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العلاقة بين التسويق الداخلي وأداء العاملين، جودة العلاقة كمتغير وسيط (دراسة

حالة البنوك التجارية بجمهورية السودان)

# MEDIATING EFFECT OF RELATIONSHIP QUALITY BETWEEN INTERNAL MARKETING AND EMPLOYEES PERFORMANCE (Case study of Commercial Banks in Sudan)

مقبولة عبد الجبار حسين عبد الله

### Magbola Abdo Aljabar Hissin Abdallah, PhD

Assistant Professor (Management), University of Nyala, Sudan.

موسى صالح عمر محمد

### Musa Salih Omer Mohamed, PhD

Associate Professor (Human Resource), University of Nyala, Sudan.

### المستخلص

هدفت هذه الدراسة إلى دراسة الدور الوسيط لجودة العلاقة وعلاقتها بالتسويق الداخلي واداء العاملين بالمصارف التجارية السودانية، وذلك للدور الهام الذي يلعبه العاملون في نجاح المؤسسة ولكون العاملون هم اقيم واندر موارد الموسسة في إرساء قيم وقدرة المؤسسة التنافسية. تم اختيار عينة الدراسة عن طريق العينة المريحة، وقد بلغ حجم العينة 380 مفردة تم توزيع الاستبانة عليهم جميعا، وبلغت نسبة الاستجابة 88%

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وهي نسبة عالية جداً. توصلت الدراسة الى ان هناك علاقة إيجابية بين التسويق الداخلي وأداء العاملين، فضلاً عن وجود علاقة ايجابية أيضاً بين جودة العلاقة ورضا العملاء بالمصارف التجارية بجمهورية السودان وتمكين العاملين بحا. الا ان الدراسة لم تتوصل الي وجود علاقة مع الابقاء على العاملين في مناصبهم. كما توصلت الدراسة الى ان جودة العلاقة تتوسط العلاقة بين فعالية القيادة، التعاون، الدافعية ورضا العاملين وتمكينهم. تضيف هذه الدراسة للحانب العلمي و العملي فيما يتعلق بمفهوم التسويق الداخلي وجودة العلاقة بالصارف التجارية بالسودان، و تساهم المعلومات التي توصلت اليها الدراسة في زيادة المعارف لطلاب الدراسات فيما يختص بموضوع التسويق الداخلي و أداء العاملين. يمكن تطبيق مخرجات هذه الدراسة في الواقع العملي خاصة في المصارف التجارية السودان، و تساهم المعلومات التي توصلت اليها الدراسة في زيادة المعارف لطلاب الدراسات فيما يختص بموضوع التسويق الداخلي و أداء العاملين. يمكن تطبيق مخرجات هذه الدراسة في الواقع العملي حاصة في المصارف التجارية السودانية من اجل زيادة فعالية الادارة و تزويد الادارات المختلفة باثر التسويق الداخلي على على فعالية أداء المصارف و اثر ذلك على العملاء من اجل اشباع رغباتم، وكيف توثر جودة العلاقة على فعالية أداء المصارف التجارية بجمهورية السودان. على فعالية أداء المصارف التحارية بجمهورية السودان.

### ABSTRACT

Employee performance plays an integral role in achieving business goals. Employees are the most valuable organizational resources which lead to a Sustained competitive advantage; this study investigates the mediating role of relationship quality on the relationship between internal marketing and employee performance in commercial banks in Sudan. In this study used convenience sampling (non-probability). A total of 380 questionnaires were distributed to the respondent's employees of commercial banks in Sudan, The overall response rate was 88%. The study found positive relationship between internal marketing and employee performance, in addition the study indentified positive relationship between Relationship quality with employee satisfaction and employee empowerment but not supported any positive relationship with employee retention. The study also found that Relationship quality mediates the relationship between effectiveness leadership, cooperation, and pay motivation with employee satisfaction and employee empowerment. This study adds Knowledge to the theory and practice of internal marketing and relationship quality particularly in Commercial Banks in Sudan. The theoretical contribution and empirical data adds more insight on the previous literature in the field but the contribution of practice can help Bank's managers to understand the impact of internal marketing on bank's customer satisfaction, and how Relationship quality can influence leadership effectiveness.

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**Keywords:** Relationship quality, Internal Marketing, Employee Performance, Commercial Banks, Sudan.



### **1. INTRODUCTION**

Sita Mishra (2010), Internal marketing was first proposed as a way to deliver high levels of quality in service industries (Berry, 1981; Gronroos, 1981), nowadays it is considered a paradigm of organizational change, management and implementation strategies (Ahmed & Rafiq, 2002). Internal marketing has a role to play in employee's performance strategies, because it can reinforce and emphasize the process of transforming an organization into a responsibility-focused entity. However, despite the critical role of internal marketing as a link between the organization's external marketing objectives and its internal capabilities, very few organizations use Internal marketing in practice (Gounaris, 2006).

In-depth search in the available literature shows that there is a lack of studies on the internal marketing in terms of theoretical models, concepts, and test table propositions (Pete Naud., 2002; Harrise &Nelson, 2008; Parastou, 2011; Ali Asfahani et al, 2012).While this shows a lack in the academic research, other social and moral concepts appear to have achieved greater impact in the academic communities.

The arguments of researcher for conducting this research is that previous studies are done in other economies i.e. UK, USA, so the implication of those studies cannot be generalized for a developing country like Sudan where the internal marketing culture is still emerging.

