Internal Marketing Practices and Customer Orientation of Employees in Nigeria Banking Sector

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ABSTRACT

The present paper is primarily aimed at determining the influence of internal marketing (IM) on customer orientation (CO) of Nigerian banks’ employees. It specifically seeks to determine the impact of IM practices on CO of Nigerian banks’ employees while investigating the mediating impact of personality factors and job satisfaction (JS) in the relationship between IM and employees’ CO in the Nigeria banking industry. The paper adopted a survey and this was conducted among the existing 21 Nigerian banks that operate in Lagos State, South Western part of Nigeria. The study selected four branches of each of these banks from the following key business centers in the state: Victoria Island, Ikeja, Ikoyi, Apapa, Idumota, Yaba, and of course Isolo/Oshodi. The population of this paper comprised 687 management staff and 2,326 frontline employees drawn from the four branches so selected. Using simple random sampling technique, the paper selected 253 management staff and 341 frontline employees as sample size. The relevant data were collected from primary source, using structured questionnaire. Our findings showed that IM has a significant relationship with CO while personality trait factors and JS constructs were found to mediate significantly the influence of IM practices on CO behavior of banking employees in Nigeria. The paper thus, recommended that management of banking industry in Nigeria should improve on IM to be able to lower the tendency of adverse effect from poor personality trait factors and low JS on CO behaviors of the employees.

Keywords: Internal Marketing, Customer Orientation, Personality Traits, Job Satisfaction

JEL Classifications: C12, G21, M31

1. INTRODUCTION

In the world, it is no news that delivering superior value to customers, especially in the banking industry where competition becomes stiffer on daily basis, has always been a serious concern for a large number of managers in different spheres of life. This opinion is held by Al-Alak and Tarabieh (2011). Nowadays, the question of delivering high quality products or services that meet the expectations of customers is deemed insufficient but rather it has been extended to embrace or encompass how these charmingly the products and services are delivered to the customers. Pantouvakis (2013) opined that even though the essence has been to meet the latent needs of the customers constantly and as well to keep them satisfied, ultimately, the customer satisfying orientation of the employees who deal directly with the customers can sometimes be questionable especially when there are job satisfaction (JS) problems. Meanwhile, Zaman et al. (2012) posited that this may inhibit the effort of an organization toward delivering customer value. As a consequence upon this, however, there have been growing contentions about the customer orientation (CO) of Nigerian banks’ employees in spite of the internal marketing (IM) efforts many management of banking industry in Nigerian have dissipated to make their job more appealingly welcomed by the employees. Thus, this informed the focus and objectives of this paper.

2. REVIEW OF THE LITERATURE

Most extant studies have addressed IM practices as a new marketing phenomenon integrated into a human resource management activity. It is the act of considering employees as the internal customers to whom a job is sold with the purpose of achieving certain specified IM objectives which includes...
employee motivation; employee JS; employee retention; employee customer-centric behavior; and of course employee job commitment or involvement. A review of a study by Bellaouaied and Gam (2012) revealed that IM has a significant impact on the mediating variable, employees’ CO. The finding of the study also showed that employees’ CO has a significant mediating effect on the relationship between IM and service quality perception. This explains why most businesses would adopt IM for building customer-oriented employees principally because of increasing competitiveness, changing business environments, and as well constantly delivering customer value. In the same vein, Dalvi and Vahidi (2013) held that IM had a significant effect on customer-oriented pro-social behavior of employees working in hotels in Isfahan city. We can thus infer that a job-satisfied employee would carry out a role-prescribed customer service and other extra-role customer services. Oakley and Carolina (2012) supported the foregoing position when he posited that employee motivation that was adjudged superior over satisfaction could be a significant antecedent to market orientation and a tool for generating customer response.

Al-Alak and Tarabieh (2011) in their studies placed more emphasis on the strategic importance of being customer-oriented. The findings of their study showed that CO contributes positively to organizational performance by providing innovation differentiation and market differentiation. The authors therefore placed more emphasis on determining the relationship between CO, innovation differentiation, market differentiation and organizational performance in the banking industry in Jordan. This suggests that a competitive advantage can be achieved by a bank who is customer-oriented or demonstrating good market orientation practices over others especially in Jordan banking industry where competition is stiffer. Being more particular about CO, Zaman et al., (2012) in their study found that IM has a significant impact not only on employees’ commitment but also market orientation and banks’ overall profitability. Further, discovered four components of IM namely training and development; reward and communication; internal communication; and employee empowerment. They maintained that all those components had effects on consumer orientation. Thus, IM had significant impact on CO. Apart from studies on commercial banks, Mohammadi et al. (2011) focused on foods and drugs distribution companies in Kermanshah province while Gilaninia et al. (2013) studied social security organizations in Gilan. Both studies were based on the effect of IM on CO, and their findings supported the extant literature as they confirmed significant effect between the two constructs.

