategies used in commercial multinational banks in Kenya. The results indicated that a greater proportion of the surveyed firms indicated that internal marketing strategies are used in all commercial multinational banks. In most of the banks all the aspects of internal marketing that touched on Human Resource policy that supports retention of the best staff , empowering staff in their jobs, staff development , pegging promotion to performance and having a fair salary review systems were all rated as being to be used to a large extent. However, this does not mean that the other methods are not used. In fact it was noticed that all internal marketing strategies were used to a very large extent.

The study established that customer orientation was used to a very large extent by all commercial Multinational banks in Kenya. All multinational banks in Kenya exist to make profits but are always on the front line to serve their customers better than the other banks. All the bank employees are trained on how to interact and satisfy their customers through offering better services.

The study also revealed that Vision projection methods that support a well defined corporate vision was the most popular internal marketing strategy and used to a very large extent used by all banks. This can be seen in every Multinational bank where vision statements are displayed in the bank premises for the employees to constantly remind themselves on what the bank stand for and aims to achieve in the future.

This study also found out that Inter-functional coordination and integration was also used to a very large extent. From the manager's point of view all the functional units work together. Considering the market dynamism and extreme competition, it is of paramount importance that top management focus on building up mutually coordinated and well integrated functional departments that compliments external marketing activities in the long run and act as one individual unit where people understand each others needs in pursuing overall company objective.

This study also revealed that training and development was used a very large extent by all commercial multinational banks. In every firm there is a need for an internal training policy, which aims to motivate employees in their work. Continuous professional development is needed, and should not only cover the technicalities of the work itself, but more importantly the cultivation of customer relations, marketing and sales (Cahill, 1995) However, it should be noted that no internal training policy can produce positive results unless it is integrated with motivating management methods, personnel policy, and planning and control procedures.

This study also established that information communication technology was used to a large extent by all multinational banks in Kenya. All these banks allow transactions to be conducted online. Internally, intranets connect the whole organization through computer networks as well as connect it to the outside world through the internet. Information and communication technology provides better communication and feedback from the customers and puts a company on a competing edge with its competitors. Previous research conducted has shown that electronic-business an electronic-customer relationship management via the internet has improved the performance of many banks in Pakistan.

This study also found out that empowerment is also used to a large extent. Empowerment has been associated with such benefits as improved employee and customer satisfaction which is the main aim of internal marketing. Previous research has found that that empowerment is an extremely effective management control tactic, which significantly influences the behavior and attitudinal temperaments of customer-contact employees who will in turn influence the behavior of customers.

This study also established that job satisfaction was also used to a large extent. Satisfied employees tend to be more loyal to their organization. Generally, when people are satisfied with their jobs, they will have a positive attitude feeling about their jobs. In their minds, other jobs would not be better than the current one. Therefore, it is unlikely that they will change their jobs. Employees prefer to stay in their company and work hard for a return. If employees feel that the company treats them fairly or well, the workers will feel that they are responsible to keep working hard for their companies. Also, in order to maintain their current satisfied jobs, employees will perform well and work effectively, which is beneficial for the company.

This study also revealed that motivational items were also used to a large extent. Job security existence in the company, effective performance appraisal system, and reasonable periodical increase in salary, effective promotional opportunities and company recognizing employees' work were all used to a large extent to motivate employees in all commercial multinational banks. The major issue in all services organizations is the motivation of employees whether they are skilled or unskilled or professionals. It is a today's challenge for the management in this competitive world to motivate employees to offer efficient and good services that customers expect so for. The employees' motivation, their enthusiastic and energetic behavior towards task fulfillment play key role in successes of an organization to benefit.

This study also revealed that internal communication was the only strategy that was used to a small extent in all commercial multinational banks. Regular staff meetings confirming action items and updates, new employee orientation and induction, feedback and recognition system, communication within the departments and operational tools and procedures were only used to a moderate extent. Most banks are busy selling their products and services and forget the importance of creating various forms of platforms for feedback from employees and to facilitate information flows in all directions. Feedback goes hand in hand with product development, and there must exist a forum for the exchange of ideas and also to facilitate an open dialog between employees and management.

