

**INTERNAL MARKETING AND ORGANIZATIONS PERFORMANCE AMONG  
LARGE SUPERMARKETS IN NAIROBI:  
A CASE STUDY OF LEADING SUPERMARKETS IN NAIROBI COUNTY**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF A DEGREE OF ( MSC) MASTERS OF  
SCIENCE IN MARKETING RESEARCH, SCHOOL OF BUSINESS,  
UNIVERSITY OF NAIROBI**

**OCTOBER, 2014**

**DECLARATION**

I the undersigned declare that this research project is my original work and has not been presented to any university or institution for the award of any academic qualification.

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This research project has been presented for examination with my approval as the University Supervisor.

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## **DEDICATION**

To my late parents Dad Benjamin George Lyambila and Mom Victoria Namaemba Lyambila. Thanks for laying the foundation of our life's and the unconditional support you gave to all of us your children.

A special dedication and honor to my Sister Prof. Namulundah Florence, you have been a mother figure to our life's and the sacrifice you have done to see us achieve the levels of Education that we deserve. You made it possible for our parents dream to come true, by making all of us understand that anything is possible through determination and hard work.

To my great friend and wife Elizabeth no words can say it all, thanks for being there throughout my search for knowledge. Thanks to my lovely kids George Lyambila and Vina Namaemba. My brothers and sisters, Topi, Namulundah, Mary, Beatrice, Cletus, Maurice, Innocent and Evans, Thank you all for keeping together as a family.

Much appreciation to my parents In-law Lazarus and Dorcas Kalungu, my sisters and brothers in-law may God bless you.

## **ACKNOWLEDGEMENTS**

Thanks to the almighty God for giving me the zeal, determination and health during my research work.

My Heartfelt gratitude goes to my supervisors Dr. Raymond Musyoka and Mr. Victor Munayo for their guidance and sacrifice of their time in providing information and general support throughout the project.

To all my friends and classmates “Hongera” and thanks for the encouragement during the whole process.

Lastly to my wife and kids for understanding that daddy has to go to school and miss to be there for and with them. Thank you and God bless.

Prof. Namulundah you lead as we follow your footsteps. Thank you for everything.

## ABSTRACT

Internal marketing plays a major role in the successful implementation of a company's goals and objectives. The ultimate goal in this context is to present internal marketing as a technique for gaining the acceptance of the employees or departments that are critical to the successful implementation of performance improvement programs (Lewis, 1996). The argument is based upon the view that the internal market consists of groups of workers and managers communicating and interacting with other external groups of workers and managers within other organization, and that the establishment and maintenance of effective and efficient relationships between these groups is the focus of internal marketing efforts. Most organizations direct their focus on the external marketing (The customers who purchase the company goods and services and little or no attention is given to the internal market yet these individuals and groups could collectively be regarded in much the same way as external "customers" of the organization. Then in this regard internal marketing would play a pivotal role as a means for improving corporate effectiveness and efficiency in service delivery by improving 'internal market' relationships and processes. Employee turnover would be drastically reduced and foster a sense of belonging and ownership between the organization and its employees. For instance, Lewis, (1996) argued that internal marketing is an appropriate vehicle or approach for promoting the firm and its products or services to the firm's employees (Brand ambassadors). Employees are essential and central to delivering the services that are provided, thus they must be knowledgeable and motivated. In addition, they must be trained by the organization to be aware of the firm's policies and strategies. Corral and Brewerton 1999) argued employees of the firm are the cheapest and most effective way of marketing an organization. Gronroos (1985) has long described this important dimension of services marketing. Many authors stress the importance of training and motivating employees, in order that they can effectively carry out their duties to the firm in dealing with customer needs. 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 overall company strategy.