Based on the foregoing, we can presume that only few studies have been done on determining effects of IM on CO, and a lot still needs to be done. Besides, in the course of our review we found that no study has hitherto taken Nigerian banks into cognizance except perhaps that of Yusuf et al. (2014b) which even lacked some empirical evidences. Consequently, the methodology Yusuf et al.’s (2014b) adopted was subjective; it was not verifiable and so its conclusions cannot be relied on for any useful decision making and generalization or a research study as our current paper. Therefore, the need for a study that would be empirically based so as to aid explanation pertaining to the relative effect of IM on CO becomes unavoidable. Based on this gap as identified in the extant literature, the hypothesis is thus stated as follows:

H1: IM practices do not have a significant effect on the CO of employees in Nigerian banking industry.

2.1. The Mediating Impact of Personality Factors (PF) and JS on the Relationship between IM Practices on CO

Generally, IM is considered a mechanism that can be adopted by organizations especially bank management team in their core operations and values for the purpose of achieving their set objectives. Bellaouaied and Gam, (2012) believed that CO can be developed and consequently propel the employees to deliver superior value to customers through employee empowerment. Similarly, the likelihood for intervening variables to affect the direct relationship between IM practices and CO behavior of employees has increasingly attracted researchers; this explains what informed the studies of Bellaouaied and Gam (2012) who confirmed that CO had a significant mediating effect between IM and perceived service quality and that of Yusuf et al. (2014a) which concluded that IM could have a significant effect on organizational commitment and CO. Although the two studies were not directly related to the central purport of our current paper, each of them validated the penchant for intervening variables to infiltrate the relationship between IM and any other important variables of concern to management. However, Zaman et al. (2012) maintained that though IM programmes might have a significant impact on employees’ commitment, market orientation as well as overall profitability of an organization, the mediating relationship of organization commitment with IM and market orientation might not be supported. In a study of Aykan and Sunmez (2014), the outcome seemed otherwise as procedural and interactional justice was found to have a mediating role between IM practices and task performance. Equally, the study found that procedural justice had a mediating role between IM practices and contextual performance.

From the foregoing, it is evident that there is no exact existing study on the mediating influence of personality trait factors and JS in the relationship between the IM practices of management and CO of the employees of Nigerian banks other than of Yusuf et al. (2014a). Even the findings of Yusuf et al. (2014a) did not establish whether the bank employees’ personality traits and JS actually mediate the relationship between IM and CO of the banks’ employees or not. As a result there is a knowledge gap which requires an empirical based study to bridge. Against this backdrop, the hypothesis is therefore stated as follows:

H2: PF and JS do not mediate in the relationship between IM and CO of Employees in the Nigerian banking industry.

2.2. The Meaning and Nature of IM

IM has been described as a process of attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Basically, it refers to the philosophy of treating employees as customers and the strategy of shaping jobs to fit human needs (Ruizalba et al., 2014). Meanwhile, Alajoutsijärvi et al. (2012) described IM as a fruitful means of integrating various
business functions as production, personnel and technological development, so that marketing really can become an integrative function in the service company. According to Ruizalba et al. (2014) researchers have been studying the concept of IM for the past several decades. Therefore, it has attracted the attention many stakeholders and become more broadened on the realization that services in an organization are the principal differentiating factor that enables organizations to obtain a competitive advantage. IM has also become the best marketing practices known to improve service orientations and organizational management (Sheth et al., 2009). Besides, Oggunnaike et al. (2012) held that the overall implication of IM is that when an organization satisfies his employees, they are likely to deliver quality service to the external customers. While Chen and Kao (2012) posited that IM serves as a feasible solution to provide quality products to customers, Rainey (2014) opined that it makes customer conscious employees in order to achieve service excellence and serve customers in better ways.