In Sudan, there is a lack of empirical studies that explore even the mere existence of internal marketing in the country. Except for Miriam Dhu (2012) and Badri (2014), studies, no other study that empirically examined the internal marketing of commercial banks in Sudan towards employee's performance were found.

Given these background in the previous literature that has been attempted to validate internal marketing, as a result, business practitioners seeking to implement an internal marketing concept have had no specific guidance regarding exactly what an internal marketing is. Therefore, this study attempts to validate dimensions of internal marketing among commercial banks in Sudan (i.e. employee's internal marketing and organization internal marketing).

In addition to validating dimensions of internal marketing, this study investigates the internal marketing of employee's performance. The existing empirical work concentrates mainly on the internal marketing and related constructs independent variables and employee, satisfaction, empowerment and retention as dependent variables.

The results of these studies still remain mixed. Some studies showed a positive relationship (Dubravka& Nina, 2007; Khansa et al 2012; Sita Mishra 2010; Pete Naude, 2002; Ahmed &Mohammed 2003; Mohsen Seidi et al, 2012), other studies reported a negative relationship (Joharimat, 2008; Yukl, 2002). Despite the importance of acknowledging the concept of internal marketing and its implications on employees, it emerges that empirical studies on the relationship between employee's performance and internal marketing are unduly under-represented, and remain inconclusive.

In addition, despite the call for researchers to specify and explore relationships involving different dimensions of employee performance in empirical research (David Ripley, 1999), previous studies have mostly ignored the existence of dimensions of employee's performance. Thus, this research will investigate the relationships between internal

marketing and employee's performance using multidimensional employee's performance indicators (empowerment, satisfaction, and retention).

relationships between internal marketing and employees Besides exploring the performance, this study investigates the relationships between internal marketing and relationship quality namely; trust and commitment. Previous research have showed that successful application of internal marketing could result in positive job attitudes of employees such as job satisfaction, job involvement and organizational commitment (Tansuhaj et al, 1991; Toga and Themba (2012). This means that internal marketing has also significant impact on organizational commitment and could be tested as one of antecedents of organizational commitment (Makanjee et al 2006; Kyriazopoulos et al. 2007; and Abzari et al. 2011). Indeed based on social exchange approach, employees will be committed to the organization when they believe that the organization is committed to them (Elanain, 2010). Likewise Lings (2004) illustrates that considering the employees as internal market through internal marketing could improve internal aspects of organizational performance such as job satisfaction, employees' retention and employees' organizational commitment. In contrast, there are limited studies which address the internal marketing and relationship quality.

Researchers recommend that employees should be treated as internal customers and those organizations which effectively manage their internal customer will efficiently intermingle with their external customers (Conduit & Mavondo, 2001). Later on extensive work has been done determining the relationship among internal marketing (IM), market orientation (MO) (Awwad & Agti, 2011; Conduit & Mavondo, 2001) and business performance (BP) (Panigyrakis & Theodoridis, 2008). In adding to investigating the relationships between internal marketing and relationship quality, this study explores the relationship between relationship quality and employees performance. Such relationship is barely be non-existent in previous studies.

Researchers do not take in to account the impact of relationship quality as mediating the relationship between internal marketing and employee's performance. In this research, we are testing the relationship between internal marketing and employee's performance, relationship quality as mediator.

### 1.1 problem of the Study.

In Sudan, there is a lack of empirical studies that explore even the mere existence of internal marketing in country.

Specifically, the main problem of the research can be stated as ;What is the impact of internal marketing on employees performance among the commercial banks in Sudan ? What is relation between internal marketing ,relationship quality ,employees performance ? Does relationship mediate the relationship between internal marketing and employees performance?

### 1.2 Research Objective.

To investigate the relationship between Internal marketing on employees performance in commercial banks in Sudan.

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To explore the effect of internal marketing on relationship quality in commercial banks in Sudan.

To identify the mediating effect of relationship quality on relationship between internal marketing and employees performance in commercial banks in Sudan.

### **1.3 Significance of the research.**

The study identifies the internal marketing practices adopted by commercial banks in Sudan. In general knowledge about existence of internal marketing practices in Sudan and developing countries is still lacking .Thus, the study can add to the knowledge in this area and provide a base for future researchers on this issue.

The study discloses the concept, Significance and outcomes of internal marketing practices . Thus it can advance managers in commercial banks in Sudan understanding on the importance and value of practices and economic importance of internal marketing .

### 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT.

### 2.1: Internal marketing dimensions and employee's performance

In Jilson Zimuto (2013), internal marketing is the idea of treating employees as customers and it is the strategy of shaping job-products to fit human needs. Berry and Parasuraman, (1993). It is an important activity in developing a customer-focused organization. Basic aims of internal marketing are to build up internal and external customer consciousness and remove functional barriers to organizational effectiveness (Christopher, Payne & Ballantyne, 1991).