## TABLE OF CONTENTS

DECLARATION .....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENT .....	iv
ABSTRACT.....	v
LIST OF TABLES .....	x
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Concept of Internal Marketing.....	4
1.1.2 Organizational Performance .....	6
1.1.3 The Retail Industry in Kenya.....	7
1.1.4 Supermarkets in Nairobi County .....	8
1.2 Research Problem .....	9
1.3 Objectives of the Study.....	12
1.4 Value of the Study .....	13
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	<b>14</b>
2.1 Introduction.....	14
2.2 Theoretical Review .....	14
2.2.1 The Resource Based Theory of Competitive Advantage.....	14
2.3 Internal Marketing .....	15
2.4 Organizational Commitment (OC) .....	19
2.5 Market Orientation (MO).....	20
2.6 Human Resource Management and Internal Marketing .....	21

2.7 Elements of Internal Marketing and Service Excellence .....	23
<b>CHAPTER THREE: METHODOLOGY .....</b>	<b>27</b>
3.1 Introduction.....	27
3.2 Research Design.....	27
3.3. Population .....	27
3.4 Sampling .....	28
3.5 Data Collection .....	28
3.6 Data Analysis .....	29
<b>CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS .....</b>	<b>30</b>
4.1 Introduction.....	30
4.2 Background Information on Respondents .....	30
4.2.1 Gender of the Respondents .....	30
4.2.2 Age of Respondents. ....	31
4.2.3 Name of Supermarket Working for .....	32
4.2.4 Current Position Held within the Organization .....	33
4.2.5 Period Employed in the Organization.....	34
4.2.6 Duration Held under the Current Position .....	35
4.3 Organizations Supportiveness.....	35
4.3.1 Organization Support to its Employees .....	37
4.4 To Assess Internal Marketing Competency Level in your Organization .....	38
4.4.1 Marketing Department Response to Other Departments .....	38
4.4.2 Support of Marketing Budget by Other Departments.....	39
4.4.3 Clarity of Marketing Department Responsibilities .....	40

4.4.4. Recent Experience with Marketing Department.....	41
4.5. Employees Levels of Satisfaction in their Current Job in Terms of Engagement and Involvement in Corporate Performance and Direction.....	41
4.5.1 Individually Addressed Email on Corporate Performance .....	42
4.5.2. Effectiveness of Such Communication.....	43
4.5.3. How Frequent you have One on One Meeting with Bosses .....	44
4.5.4. Effectiveness of Such Meeting with Seniors .....	45
4.5.5. Frequency of Group Meeting or Open Forums.....	46
4.5.6. Effectiveness of Group Meetings or Open Forums .....	46
4.5.7 Effectiveness of Co. Corporate Directions Conveyed in Celebrations.....	47
4.5.8 How Often does the Co. Sponsor Team Building Activities .....	48
4.5.9 Effectiveness of Such Events in Communicating Key Performance Information .....	49
4.5.10. How Often are your Family Members Invited?.....	50
4.5.11 Effectiveness of Communication Channels between Departments .....	50
4.5.12 Understanding where the Organisation is Heading .....	51
4.5.13. What Value Do you add by Communicating the Strategic Roadmap to Employees.....	52
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>53</b>
5.1 Introduction.....	53
5.2 Summary of the Findings.....	53
5.3 Conclusion .....	54
5.4 Recommendations.....	55

5.5 Study Limitations.....	56
5.6 Suggestions for Further Research.....	57
<b>REFERENCES.....</b>	<b>58</b>
<b>APPENDICES.....</b>	<b>61</b>
Appendix I: Questionnaire.....	61
Appendix II: List of Supermarkets in Nairobi County.....	68
Appendix III: Letter of Introduction.....	72

## LIST OF TABLES

Table 4.1: Gender of the Respondents .....	31
Table 4.2: Age of Respondents .....	31
Table 4.3: Organization .....	32
Table 4.4: Current Position .....	33
Table 4.5: Period of employment in that organization .....	34
Table 4.6: Duration within the same position .....	35
Table 4.7: Organization Supportiveness .....	37
Table 4.8: Marketing department response to other departments .....	38
Table 4.9: Support of marketing budget by other departments .....	39
Table 4.10: Clarity of marketing department responsibilities .....	40
Table 4.11: Recent experience with marketing department.....	41
Table 4.12: Individually addressed email on corporate performance.....	42
Table 4.13: Effectiveness of such communication .....	43
Table 4.14: How frequent you have one on one meeting with bosses.....	44
Table 4.15: Effectiveness of such meeting with seniors.....	45
Table 4.16: Frequency of group meeting or open forums .....	46
Table 4.17: Effectiveness of group meetings or open forums .....	46
Table 4.18: Effectiveness of Co. Corporate Directions Conveyed in Celebrations.....	47
Table 4.19: How often does the Co. sponsor team building activities .....	48
Table 4.20: Effectiveness of such events in communicating key performance information.....	49
Table 4.21: How often are your family members invited? .....	50
Table 4.22: Effectiveness of communication channels between departments.....	50
Table 4.23: Understanding where the organisation is heading .....	51
Table 4.24: What value do you add by communicating the strategic roadmap to employees .....	52