Looking at the summary statistics, on the average, most managers of commercial multinational banks agreed that internal marketing strategies were already in place. Customer orientation, vision projection methods, training, inter-functional coordination, information and communication technology, employee empowerment, job satisfaction were all used to a large extent. Internal communication was the only strategy that was used to a moderate extent.

The second objective sought to establish the effect of internal marketing strategies on organizational commitment used in commercial multinational banks in Kenya. The results indicated that motivation, training and job satisfaction have a positive effect on organizational commitment. This study also failed to establish a relationship between the other internal marketing strategies and organizational commitment. Although from the manager's point of view they were widely practiced in all the commercial multinational banks.

This study found out that motivation was a major determinant of organizational commitment. Job security existence in the company, effective performance appraisal system, reasonable periodical increase in salary, effective promotional opportunities and company recognizing employees work were all shown to be motivational items that strongly impact on organizational commitment. Motivation has also been shown have a large impact on organizational commitment compared to the other internal marketing strategies. In an organization motivation is a process of arousing and sustaining goal-directed behavior induced by the expectation of satisfying individual needs. Previous research has shown that well motivated employees are more productive, creative and channel behavior towards a goal, which in turn increases their loyalty and organizational commitment.

This study also found out that training has a positive effect on organizational commitment. Coordination between training and needs of employees, usage of latest educational tools and methods, comprehensive training and continuous and dynamic training are the training items the have a strong positive impact on organizational commitment. Training programs prepare staff to successfully carry out the mission of the organization. Increasing training and awareness of employees' marketing role is also very useful. Previous research has also shown that well trained employees contribute a lot towards organizational performance and this is as a result to their commitment.

This study also revealed that job satisfaction also has a positive effect on organizational commitment. A good relationships between co-workers and supervisor(s), degree of independence associated work roles and adequate opportunity for periodic changes in duties are the job satisfaction items that have a strong impact on organizational commitment. Satisfied employees tend to be more loyal to their organization. Generally, when people are satisfied with their jobs, they will have a positive attitude feeling about their jobs. In their minds, other jobs would not be better than the current one. Therefore, it is unlikely that they will change their jobs. Employees prefer to stay in their company and work hard for a return. If employees feel that the company treats them fairly or well, the workers will feel that they are responsible to keep working hard for their companies. Also, in order to maintain their current satisfied jobs, employees will perform well and work effectively, which is beneficial for the company. Therefore, in order to increase the employees' level of commitment, the manager can try to increase their employees' level of job satisfaction.

This study failed to establish a relationship between inter-functional coordination, internal communication, information communication technology, empowerment, vision projection methods and organizational commitment. Although according to the managers' point of view they are widely practiced. Employees have shown continuance commitment which is the willingness to remain in an organization because of the benefits that they receive that are unique to their organization. Meyer and Allen (1997) further explain that employees who share continuance commitment with their employer often make it very difficult for an employee to leave the organization.

5.3 Limitation of the Study

A major limitation of this study was that some banks never agreed to participate in the study citing lack of time especially as priority was given more to work. The content of the study would have been better if these banks had participated The respondents in this study were managers and non managers who are mainly very busy people, thus unavailable to respond to the questionnaire, yielding a lower than expected response rate.

The study relied heavily on self-reported feelings. Respondents may have been biased or dishonest and their attitudes may change with time. The nature of this study looked closely into the responsibilities of internal marketing, which means employees may have been given a "wish list" expecting that the management may have access to the findings and this may have affected the objectivity of the study. There was also a limitation of time allocated for carrying out the study. More time was required and access and review the otherwise very scattered literature, which would further enhanced the quality of the study. Resource constraints were also another limitation confining the study of that easily available .A larger response would have been suitable for the study but it was not possible.

5.4 Recommendations

There is need for banks to spearhead internal marketing activities within their organization to positively affect commitment of their employees for better performance that would contribute to the attainment of the overall objectives of the organization. The practice of internal marketing in the Banking sector would yield meaningful results and place the banks ahead of the industry competition. It is highly recommended that an integrated approach to internal marketing be adopted; where the Human Resource and the Marketing functions are the owners of the initiatives and all other functions within the organization join together in achieving this objective.