Also internal marketing defined as the attracting, developing, motivating and retaining qualified employees through job products that satisfy their needs, it occurs when people or groups act together in a coordinated manner to follow shared goals and training, and motivating able employees who want to serve customers well? (Kotler, 2003; Berry & Parasuraman, 1991; Raymond et al 2010); and is measured by communication, motivation and effectiveness leadership. Another hand Employee performance can be defined as psychological deal (Stiles et al, 1997 cited in Harzing, 2004). The idea of the "psychological deal" has received considerable awareness in relation to human resource management. It is a model referring to an employee belief regarding the terms and conditions of a reciprocal exchange agreement between that employee and the employer (Robinson and Rousseau, 1994 cited in Harzing, 2004 in Agung Nugroho, 2012). Also Employee performance defined as employees achieving the results, goals or standards as per the expectations set by the organization. Employees are classified on extent of their success in jobs compared to the performance standards set. Specifically, it is the completion of a given task measured next to pre-set standards of accuracy, completeness, cost, and speed, the initiatives they take, their creativity in solving problems and the resourcefulness in the way they utilize their resources, time and energy (Rothman & Coetzer, 2003 in Esayas Degago, 2014).

According to Lauren Gellatly et al (2007). There is an almost infinite amount of variables that could be measured in order to quantify employee performance. These measures include job satisfaction and staff attitudes (Hartline and Ferrell, 1996; Lings and Greenley, 2005), retention (Lings and Greenley, 2005; Taylor, 2006) and compliance (Piercy and Morgan, 1990; Lings and Greenley, 2005).

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Sita Mishra (2010) the growing Realization of the significance of the employees' function in the service industry has led service organizations to adopt Internal Marketing and therefore, treat their employees as internal customers. The approach mostly inverts the organizational pyramid and puts customers on pinnacle and divides the employees into two categories, those who serve customers and those who serve those serving the external customers.

In Papasolomou et al (2004), Internal marketing as a term evolves from the notion that employees constitute an internal market within the organization. This market needs to be informed, knowledgeable, skilled, rewarded and motivated to meet external customers' needs and expectations. Varey and Lewis (2000) indicate that internal marketing was "invented" in the 1970, as a managerial approach to build and inculcate service delivery competence. At the heart of internal marketing is the notion of internal customers that evolved from the context of the manufacturing industry and operations management as long ago as the 1950 (Ishikawa, 1985).

The mean of the internal marketing is to motivate employees toward servicing well and focusing on customer oriented performance through an active marketing approach; the internal marketing influences employee satisfaction, offers more empowerment and sense of belonging which increases the probability of the employees retention to service companies. As both managers and researchers accepted that motivation of employees are the key factors which influence the rate and success of employee performance; the concept of internal marketing is building and nourishing employee relations, trust, awareness, cooperation and knowledge of the employees which directly influences the performance of employees particularly in times of change and stress" (Dolphin, 2005 in Meryem, et al 2012).

According to Foreman and Money, (1995) in Ali Barzoki (2013). Argue today, human capitals in organization are one of the major factors in order to gain competitive advantage and create sustainable value for the organizations. Accordingly, providing needs of human resources in each organization should be regarded as the prerequisite for final success of any organization. In this regard, internal marketing is an approach which considers employees performance as internal customers of organization and states that the organization will be in a better situation for offering services to external customers by satisfying needs of its internal customers.

The internal relationship between the organization and its employee's performance is the focus of internal marketing. Early attempts to incorporate an internal perspective of marketing to complement the external focus arose from the marketing literature. This idea is related for aligning company responsibility efforts with workers, by building understanding of the relationship between the firm and the external market. (David & Isabel, 2010).

Clearly, the scope of internal marketing activity is much wider than simply the motivation of employees. This conceptualization emphasizes the need to generate cross-functional coordination efforts to accomplish customer-satisfaction objectives (Isabel and, David, 2011). In fact, the essence of internal marketing is based on those activities which

improve internal communications and customer-consciousness among employees, and the link between these activities and external market performance (Ballantyne, 1997). Broadly speaking, the overwhelming purpose of internal marketing is to involve employees in the organization's mission and strategic direction, and to help them understand and value corporate objectives (Gilmore, 2000 in David & Isabel, 2010).

Motivation of employees relates directly to the perceived increase in performance the employees with deliver from managements' participation in the exercising of motivation techniques; therefore, there is a direct result between the levels of motivation and management's participation. (Tyagi, 1982). Therefore, management need to know what exactly motivates their staff so resources are not misallocated and dissatisfaction develops among employees (Jobber, 1994) in Hossein & Sima (2012). Based on the above discussion, researchers developed the first hypothesis to be as following:

H1: There is relationship between internal marketing dimensions and employee's performance in Sudanese Bank

H1.1.There is Relationship between internal Marketing dimensions and employee satisfaction in Sudanese Bank

H1.2: There is Relationship between internal Marketing dimensions and employee empowerment in Sudanese Bank

H1.3: There is Relationship between internal Marketing dimensions and employee retention in Sudanese Bank

### 2.2: The mediating role of Relationship Quality

In Papassapa et al (2007), the concept of relationship quality has arisen from theory and research in the field of relationship marketing (e.g. Crosby, Evans and Cowles 1990; Dwyer, Schurr and Oh 1987; Papassapa et al (2009) in which the ultimate goal is to strengthen already strong relationships and to convert indifferent customers into loyal ones (Berry & Parasuraman, 1991). Quality is an overall assessment of the strength of a relationship and the extent to which it meets the needs and expectation of the parties based on a history of successful or unsuccessful or events Crosby et al, (1990).

In general, relationship quality describes the overall depth and climate of a relationship Johnson, (1999). Tauseef (2012) relationship quality also refers to a customer's perceptions of how well the whole relationship fulfils the expectations predictions, goals, and desires the customer has concerning the whole, relationship Jarvelin and Lehtinen, (1996 in Nelson, 2005). As such, it forms the overall impression that a customer has concerning the whole relationship including different transactions Wong, and Sohal. (2006).