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Employees' attitudes and opinions about their colleagues and the work environment may make all the difference between workers' merely doing a good job and delivering exceptional service. (Arnett et al., 2002). For the company, relational marketing, and relational practices represent a way to respond with more efficiency to customers' needs (Sheth and Parvatiyar, 1995). In the majority of services activities, the customer is often interacting with contact employees, whose role has become an element of differentiation. Through his attitude, contact employees could influence the of service quality perceived by the customer. Thus, often contact employees and their attitude are considered as the full service by the consumers (Berry, Conant, Parasuraman.1991).

Internal marketing is critical and fundamental activity to create a customer-focused organizational culture with an aim to establish internal and external awareness of customers needs, by removing barriers which are obstacles of organizational effectiveness (Christopher et. al., 1991). Berry and Parasuraman (1991) define internal marketing as: "attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. The philosophy of treating employees as customers and the strategy of shaping jobs to fit human needs. It is argued that internal marketing programs and managerial influence strategies must be aligned, for internal marketing is to become an effective part of the practice of management (Tim & Davis, 2001). Researchers such as, Ahmed & Rafiq (2003) define internal marketing as a practice encompasses several activities that have been grouped in four major themes that

appear to constitute IM: training and education, the image of the internal customer, quality standards and rewards systems. Furthermore, the basic purpose for applying internal marketing concept is to get motivated employees and to make them conscious at each and every level to serve the customer in a better way (George, 1990; George & Grönross, 1989; Grönross, 1981 also view Internal marketing as a management approach in which frontline employees work as support staff, this approach enables and motivate employees of the firm to do their own evaluation and for adoption of customer oriented services (Cowell, 1984).

Looking at the inseparable characteristic of services, contact employees become fundamental in the formulation of the product as received and perceived by a customer within any retail chain. Service employees are so critical because the service being provided is a performance in itself (Lovelock, 1983). It became comprehensible that successful marketing can only be implemented if the firm is involved not only in external but also in internal marketing (Caruana & Calleya, 1998). Owing to the increasing competition in the local retail market emanating from both local and international market players, many organizations need to devote themselves to improving the relationship between customers and their staff by improving service quality and experience by the customers. Satisfying their demands will enhance brand loyalty towards the company overall performance in the market or among other retail competitors.

Recent studies presented by professional conferences in Nairobi, and articles in the popular press have sounded the alarm regarding the “rapid growth” of supermarkets in

the country and the negative impact this growth may have on smallholder farmers. It is indicated that supermarkets are rapidly taking over market share in Kenya's food system, and that they are progressively by-passing smallholder farmers and traditional markets to obtain their supplies directly from medium- and large-scale farmers. These are patterns that is said to be consistent with those found throughout the developing world. As a result, it is claimed, small farmers may be increasingly confined to a rapidly shrinking and poorly functioning "traditional" marketing system, while larger farmers serve the growing supermarket sector that are more profitable, especially for the "basic foods" staples, dairy, meat and eggs, and fresh produce, because it is in this sector that the impact of supermarket growth would be greatest, due to the fact that these products are not processed prior to consumption.

Consumers in Nairobi spend slightly more than one shilling in 10 of their basic food budget in large supermarket chains and more than eight of the 10 shillings are spent in traditional outlets such as dukas, open air markets, roadside kiosks, dairies, and butcheries. Supermarkets heavily rely on upper income consumers while open air markets and kiosks are much more convenient for the large mass of urban consumers, especially those within the vast majority without vehicles. There are many markets throughout Nairobi and innumerable kiosks, making it very easy for consumers to purchase their fruits and vegetables close to home, frequently as they walk back from their place of work. Going to a supermarket is much less convenient, and expansion into lower income neighborhoods will not dramatically change this situation. Some kiosk owners and

market stall vendors are also know to provide short-term credit to preferred customers, giving them an additional advantage over supermarket chains.