### 2.3. Component of Effective IM

Ha et al. (2007) identified that 12 components of IM as interfunctional coordination and integration, CO, marketing-like approach, JS, empowerment, and employee motivation, quality of service, employee development, and vision of the organization, strategic reward, internal communication and senior leadership. In a more recent study by Martel (2012), four components of IM were identified: Training and development; reward and recognition; internal communication and empowerment. The author investigated these components in the light of their impacts on the JS in the Ghananian retail banking industry. The outcome of the empirically based study showed that empowerment; training and development; and rewards and recognition have positive and significant relationship with JS. On the contrary, internal communication was found to have no relationship with JS. The outcome of this study implied that training and development; reward and recognition as well as empowerment are important elements and tools that boost the JS of the employees to the goals and objectives of an organization. Even though, based on the finding, internal communication may not directly be a factor that contributes to JS of employees, its role in JS may not be overruled.

The reason for this is simply that internal communication may bring about effective communication among employees in whatever hierarchical bureaucracy within an organization.

### 2.4. Concepts of CO

Ruizalba et al. (2014) viewed CO as a marketing mechanism that addresses the significance of considering customer needs within the organization. The authors also held that CO can also be referred to as market orientation. Awwad and Agti (2011) defined CO as the principle of readiness to meet and respond promptly to customers’ needs and wants. In a nutshell, it entails the total packages of external customers’ welfare in an organization. While Zablah et al. (2012) described CO as an employee’s tendency or predisposition to meet customer needs in the job context, other researchers preferred to view it as a belief or value held by an employee concerning the importance of satisfying customer needs (Wieseke et al., 2007). Since we cannot isolate employees from the organization they represent, Neill and Richard (2012) stated that for a company to be customer oriented, their employees too must be customer oriented. However, a major organizational barrier that may prevent an employee with customer oriented attitudes from behaving in a customer oriented way is lack of empowerment (Kralj and Solnet, 2010).

#### 2.4.1. Components of employee CO

CO has been referred to as a “marketing concept” philosophy in most previous studies. Thus, this reflects that customer satisfaction is the dominant driving force in all marketing activities of a firm (Bellaouai and Gem, 2012). It consists of both “attitudinal” and “behavioral” dispositions of the employees toward helping customers in making their purchasing choices and decisions. Consequently, the employees help their firm to satisfy the customers’ long-term needs (Thoumrungroje and Racela, 2013; Alamer et al., 2015). It is however in order to conclude that the attitude and behavior disposed by the employees determine largely their orientation toward the customers.

Through their behavioral intentions and readiness to carry out some customer services satisfactorily, we can identify employees that are customer oriented (the service that would give customers the feeling or sensation that the product or service offered to them meet their expectation). Such employees would demonstrate flexibility in their service to the customer for the key purpose of not only offering them the best but also satisfying their needs. As a result, it can be realized that a customer oriented firm is one whose employees demonstrate some kind of customer satisfying behavior and attitude while serving the firm’s customers.

### 2.5. Conceptual Framework

The major concepts adopted in the current paper are IM, CO, PF, and JS. Having conceptualized IM and CO in the previous section, it is thus ideal to conceptualize JS and PF since both are applicable to our current study. Thereafter, a framework that unites these whole concepts can be idealized.

#### 2.5.1. Conceptualizing the term JS

The concept of JS is multifaceted in nature; owing to its several definitive meanings from different notions. While some management and human resource authors used intrinsic and extrinsic distinctions to conceptualize JS, others are comfortable using certain facets of the job to idealize JS (Tatsuse and Sekine, 2011). Yet some others preferred using total satisfaction derived from the job (Sageer et al., 2012). In whatever it is viewed it means the combination of positive or negative feelings that workers have towards their tasks. Nevertheless, the term JS signifies the extent to which expectations match the real awards. According to Jung and Yoon (2013), JS is closely linked to that individual’s behavior in the work place. Hence, the surface of JS is the tendency for an employee to be more or less satisfied with facets of the job.

Based on the review of extant literature, measurement of JS includes but not limited to satisfaction with pay package, promotion opportunities, fringe benefits, job security, importance or challenges of the job. Others are nature and content of the job, relationships with co-workers, career opportunities, job influence and team work. Above all, total satisfaction is the summary indicator of a person’s attitude towards his or her job and of course
an average or total of the attitudes individuals hold towards various facets of the job. Different employees may express the same level of overall satisfaction for different reasons. This goes to buttress the belief that increase in JS will result in improved performance.