According to Wong, and Sohal (2006) the general consensus among researchers such as Crosby et al. (1990) and Dwyer and Oh (1987) is that relationship quality is a higher order construct made of several distinct, though related dimensions. in particular, Dwyer and Oh (1987) pointed that high levels of trust, satisfaction, and minimal opportunism distinguish quality relationships from non-quality relationships.

Relationship quality, refers to the overall evaluation of the power of a relationship between two parties Crosby et al. (1990). It is the quality of the relationship between the intermediary and its

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customers that determine the probability of continued interchange between those parties in the future. It has been pointed out that high quality relationship is especially important for conditions where customers face intangibility, be short of of familiarity, and long time horizon of delivery Crosby et al. (1990).

The conceptualized of relationship quality is as a composite or multidimensional construct capturing the different but related facets of a relationship Palmatier et al. (2006). Researchers have traditionally conceived relationship quality as a high order construct although they differ in which components are included Crosby et al. (1990); **Sun, Heshan (2010);** Kumar et al. (1995); (Lages et al., 2005).

The rationale behind internal marketing is the belief that by satisfying internal customers (employees) the organizations will strengthen its human capital and will be better positioned to satisfy the requirements of its external customers (Berry, 1981). This is based on the assumption that fulfilling employees' needs will increase their motivation and commitment, and enhance their performance. Varey (1995). The societal nature of internal marketing appears through the concept of managerial consideration .Lings, Ian. (2004). Consideration, in this context, refers to the degree to which managers develop a work climate of psychological support, helpfulness, friendliness, and mutual trust and respect (Lings, 2004). It does not mean that supervisors cater to employees' needs on a carte blanche basis, but is simply the degree to which supervisors recognize employees as individuals and treat them with dignity and respect (Lings, 2004). The major point of the concept is that employees feel that management cares about them and their needs (Ewing and Caruana, 1999; Ahmed and Rafiq, 2002). The relationships quality between managers and staff explaining internal marketing in which the two parties interrelate on the basis of shared obligations, respect, and trust (Blau, 1964). Specifically under conditions of ongoing change, staff need access to adaptive resources such as free-flowing information and personal support from managers, whereas managers need employees' support in fine tuning changes and attaining high levels of work effort (Caldwell, Herold, & Fedor, 2004; Weick & Ouinn, 1999). Additional characteristics of high relationship quality conducive to change are greater employee flexibility and acceptance of risks involved with change (Tierney, 1999) and higher change acceptance (Farr-Wharton & Brunetto, 2007). Buchanan (1974) asserted that organizational commitment is a kind of belief that connects feelings of organizational values and objectives with individual values and objectives. Organizational commitments an individual expression of loyalty and devotion to an organization (Kanter, Chen and Hong (2005) commented that if members in an organization trust and 1968). accept the organizational value, they are more willing to work hard to achieve organizational goal and have more organizational commitment. High organizational commitment will be beneficial for an organization because it signals that employees have performance (Jiang & Huang, 2002). Roxanne Zolin et al (2003). Many people high intuitively feel that higher trust for one's teammates will result in better work performance, but research has found conflicting results (Dirks, 1999, Dirks 2001). Research has shown that, rather than having a direct impact on performance, trust has a direct effect on other determinants of performance, such as organizational citizenship behavior, job satisfaction and individual job performance (Dirks, 2001) and problem solving (Klimonski, 1976).

Dirks propose two processes (2001). First, trust moderates the effects of motivation on performance by influencing one's expectations about another's likely behavior, thus increasing or reducing the trust or's motivation and output performance. Secondly, trust may also moderate the relationship between the trustee's performance and the trust or's perception of follow-through, such that higher trust would result in higher perceived follow through independent of actual performance (Dirks, 2001). Thus, the trust or with higher trust will have a higher perception of the trustee's follow-through and job performance than a more objective observer, such as the Project Manager. After this discussion on related literature, researchers developed the following hypothesis:

# H2: Relationship quality mediate between internal marketing dimensions and employee performance in Sudanese Bank

### **3. METHODOLOGY**

Explanatory design was employed to test the relationship between the variables of interest and also used descriptive design to describe the characteristics of respondents. The purpose of this research is to establish and test the relationship between the internal marketing variables as determinants factors on employee performance, as well as, the mediating affect of the relationship quality (namely; trust and commitment), where a questionnaire will be used in order together data concerning the variables of this research.

The target population for the study is the employees of commercial banks in Sudan, the total of Employee are 8672 (central bank of Sudan, 2012); to get sample size, the researchers utilized Slovene's formula for calculating sample size; the sample of this study was 382 employees.

### 4. FINDING OF THE STUDY

A total of 380 questionnaires were distributed to the respondents in Sudanese Bank employees, the overall response rate was 88% and this is very high response rate according to Sekaran (2000).

### 4.1: Respondents Demographic Characteristics:

The table 1 shows that: the respondents' ages (less than 30) year represents (24%) and those between (30 - 40) year was account for (51%) as higher ratio. Whereas the respondents' ages between (40 - 50) years were (18%), the respondents ages between (50-60) year were represented (5%) Concerning for the respondents educational level that fill up the questionnaires, majority of them were Bachelor education level account for (57%) followed by the post graduate (30%) and level of high secondary schools (3.6%) as lower ratios. As for the length of respondents' working experience in banking, the table shows that respondent's' whom they have working in banking from (6-10) were account (41%) followed by the whom work from (5 or less) were account (27%), and those respondents from (11-15) were account for (18.%) followed by the whom work from (16-20) were account for (8%) and 21 than More (4.8%) as lower ratio.