### **1.1.1 Concept of Internal Marketing**

Internal marketing concept (IMC) is traditionally associated with different firms' objectives. Thus, Flipo (1986), noted the importance of creating enthusiasm, adequate behavior, and respect for the general marketing strategy among the contact personnel. Similarly, Caruana and Calleya (1998) argued that internal marketing (IM) mission is to create a workplace in which customer consciousness proliferates among personnel. Chang and Kelly (1994), in turn, remarked that any customer satisfaction effort should be first preceded by improvements in internal customer relationships. On the other hand, Piercy and Morgan (1991) linked internal marketing goals with external marketing plan, whereas Berry and Parasuraman (1991) suggested the adoption of marketing behavior throughout the whole organization. Some researchers sustain that the internal marketing objective is "selling" the firms to their employees by identifying and satisfying their needs as individuals and service providers (Varey, 1995). In order to get them become really conscious of their services performance (Gronroos, 1993). But Internal Marketing is also a way to develop customer-oriented dynamic teams (Las Casas, 1999). According to Brum (1998), the main Internal marketing objective is to assure that all employees are informed about the firms' vision, that is, their management initiatives, goals, outcomes, services, products and served markets.

A paramount mechanism in which one can build work environments where employees can find and enjoy unique job experiences, as long as they are fostered to achieve their full potential (Vasconcelos, 2004). Therefore, it is a very special topic when one takes into account that goal congruence that occurs when employers and employees pursue the same objectives and at the same time, these parties understand that it can be advantageous (Foreman, 2000) for both since co-operation prevails. But this sort of relationship will only be effective if (see Berry and Parasuraman, 2000) people at work know that they will be measured by the quality of their performance and that it is worthwhile to perform well. Overall, these directions related to the internal marketing objectives are very important, but, on the other hand, they can be used to achieve other higher levels of employees' satisfaction at work. A level in which one could make the internal customers (employees) feel happy through job experiences. However, it is apparently not being addressed by the firms' internal marketing policies even when one aims to improve business performance (see Ahmed et al., 2003). The traditional challenge of providing the external customers satisfaction is well embraced by all sectors of the organizations. For this reason, the focus of internal marketing should concentrate more strongly on internal customers' needs and job satisfaction. Employees are the most important firms' asset and then the organizations should struggle to provide a work environment that truly captivates, satisfies, and keeps their best employees and reduce on staff turnovers.

### **1.1.2 Organizational Performance**

Business performance is a broader concept encompassing both financial performance and operational performance indicators (Venkatraman&Ramanujam,1986). It is defined in both financial and non-financial context as Panigyrakis and Theodoridis (2009) discussed that financial indicators of the performance of an organization are the return on investment (ROI) and Return on Assets (ROA). Mehra, Joyal, and Rhee (2011) used return on asset and return on equity as financial indicators for computing the retail banking performance. Performance measures based on mere financial indicators are not enough so non-economic indicators like market share, product development, or production efficiency are used for business performance (Helgesen, Nettet & Voldsund, 2009). Further Venkatraman & Ramanujam (1986) quoted in Panigyrakis & Theodoridis (2009) examined non-financial indicators like product or service quality, market share, customer loyalty and customer satisfaction influencing the overall performance of the firm.

Internal marketing helps in attaining business performance through their satisfied internal customers (Sheng & Hsin, 2007). Internal marketing is an important driver for business performance, financial and non-financial; it has a positive impact on business performance (Panigyrakis & Theodoridis, 2009). Tortosa, Moliner, and Sanchez (2009) examined the relationship among internal marketing, firms performance and the impact on internal and external factors towards service quality and customer satisfaction. Mehra, Joyal, and Rhee (2011) highlighted the importance of training of employees for improving profitability of the firm because satisfied and trained employees will be more

able to implement quality service to satisfy customer's needs. The main purpose of the organization is to earn profit through satisfying their employees and customers, encompassing the concept of stakeholder's theory. Tortosa, Moliner, and Sanchez (2009) point out the challenges faced by organization in maintaining relationships with their stakeholders, a role critically played by its employees. When employees are more satisfied and perceive their output more than their input, they will take it as an obligation to increase quality and profitability of the firm (Tortosa, Moliner, & Sa´nchez, 2009).