2.5.2. Conceptualizing the term PF
PF is an important concept in the field of psychology. It often refers to the factors that describe the true nature of a person using some traits as distinct from other persons. Generally speaking, PF refers to human nature and are variously identified and classified by different researchers. In the study of Barton et al. (2009), the big five factors of human personality are identified as: Neuroticism, extroversion, openness, agreeableness and conscientiousness. The authors studied the US military academy cadets at West Point at two contexts during summer field training and of course during academic semesters and evaluated the influence of psychological hardness, social judgment, and “big five” personality dimensions on the performance of leader. The authors controlled for general intellectual abilities and the result of their findings showed that the performance of leader in the summer field training environment was predicted by “big five” extroversion, and hardness, and a trend for social judgment. Consequently, the current paper adapts these “big five” PF by looking into each of the dimensions of the factors.

2.5.2.1. Neuroticism
This is a dimension of normal personality that indicates the general tendency to experiencing negative effects such as fear, embarrassment, sadness, guilt, anger and disgust. A person with a high neuroticism score is considered to be prone to exhibiting irrational ideas, being unable to control impulses, and coping poorly with stress. On the other hand, a low neuroticism score person indicates that such possesses emotional stability.

2.5.2.2. Extraversion
This entails traits such as sociability, assertiveness, activity and talkativeness. While extraverts are energetic and optimistic, their introverts colleagues are reserved rather than unfriendly, independent rather than followers, even-paced rather than sluggish.

2.5.2.3. Openness to experience
This is another PF that includes active imagination, aesthetic sensitivity, and attentiveness to inner feelings, preference for variety, intellectual curiosity and independence of judgment. A person that scores low on openness to experience tends to be conventional in behavior and conservative in outlook while a person scoring high on Openness tends to be unconventional, willing to question authority and are prepared to entertain new ethical, social and political ideas. It is apparent that open individuals are curious about both inner and outer worlds and so their lives are experientially richer.

2.5.2.4. Agreeableness
A person is said to be agreeable when he or she is fundamentally altruistic, sympathetic to others and is eager to help them. In return, he believes, others will be equally helpful. The disagreeable or should we say an antagonistic person is egocentric, skeptical of intentions of others; such is competitive rather than co-operative.

2.5.2.5. Conscientiousness
Conscientiousness is manifest in achieving orientation - hardworking and persistent; dependability - responsible and careful as well as orderliness. A conscientious person is thus purposeful, strong-willed and determined. While high conscientiousness may lead to annoying fastidiousness, compulsive neatness or workaholic behavior, low conscientiousness are less exacting in applying moral principles even though they may not necessarily lack them.

2.5.3. The conceptual model
Figure 1 shows the conceptual framework of the study and hypothesized the causal relationships between PF, IM, CO, and JS. Although the main target of this paper was to investigate the influence of IM practices on the CO of Nigerian banks employees, it has also become clear from the theoretical framework of this paper that some intervening variables which may mediate the extent to which IM practices affect the bank employees’ CO might be. These intervening variables that include PF and JS “b” has been hypothesized with a preconceived notion that IM practices such as through employees’ empowerment, training and development, internal communication, reward and recognition by managements of Nigerian banks can positively influence the PF of the banks’ employees such as their openness to experience, level of conscientiousness, extroversion, agreeableness and neuroticism.

Similarly, we hypothesized “c” with a preconceived notion that IM practices could positively influence JS of the banks’ employees. Hypotheses “b” and “c”, “d” and “e” were therefore stated to show the mediating influence of PF and JS of the bank employees on the relationship between IM and bank employees’ CO in order to realize managements’ efforts.

3. METHODOLOGY
This paper which was conducted in the Nigerian banking industry adopted survey research design methodology. It specifically selected four branches spread across main business areas of the existing 21 banks operating in the country in Lagos state metropolis. The
population of the study was mainly made up of bank management staff as well as frontline employees of the banks. In essence out of the 2,326 bank employees and 687 bank management staff, a sample size of 341 and 253 respondents were selected respectively. There were two versions of the Questionnaire designed for data collection: The first was banks IM orientation and the other was bank employees CO. Using Cronbach Alpha method of internal consistency, the questionnaires were ascertained reliable at 0.876 and 0.78 alpha coefficient. While hierarchical multiple regression and Pearson’s product moment correlation (PPMC) methods were utilized for testing hypotheses, SPSS 20.0 version was used to run the analysis.