 Table 1 General Characteristics of the Respondents (N=336)

Gender	Male	240	71.4
	Female	96	28.6
		336	100%
Age	Less than 30	83	24.7
	30-40	173	51.5
	41-50	61	18.2
	51-60	20	5.7
	Secondary	12	3.6
Academic	Diploma	31	9.2
Qualification	Bachelor	192	57.1
	post graduate	101	30.1
Total		336	100%
Years of	5 or less	91	27.1
Experience	6-10	138	41.1
	11-15	63	18.8
	16-20	28	8.3
	21 than More	16	4.8
Total		336	100%

### 4.2: Goodness of Measures

This section, report the results of validity and reliability tests as means to assess the goodness of measure of study constructs (Sekaran, 2003). The study used exploratory factor analysis for testing the validity and uni-dimensionality of measures of all variables under study. In contrast, the reliability of empirical measurements was obtained by internal consistency (Nunnally, 1978) using Cronbach's alpha test. In conducting factor analysis, this study followed assumptions that recommended by Hair et al., (2010).

### 4.2.1: Factor Analysis for Internal Marketing Variables

Factor analysis was done on the 12 items, which was used to measure employees internal marketing. Table 2 showed the summary of results of factor analysis on employee's internal marketing and the SPSS outputs is shown in appendix. In the first run of factor analysis, items (X5.1= .207, X5.4= .483, X6.4= 432) were found to have communalities less than 0.50. Item (X5.1) was dropped in the subsequent run. A close inspection on communalities table show that item (X6.4= 431) still had communalities value less than 0.50, and was dropped in the next run. Finally, all assumptions were satisfactory fulfilled. All the remaining items had more than recommended value of at least 0.50 in IM with KMO value of 0.69 (above the recommended minimum level of 0.60) and Bartlett's test of Spherecity is significant (p<.01). Thus, the items are appropriate for factor analysis.

Table2.Shows that the items for employee's internal marketing loaded on three components/factors with Eigen values exceeding 1.0. These three factors explain 64.82% of variance in the data (above the recommended level of 0.60). All the remaining items also had the factor loading values above the minimum values of 0.50, with value of cross loading less than 0.50.

Cooperation captures all the items of support cooperation .Second factor capture all the items of Knowledge. Original name of this factor was retained as it is. The third factor captures all the items of support awareness. However, the original name of this factor was retained as it is. As shown in Table 5.3, factor loading of internal marketing of employee's items on the three factors Thus, this study found that internal marketing perspective of employees in commercial bank in Sudan consists of three factors, cooperation, Knowledge and awareness.

Items No: Components						
		f1 f2		f3		
		11 1	2	15		
T I.						
	yee cooperation:	020	024	000		
X6.2	there is an exchange of information between employees	.839	.034	092		
	in the bank					
		01-	100	0.00		
X6.3	Employees cooperate in solving problems in the bank	.815	.130	039		
X6.1	The bank flexible in its dealings with employees.	.720	.192	.236		
X6.5	The bank is interested in participating in decision-	.581	.145	.409		
	making					
	yee knowledge:					
X7.	I actively apply knowledge learned from mistakes or	.110	.864	084		
2	experience					
X7.	I actively use knowledge to solve new problems or to deal	.126	.856	025		
1	1 with circumstances					
X7.	easily find out sources of knowledge and apply them to	.142	.779	.140		
3	3 problems and challenges					
Emplo	oyee Awareness:					
X5.3	I don't know much but know where to go to get advice.	.068	046	.850		
X5.4	I don't know nearly enough and would like to know	.000	.099	.720		
	more.					
X5.2	I could know more but I don't feel I need to it.	.090	052	.719		
	Eigenvalues 3.05 1.97 1.4					
	Percentage of Variance Explain	30.48	19.68	14.66		
	Total Variance Explained (%)		64.82			
	Kaiser-Meyer-Olkin (KMO)		.691			
	Bartlett's Test of Spherecity		1048.18			
* Variables loaded significantly on factor with Coefficient of at least 0.5						

Table 2 Rotated Factor Loading for Internal Marketing

\* Variables loaded significantly on factor with Coefficient of at least 0.5,

### 4.2.2: Factor Analysis for Employee Performance:

Analysis was done on the 15 items, which was used to measure employee performance namely (retention, satisfaction and empowerment). Table 3 showed the summary of results of factor analysis on employee performance and the SPSS outputs is shown in Appendix (B).In the first run of factor analysis, item (X14.3 = ,260) was found to have communalities less than 0.50. Item (X14.3) was dropped in the subsequent run. In the second run of factor analysis, item (X16.5 = .86). Also was dropped in the subsequent run. Third run of factor analysis, item (X15.5) was dropped in the subsequent run. Because communalities less than 0.50. Finally run of factor analysis, item (X15.3) was dropped in the subsequent run. All assumptions were satisfactory fulfilled. All the remaining items had more than recommended value of at least 0.50 in KMO value of 0.84 (above the recommended minimum level of 0.60), and Bartlett's test of Spherecity is significant (p<.01). Thus, the items are appropriate for factor analysis.

shows that the items for employee performance loaded on three Table 3 components/factors with Eigen values exceeding 1.0. These three factors explain 70.76% of variance in the data (above the recommended level of 0.60). All the remaining items also had the factor loading values above the minimum values of 0.50, with value of cross loading less than 0.50. The first factor of employee performance captures all the items of the employee satisfaction and some from employee retention. However, this factor was according to literature (satisfaction). The Second factor of employee renamed performance captures all the items of the empowerment. The third factors of employee performance captures 2 items of the employee retention. As shown in Table 5.7 factor loading of employee performance items on the three factors. Thus, this study found that employee performance in commercial banks in Sudan consists of three factors, namely; (satisfaction, empowerment and retention).