5.5 Suggestions for further Research

This study dealt on establishing internal marketing activities within the banking sector in Kenya. The study could be expended to include other industries in the country encompassing both service based and non service based industries. Time and resource constraints did not allow for this to take place. Internal marketing was ever since known to be applicable in the service industries only, hence there is need for further research to find out how it can also benefit the non service based industries for better organizational performance and commitment of employees.

There is need for research to establish the strategies organizations have put in place to ensure that internal marketing is practiced by all the functions in achieving the overall organizational objectives. There is also need for all the functions be sensitized of their role in spearheading internal marketing initiatives, for a more proactive approach and for effective implementation of internal marketing strategies. If banks adopt a strategic approach to internal marketing it would lead to a greater commitment of employees and also a better achievement of organizational goals. Research should therefore be done to establish the effects of other forms of marketing as well as compliance with the same. A further research should be done to establish and clearly define the mode of classification of marketing into various types.

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APPENDICES

Appendix 1: Introductory Letter

Amina Saleh Omar,
P.O.Box 87160,
Mombasa.
Tel No : 0721 468 872.

Dear Sir/Madam,

RE: REQUEST TO RESPOND TO QUESTIONS.

This is to inform you that I am a student at University of Nairobi Pursuing an MBA course. As part of this course requirement, I am expected to carry out a research on the topic of my choice which is: **The effect of internal marketing on organizational commitment- A survey of Commercial multinational banks in Kenya.**

This is kindly to request for your assistance and co-operation in providing the data on the topic by responding to the questions in the attached instrument. This is an academic research and the information obtained will be used purely for the academic purposes, answers given will be kept confidential.

I look forward to your response and co-operation.

Thank you,

Yours faithfully,

Amina S. Omar

Appendix 2: List of Commercial Multinational Banks.

1. National and Grindlays (UK)
2. Bank of Baroda (India)
3. African Banking Corporation (UK)
4. Stanbic Bank (South Africa)
5. Commercial Bank of Africa (U.S.A.)
6. Citibank N.A. (U.S.A.)
7. Credit Agricole (Switzerland)
8. First American Bank (U.S.A)
9. Bank of India (India)
10. Standard Bank (UK)
11. Barclays Bank (UK)
12. ABN Amro (Netherlands)
13. Habib Bank (Switzerland)

Appendix 3: Questionnaire

Section A

General information

Name of Bank: ______________________________

What is your job title? ______________________________

How long have you held your current position? ______________________________

Section B

Respondent: Managers

Internal Marketing Strategies

Internal Marketing is the process of initiating, maintaining and developing the relationships between employees, management and the organization for the purpose of creating superior value for customer.

Use the scale shown below, to rate the following aspects of Internal Marketing

To what extent do you use the following internal marketing strategies in your bank?

5- Very great extent

4-Great extent

3-Moderate extent

2-Little extent

1-Not at all

	1	2	3	4	5
Project the company's vision to employees.	( )	( )	( )	( )	( )
Train employees well to improve their performance	( )	( )	( )	( )	( )
Develop employee skills continuously.	( )	( )	( )	( )	( )
Performance appraisal and reward system	( )	( )	( )	( )	( )
Encourage team work amongst employees	( )	( )	( )	( )	( )
Rewards those employees whose performance help in achieving the company's vision	( )	( )	( )	( )	( )
Use information that was collected from its employees' in order to improve their jobs and develop strategies.	( )	( )	( )	( )	( )
Make clear to its employees their importance in customer service.	( )	( )	( )	( )	( )
Train employees appropriately in order to perform well during the customer service process.	( )	( )	( )	( )	( )
Respond to the needs of its employees	( )	( )	( )	( )	( )

Consider the development of work related networking as very important	( )	( )	( )	( )	( )

Other(s) Please specify : ____

Section C

Respondents : Employees

The Effect of Internal Marketing on Organizational Commitment.

Internal Marketing is the process of initiating, maintaining and developing the relationships between employees, management and the organization for the purpose of creating superior value for customer.

Use the scale shown below, to rate the following aspects of Internal Marketing.

5- Very Positively

4- Positively

3-Neutral

2-Negative

1-Very negative

What is the impact of the following Internal marketing strategies on your organizational commitment?