### **1.1.3 The Retail Industry in Kenya**

Changes in end-consumer demand, ongoing market liberalization and increasing globalization have spurred a structural transformation process from traditional to modern ways in retailing in developing countries like Kenya. At the forefront of this modernization process are the supermarkets. The spectacular growth of the market share of supermarkets in retailing has seen the rise of retail chains like: Nakumatts, Uchumis, Tuskys and Naivas as the main key players and medium players like Ukwala, Tumainis, Cleanshelfs, G-Marts, Kamindis and many others. This is by no means an isolated phenomenon, but an indication of the growing retail industry in Kenya and by extension other parts in the developing world.

Supermarkets have very demanding customers. They require higher and more consistent quality, timely delivery, larger volumes, more stringent payment terms, and so on. Suppliers who are successful in meeting these criteria face great growth opportunities, but those who can't make the grade are likely to be dropped. As the market share of

supermarkets in food retailing grows, the effects of this supplier rationalization process will not be marginal. This has raised considerable concern on how small producers, processors, distributors and retailers will compete, if not, this may lead to exclusion. Alternatively, some small firms may adapt, through collective action, investments and learning, take full advantage of the growth opportunities offered by supermarkets.

#### **1.1.4 Supermarkets in Nairobi County**

While the supermarket as a concept i.e. larger self-service store is not new to Kenya. Self-service stores in general and supermarkets in particular have popped-up all over Nairobi County with the current count standing at approximately 368 supermarkets. The market leaders Uchumi, Naivas, Tuskys and Nakumatt, have large domestic-capital chains that together represent 80% of the retail sector, growing fast and showing no signs of slowing down. Growth has mostly been organic rather than through the acquisition of small chains or independent stores by the larger supermarkets. They have moved into intermediate suburbs and estates around the capital city. The explosive expansion by the large supermarkets has not stopped the smaller players from arising and giving competition to the main players within the underserved areas like Industrial area, Kibera, Mathare, Eastleigh, Dagoreti and Embakasi. This has seen an upsurge of mini-supermarkets and mini-shops coming up within Nairobi's residential and non-residential areas.

It is important to note that Nairobi is also displaying clear signs of continued rapid expansion of supermarkets into the markets of middle and low income consumers. The

appearance of smaller supermarket chains like Tumaini, G-Marts, Cleanshelfs, Kamindis and Satellite supermarkets near the busy bus stops used by the middle to low income consumers with some having more than four branches within Nairobi. The recent opening of branches in Nairobi's middle-income neighborhoods (e.g., Buruburu, Kahawa Wendani, Lunga Lunga Komorocks and Mulolongu clearly indicates that currently the fastest growth is taking place outside the Asian/White/Expatriate segment. The importance given by the observation is that about half of the supermarkets in Nairobi are located outside of Central Business area albeit smaller ones mostly. Most of the residents shop at near-by supermarkets, although not so frequent, mostly once a month and for small values at a time. The poor buy mostly easy-to-store bulk goods such as sugar or soap from the supermarket, while for their small and perishable purchases such as milk or produce they prefer to buy from near-by kiosks and vendors.

## **1.2 Research Problem**

Many organizations providing products and services in many sectors have a skewed approach towards external customers and little or no attention being given to internal customers. This may be due to lack of internal marketing within the dominant company's. Internal marketing ensures that all employees provide the best representation of the company and to successfully handle all interactions with the final customer (Christopher et al., 2000). Judging from the high resignation rates of staff, service dissatisfaction, and poor employee attitudes. These are variables that had not been researched before in detail despite increased competition resulting from the global

market. Hence, the researchers' intention is to investigate the importance of internal marketing on performance improvement within the retail industry.

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 motivated through customer-consciousness, market-orientation and sales mindedness. From a marketing-like internal approach and applying marketing-like activities internally Gronroos (1985). McGuire (1999) those activities that requires a shared and common understanding of objectives and desired outcomes, as well as those activities in the service delivery process. Further, Ewing and Caruana (1999) suggests that the strategic level IM should create an environment that fosters customer consciousness amongst employees. The concepts are concerned with challenging the attitudes and behaviour of employees to be more customer conscious.