Items		Factor1	Factor2	Factor3
no:				
Employe	es satisfaction:			
X15.2	I feel that the bank dealing way with me is	.893	.151	097
	acceptable.			
X15.1	I am always delighted with this bank's	.849	.205	087
	service.			
X15.3	Overall, I am satisfied from my	.839	.248	081
	relationship, and dealing with this bank.			
X14.5	I love working for this bank.	.677	.350	.060
X14.1	I see a future for myself within this bank.	.559	.465	.082
Continue table 3				
Employe	es Empowerment:			

Table 3. Rotated Factor loading for Employee Performance

		01111001		
X16.1	I have the authority to correct customer problems when they occur.	.196	.881	007
X16.2	I am encouraged to handle customer problems by myself.	.217	.870	022
X16.3	I do not have to get management's approval before I handle customer problems.	.237	.782	.044
X16.4	I am involved in making decisions that affect my work.	.344	.626	.180
Employe	es Retention:			
X14.4	I'm planning on working for another bank.	126	036	.845
X14.2	It doesn't matter if I'm working for this bank or another, as long as I have work.	.021	.135	.843
	Eigenvalues	4.93	1.70	1.15
	Percentage of Variance Explain	29.22	27.47	13.57
Total Variance Explained (%)		70.76		
	Kaiser-Meyer-Olkin (KMO)	.847		
	Bartlett's Test of Spherecity	1933.02		

Source: prepared by researcher, (2013).\* Variables loaded significantly on factor with Coefficient of at least 0.5, \* Items deleted due to high cross loading.

### 4.2.3: Factor Analysis for Relationship Quality:

Factor analysis was done on the 10 items, which was used to measure relationship quality namely (trust and commitment).

In the first run of factor analysis, items (X12.1= .445, X12.5 = .348) were found to have communalities less than 0.50. Item (X12.5) was dropped in the subsequent runs.

The third run of factor analysis, items (X12.1 = .467, X13.1 = .497) the item of (X13.1) was dropped in the subsequent runs. All assumptions were satisfactory fulfilled. All the remaining items had more than recommended value of at least 0.50 in relationship quality with KMO value of .857 (above the recommended minimum level of 0.60), and Bartlett's test of Spherecity is significant (p<.01). Thus, the items are appropriate for factor analysis. The factors of trust captures four items of the commitment and. Thus the factor one was renamed as relationship quality. Second factor one item (X13.1). It was deleted because the remaining one question did not display any reliability. Table 4. Factor loading of relationship quality items in the one factor, Thus, this study found that relationship quality in commercial bank in Sudan consists of one factor, relationship quality.

 Table 4. Rotated Factor Loading for Relationship Quality

Items no:		<b>F</b> 1	F2
Relationship	Quality		
X13.3	The bank committed to achieve employee needs	.821	019
X12.3	My bank is consistent in providing quality services.	.813	.080
X13.2	My bank offers personalized services to meet employee's needs.	.796	202
X12.4	I believe my management has high integrity.	.782	.157
X12.2	My bank words and promises are reliable.	.747	.017
X13.4	It is really difficult to leave my bank.	.710	.154
	Eigenvalues	3.99	1.04
	Percentage of Variance Explain	49.92	13.81
	Total Variance Explained (%)	63	.73
	Kaiser-Meyer-Olkin (KMO)	.8	57
	Bartlett's Test of Spherecity	110	2.21

Variables loaded significantly on factor with Coefficient of at least 0.5, \* Items deleted due to high cross loading.

### 5.3. Reliability Analysis

Reliability is an assessment of the degree of consistency between multiple measurements of variables (Hair et al., 2010). To test reliability this study used Cronbach's alpha as a diagnostic measure, which assesses the consistency of entire scale, since being the most widely used measure (Sharma, 2000). According to Hair et al., (2010), the lower limit for Cronbach's alpha is 0.70, although it may decrease to 0.60 in exploratory research. While Nunnally, (1978) considered Cronbach's alpha values greater than 0.60 are to be taken as reliable.

The results of the reliability analysis summarized in Table 5. Confirmed that all the scales display satisfactory level of reliability (Cronbach's alpha exceed the minimum value of 0.6). Therefore, it can be concluded that the measures have internal consistency and we can make further analysis.

Construct	Variable	Number of items	Cronbach's alpha
Internal marketing	Employee cooperation	4	.757
	Employee knowledge	3	.799
	Employee awareness	3	.685

### Table 5 Cronbach's Alpha for Study Variables

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Employee	Employee satisfaction	5	.875	
performance:	Employee empowerment	4	.858	
	Employee retention	2	.626	
Relationship quality	Relationship quality	4	.873	

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### 5.4: Correlation Analysis:

Table 6 Presents the results of the inter correlation among the variables. The Correlation analysis was conducted to see the initial picture of the interrelationships among the variables under the study.