Motivational Items	1	2	3	4	5
a) Job security existence in the company	( )	( )	( )	( )	( )
b) Effective performance appraisal system	( )	( )	( )	( )	( )

		1	2	3	4	5
c)	Reasonable periodical increase in salary	( )	( )	( )	( )	( )
d)	Effective promotional opportunities in the organization	( )	( )	( )	( )	( )
e)	Company recognizing your work.	( )	( )	( )	( )	( )

Other(s) Please specify : ______________________________

Empowerment Methods

		1	2	3	4	5
a)	Share goals and direction	( )	( )	( )	( )	( )
b)	Providing information for decision making	( )	( )	( )	( )	( )
c)	Delegate authority	( )	( )	( )	( )	( )
d)	Help employees feel rewarded and recognized for empowered behavior	( )	( )	( )	( )	( )

Other(s) please specify: ______________________________

Job Satisfaction items

		1	2	3	4	5
a)	Relationships with your co-workers	( )	( )	( )	( )	( )
b)	Relationship(s) with your supervisor(s)	( )	( )	( )	( )	( )
c)	Variety of job responsibilities	( )	( )	( )	( )	( )

d) Degree of independence associated with your work roles	( )	( )	( )	( )	( )
e) Adequate opportunity for periodic changes in duties	( )	( )	( )	( )	( )

Other(s) Please specify : ______________________________

Training items.

	1	2	3	4	5
a) Coordination between training and needs of employees	( )	( )	( )	( )	( )
b) Comprehensive training of employee	( )	( )	( )	( )	( )
c) Usage of latest educational tools and methods	( )	( )	( )	( )	( )
d) Continuous and dynamic training	( )	( )	( )	( )	( )

Other(s) Please specify : ______________________________

Interfunctional coordination and integration items

	1	2	3	4	5
a) Coordination between different levels and branches.	( )	( )	( )	( )	( )
b) Rapid and synchronized flow of information	( )	( )	( )	( )	( )

c) True legislation of the mission and goals of organization ( ) ( ) ( ) ( ) ( )

d) Convergence between culture and job Design ( ) ( ) ( ) ( ) ( )

Other(s) Please specify : ____

Customer orientation items

	1	2	3	4	5
a) Support customer-contact employees in order to acquire communicative sale skills to make them feel comfortable and satisfied with their job.	( )	( )	( )	( )	( )
b) Develop employees' competence in order to act as "part-time" marketers for the organization	( )	( )	( )	( )	( )
c) Excessive training is required in order for the new recruits to familiarize themselves with the products and services offered to enable them to respond to queries in relation to the same	( )	( )	( )	( )	( )
d) New staff has to be supported so they develop their communicational skills	( )	( )	( )	( )	( )
e) Problem solving skills so they can provide effective customer support	( )	( )	( )	( )	( )

Other(s) please specify: ______________________________

Internal Communications

	1	2	3	4	5
a) Information communication technology Methods such as email, intranets etc.	( )	( )	( )	( )	( )
b) Regular Staff meetings confirming action items and updates.	( )	( )	( )	( )	( )
c) New employee orientation and induction	( )	( )	( )	( )	( )
d) Feedback /recognition system	( )	( )	( )	( )	( )
e) Operational tools and procedures	( )	( )	( )	( )	( )
f) Communication within the departments	( )	( )	( )	( )	( )

Other(s) please specify: ______________________________

Vision projection methods

	1	2	3	4	5
a) clearly defined strategies in place that support the mission and vision.	( )	( )	( )	( )	( )
b) Well defined corporate vision	( )	( )	( )	( )	( )

Other(s) please specify: ____

Internal Communications

	1	2	3	4	5
a) Information communication technology Methods such as email, intranets etc.	( )	( )	( )	( )	( )
b) Regular Staff meetings confirming action items and updates.	( )	( )	( )	( )	( )
c) New employee orientation and induction	( )	( )	( )	( )	( )
d) Feedback /recognition system	( )	( )	( )	( )	( )
e) Operational tools and procedures	( )	( )	( )	( )	( )
f) Communication within the departments	( )	( )	( )	( )	( )

Other(s) please specify: ____

Vision projection methods

	1	2	3	4	5
a) clearly defined strategies in place that support the mission and vision.	( )	( )	( )	( )	( )
b) Well defined corporate vision	( )	( )	( )	( )	( )

Other(s) please specify: ______________________________