4. RESULTS AND DISCUSSION OF FINDINGS

A total of 294 answered questionnaires were returned while 47 could not be retrieved out of the 341 copies of questionnaire administered on the bank employees. This showed a 86.2% success response rate from the survey. On the other hand, 211 copies out of 253 were returned from bank management staff while 42 others were not returned. Based on the survey, the Figure represented 83.4% success response rate.

4.1. Relationship between IM and CO

Tables 1 and 2 present the statistics and results of the PPMC conducted on the relationship between IM and CO. Based on the result in Table 2, it could be deduced that there was a significant \( (\gamma = 0.997**, P < 0.05) \) relationship between IM practices by bank management staff and the CO behavior of the employees in the Nigerian banking industry. This is affirmed from the pair of correlation between CO variable and each of IM sub-variables. Based on this result, the null hypothesis \([H0]\) would be rejected while the alternate hypothesis \([H1]\) which states that “IM practices have a significant effect on the CO of employees in Nigerian banking industry” would be accepted.

4.2. The Mediating Impact of PF and JS on the Relationship between IM and CO

Path 1 above illustrates the situation where there is a total effect (denoted by C) between IM and CO. Path 2 on the other hand, illustrates where there was a mediating effect (denoted by C’) between IM and CO and that, it was caused by PF and JS constructs (denoted by M). Preacher and Hayes (2004) argue that the presence of M would make the effect value of C’ between IM practices and CO to become affected when compared to the total effect C particularly where there is no M in Path 1.

However, to address whether PF and JS construct could truly mediate the relationship effect between these two variables, using Preacher and Hayes (2004) approach. In line with the position of the authors, the following assumptions must first be certified. These include:

i. IM practices must significantly predict CO behavior of the bank employees. By using a simple linear regression analysis method, this statement can be interpreted as thus:

\[
\text{CO} = \alpha + \beta \text{[IM]} \quad \text{Model 1}
\]

ii. IM practices must significantly predict M (i.e., PF and JS constructs).

\[
\text{PF} + \text{JS} = \alpha + \beta \text{[IM]} \quad \text{Model 2}
\]

iii. M (i.e., PF and JS) must jointly and significantly predict CO behavior of the bank employees by controlling for P IM.

\[
\text{CO} = \alpha + \beta \text{[IM]} + \gamma \text{[PF+JS]} \quad \text{Model 3}
\]

Using these pair of regression models, the mediation effect results were presented as thus:

The results presented on Tables 3-5 above consistently satisfied the afore-stated mediation effect assumptions.
Model 1:
\[ CO = \alpha + 0.997[IM] \] from this, \( (c \neq 0) \)

Model 2:
\[ [PF+JS]=\alpha +a[IM] \] from this also, \( (a \neq 0) \)

Model 3:
\[ CO = \alpha + c'[IM] + b[PF+JS] \]
\[ CO = \alpha + 1.927[IM]−0.932[PF+JS] \]

In Model 1, the effect of IM practices on CO behavior of bank employees is significant \( (c = 0.997, P < 0.05) \). Model 2 shows that, IM practices significantly \( (a = 0.999, P < 0.05) \) predicts M (i.e., personality trait factors and JS). However, in Model 3, the effect of IM practices on CO becomes significantly higher \( (c' = 1.927) \) due to the mediating effect of M variables. The M variables have a significant effect \( (b = −0.932, P < 0.05) \) on CO. This mediation effect can be regarded as a Perfect Mediation (Preacher and Hayes, 2004) and can hence be concluded that personality trait factors and JS [M] significantly mediates the influence of IM practices on CO behavior of Nigerian bank employees. Based on this, the null hypothesis \([H0]\) would be rejected while the alternate hypothesis \([H2]\) would be accepted.

5. CONCLUSION AND RECOMMENDATION

Base on the results of the study, IM practices by bank management play significant role in improving or implanting CO behavior in bank employees. In spite of the intervening influence of some personality trait factors - including neuroticism; openness; agreeableness; conscientiousness; and extraversion; and some JS constructs - relating to workload; pay; supervisory behavior; promotion; and coworkers’ behavior; the findings from this paper imply that good IM practices enhance much higher effect on the CO behavior of the bank employees. The paper therefore, recommends that bank management should embrace practicable and consistent IM practices so as to lower the tendency of adverse effect on the personality trait factors and JS on CO behaviors of the employees.

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