Table 6 shows that cooperation is positively and significantly correlated with relationship quality (r = .683, p-value < 0.01), Knowledge with relationship quality, (r = .309, p-value < 0.01) and awareness with relationship quality (r=305, p-value < 0.01). The table also indicated that cooperation is positively correlated with employee performance variables. Cooperation is positively and significantly correlated with satisfaction (r = .646, p-value < 0.01) and employee empowerment(r = .572, p-value < 0.01). The table also indicated that cooperation is negatively correlated with employee retention. Employee awareness is significantly correlated with satisfaction (r =. 252, p-value < 0.01), empowerment (r =. 239, p-value < 0.01) and retention (r = .421, p-value < 0.01).

Variable	IV1.1	IV1.2	IV1.3	media	DV1	DV2	DV3
Cooperation(IV1.1)	1.00						
Knowledge (IV1.2)	.305**	1.00					
Awareness (IV1.3)	.223**	.033	1.00				
Relationship quality (mediating)	.683**	.309**	.305**	1.00			
Satisfaction (DV1)	.646**	.342**	.252**	.748**	1.00		
Empowerment (DV2)	.572**	.281**	.239**	.622**	.588**	1.00	
Retention (DV3)	017	074	.421**	017	064	.095	1.00
** p < .01 *	p < .05						

Table 6 Person's Correlation Coefficient for All variables

\*\* p < .01

### 5.5: Hypothesis test

### H1.1 the Relationship between internal Marketing dimensions and employee satisfaction

Table7 shows the results of the multiple regression equation testing the Impact of internal marketing variables on employee's performance: The internal marketing variables explained 59% of the variance in employee satisfaction. However, the result shows that the model is significant.

In addition the results show that the three components of internal marketing is a positive significantly influenced employee satisfaction. The results showed that the hypothesis was partially supported, i.e. there is a positive relationship between internal marketing (Employee cooperation, Employee knowledge) and employee satisfaction. The results also showed that is negative relationship between awareness and employee satisfaction.

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The results also showed that Employee knowledge have significant effect on employee satisfaction ( $\beta$ =0.074, p<0.01), followed by Employee cooperation ( $\beta$ =0.299, p<0.10). thus H1.1 wa partially accepted.

 Table 7. Multiple Regressions: Internal Marketing Variables, and Satisfaction (Beta coefficient)

Variables	Employee satisfaction
Employee cooperation	.299***
Employee knowledge	.074
Employee awareness	024
<b>R</b> <sup>2</sup>	.587
Adjusted R <sup>2</sup>	.577
$\Delta \mathbf{R}^2$	.587
<b>F</b> change	58.454***

**Note:** Level of significance: \*\*p<0.05, \*\*\*p<0.01

### H1.2: The Relationship between Internal Marketing and Employee Empowerment

Similar analysis was conducted for the relationships between internal marketing and employee empowerment. Table 8 shows the results of the multiple regression equation testing the influence of the internal marketing dimensions on employee empowerment. The internal marketing variables explained 50% of the variance in employee empowerment. However, the result shows that the model is significant. In addition the results show that seven of the eight component of internal marketing is a positive significantly influenced employee empowerment. The results showed that the hypothesis (H1.2) was supported, i.e. there is a positive relationship between internal marketing and employee empowerment. The results also showed that Employee cooperation have the most significant effect on employee empowerment. ( $\beta$ =0.278, p<0.01), followed by Employee knowledge ( $\beta$ =0.069, p<0.01), Employee awareness ( $\beta$ =0.097, p<0.01).

### Table 8. Multiple Regressions: Internal Marketing Variables, and Empowerment (Beta coefficient)

Variables	Employees empowerment
Employee cooperation	.278***
Employee knowledge	.069
Employee awareness	.097**
<b>R</b> <sup>2</sup>	.459
Adjusted R <sup>2</sup>	.446
$\Delta \mathbf{R}^2$	.459
F change	34.861***

# H1.3: the Relationship between Internal Marketing dimensions and Employee Retention

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Table 9 shows the results of the multiple regression equation testing the Impact of internal marketing variables on employee's retention: The internal marketing variables explained 22% of the variance in employee retention.

The results showed positive relationship with Employee knowledge and retention also Employee awareness and retention. The results also showed that cooperation had no significant effect on retention. However this hypothesis was partially accepted.

 

 Table 9 Multiple Regressions: Internal Marketing Variables, and Retention (Beta coefficient)

(Deta coefficient)		
Variables	Employees retention	
Employee cooperation	054	
Employee knowledge	.000	
Employee awareness	.437***	
<b>R</b> <sup>2</sup>	.217	
Adjusted R <sup>2</sup>	.198	
$\Delta \mathbf{R}^2$	.217	
F change	11.427***	

*Note: Level of significance:* \*\**p*<0.05, \*\*\**p*<0.01

# H2: Relationship quality mediate between internal marketing dimensions and employee performance in Sudanese Bank industry

Table10. Showed the results of the hierarchical regression testing the mediation effect of relationship quality on the relationship between cooperation, Employee knowledge and Employee awareness on employee performance

In model 1, the results showed that cooperation, Employee knowledge and Employee awareness on employee performance. Significantly influence employee performance with beta coefficient for Employee cooperation (B = .30, p<0.01), Employee knowledge (B = .13, p<0.01), and Employee awareness (B= .28, p<0.01). In model 2, Employee cooperation (B = . 187, p<0.01), Employee knowledge (B = .058, p<0.01) and Employee awareness (B= .152, p<0.01).

The results showed that the value of employee cooperation, Employee knowledge and Employee awareness were significantly reduced (in model 2) this indicated that, relationship quality partial mediated the relationship between employee cooperation, Employee knowledge and Employee awareness on employee performance.

Table 10. Hierarchical Regression: Mediation Effect of Relationship Quality on theRelationship between Internal Marketing and Employee performance

Variables	Employee performance	
	Model 1	Model 2
Employee cooperation	.303***	.187***
Employee knowledge	.138**	.058
Employee awareness	.289***	.152**
F value	116.075***	113.174***
R <sup>2</sup>	.584	.632
Adjusted R <sup>2</sup>	.579	.626
$\Delta \mathbf{R}^2$	.584	.048
F change	116.075***	42.856***

**Note:** Level of significant: \*p<0.10, \*\*p<0.05, \*\*\*p<0.

### 6. DISCUSSION AND CONCLUSION

# 6.1: Relationship between internal marketing and employee performance in commercial banks in Sudan

Internal marketing in commercial banks in Sudan consists of cooperation, Knowledge and awareness. The result revealed that commercial banks in Sudan emphasized more on speed of knowledge (mean=3.99, standard deviation=, 63), and cooperation (mean=3.96, standard deviation=, 70), followed by awareness (mean=3.53, standard deviation=, 89), and the lowest components of employee internal marketing (awareness). It can be concluded that commercial banks in Sudan are highly practicing of employee internal marketing practices above the average mean.

One of interesting finding in this research indicates that there is positive relationship between employee cooperation and employee satisfaction. This result aligned with outcomes of Suleiman et al (2013), and Naveed Ahmad et al (2014). The relation between internal marketing and satisfaction had been the concern of many researchers Rajyalakshmi and Kameswari, (2009). If an organization implements internal marketing then the organization is upgrading job satisfaction for employees which will lead definitely to enhancing the performance of the organization this is the result of a lot of researchers (Tansuhaj et al. 1991; Rafiq & Ahmed, 2000; Conduit and Movado, 2001).

The result has shown that cooperation have significant effect on employees satisfaction. The competitive edge in any business can be enhanced when an employer is able to build up a highly motivated, dedicated and efficient team of employees to serve their customers, to have an effective Guide to Cooperation of employees in organization. Cooperation mechanism helps the bank to: Improve the employees performance and commitment, build up mutual trust between management and staff, increase job satisfaction and improve working environment. This result had link with study of Bostrom(1995).

Also the finding of this research demonstrates that the three forms of employee internal marketing namely; (Cooperation, Knowledge, Awareness,) have a significant positive relationship with empowerment. This agrees with the outcomes of (Set Csr 2003), argues we are always talking to people about (power) lines down, or (power) poles falling down

and these things can be deadly. The study is also consistent with results obtained by Ahmed et al., (2003), Hwang and Choi (2005) and Che Ha et al., (2007).

There is a positive relationship between internal marketing and performance. Therefore, Managers and policy-makers in the in commercial banks in Sudan need to open their minds to new ideas such as internal marketing and empowerment and apply these concepts in a more focused and thorough manner.

The study is also consistent with results obtained by Ahmed et al (2003), Hawng and Chi (2005) and Che Ha et al., (2007), that there is a positive relationship between internal marketing and performance. Therefore, Managers and policy-makers in the in commercial banks in Sudan need to open their minds to new ideas such as internal marketing and empowerment and apply these concepts in a more focused and thorough manner. Management in commercial banks in Sudan must consider the organization as its first market, and depend on the marketing tools along with the human resources practices to identify and satisfy the needs of its internal customers.

# 6.2: Mediation Effect of relationship quality on the relationship between internal marketing and employee performance in commercial banks in Sudan.

The first sub-section deals with the mediating impacts of relationship quality on the relationship between internal marketing and employee performance. The outcomes do support the mediating impact of internal marketing on employee satisfaction. However, the outcomes of this research provide evidence that relationship quality partial mediate the relationship between internal marketing and performance. This result aligned with (Cheah, 2005),

### **6.3: Theoretical Implications**

The current research has supported the present knowledge on internal marketing in commercial banks in Sudan. Internal marketing consists of activities related to personnel, namely, (cooperation, knowledge, awareness). Theoretical contribution is related to internal marketing contain six component through which are the cooperation, knowledge, effectiveness leadership, pay motivation, training and communication.

Theoretical contribution of this study is the findings of the positive relationship between internal marketing and employee performance. Our results, in conjunction with theoretical arguments, suggest that internal marketing plays a big role on employee performance. It emerged that practitioners can improve upon employee motivation and commitment to organizational goals using internal marketing.

### 6.4. Managerial Implications

This research also contributes towards management practice in all levels. Three management levels that concerning internal marketing can gain benefits or advantages from information taken out within these findings: Successful development of the employee performance should provide for: strategic decision making. To these owners and managers, internal marketing provides external environment and market-related information along with the analytical tools needed for strategic decision support (top level). At the tactical or

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middle level is middle management, which is interested in the database of employees information, such as that related to satisfaction, empowerment.

Instituted on the findings of this research, internal marketing as a resource or a system can enable commercial banks in Sudan to develop key innovation. Specifically, the finding of this research has proven that cooperation, knowledge, pay motivation, communication and training have significant positive relationship on satisfaction and empowerment. This point outs that as commercial banks become more involved in activities related to mpetition.

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