The products are the jobs and the work environment that influence employees' motivations. The target customers are top management; supervisors; contact personnel; and support personnel. Further, Gronroos (1996) argued that internal marketing requires two capabilities - communication and attitude management. The first relates to customer - orientation and what Gronroos 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. In the services industry, Customer satisfaction levels are revealed during what we like to call the "moments of truth" the moment that the customer comes in

contact with a front-line employee of the firm (Zeithaml and Bitner, 1996; Lewis and Entwistle, 1990). Employees are particularly important participants in the formulation of the image that customers get in relation to the service offered. Because of the importance of this interaction with the customer, employees have to communicate effectively the quality standards of their organization to new starters.

These points help us derive the meaning of Internal Marketing, guiding employees on how to achieve greater levels of customer satisfaction and loyalty. In addition, it was empirically proven that, the adoption of these guidelines assist in creating a sentimental attachment and establish a co-operative environment amongst employees. Jaworski and Kohli (1993). They found that Internal Marketing activities in retailing Institutions have a significant impact on customer satisfaction. Over time, Kenyan shoppers bought their household necessities from the estate “duka” outside their court. They would then go to “mama mboga” across the road for the vegetables. Other items such as hand brushes would be bought from the hardware shop in the nearest town as the seller at the estate hardware would charge exorbitant prices for his goods. Well, this is not the case anymore in Kenya. With the introduction of supermarkets in Kenya, Kenyans can do all or most of their shopping under one roof. Most supermarkets in Kenya today stock all sorts of goods needed in a house: television sets, beds, gas cookers, clothes, you name it. They have even gone as far as selling cooked food in the chain stores in Kenya.

There are many supermarket chain stores in Kenya today. Most of these supermarket chain stores have branches in all the major towns in Kenya. The chain stores then have

their headquarters in Nairobi County. With the ever increasing population in Nairobi city, there are more supermarkets found within the CBD as compared to any other town in the country

Previous studies only focused on one or two variables: motivation and job satisfaction. Mohammad, 2006) did a research on the relationship between internal marketing and organizational commitment that between internal marketing and job satisfaction, Mat(2005), did a research on Positive relationship between internal marketing and service quality, Omega (2012) researched on Perceived relationship between organizational culture and employee job satisfaction. Masula (2012) studied on Relationship between performance based incentive pay and Employee motivation. None of the above research was carried out on Internal Marketing and Organizations performance in large supermarkets in Nairobi County. The proposed research will attempt to fill the gap between what has been researched and the current study by providing answers to the following research question: To what extend will internal marketing improve an organizations performance within the retail industry?

### **1.3 Objectives of the Study**

This study will investigate Internal Marketing and organizations performance in leading supermarkets in Nairobi County.

#### **1.4 Value of the Study**

The research will benefit academicians, researchers, government policy makers and entrepreneurs that are in a highly competitive markets with little product differentiations. Through the use of relevant internal marketing programs organizations that wish to position themselves as high performers in quality service provision stemming from four main sources: low employee turnover rates, an increase in service quality, high levels of employee satisfaction and an improved ability to implement change through continuous service innovation and employees commitment towards its customers. Policy makers within government will be able to make informed decisions during their policy formulation and successful implementations. Human resource practitioners will benefit by understanding how to develop and maintain a quality work life which will provide an opportunity for employees job satisfaction, commitment and self-actualization.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter provides a brief literature review on resource based theory for competitive advantage and the significant role played by internal marketing within an organization in enhancing quality service delivery, performance and sustainability of an organization within a competitive market environment.

### **2.2 Theoretical Review**

The following theory was used to discuss the purpose of this research namely; resource based theory of competitive advantage.

#### **2.2.1 The Resource Based Theory of Competitive Advantage**

The resource-based view (RBV) of Maitland & Mercer, (1983) Wernerfelt, Rumelt (1984) suggests that competitiveness can be achieved by innovatively delivering superior value to customers in a way that customers consider appropriate. The RBV highlights the firm as a unique collection of resources, but the theory emphasizes that not all of these resources possess the potential to provide the firm with sustained competitive advantage (Barney, 1991) The RBV contends that the possession and identification of key resources embodying these essential features along with their effective development and deployment allows the firm to achieve and sustain competitive advantage. Barney further defines these key resources to include, all assets, capabilities, organizational processes, firm's attributes, information, knowledge etc. controlled by a firm and that

enable it to conceive and implement strategies that are efficient and effective, Barney, (1991).

Strategy is defined as the match an organization makes between its internal resources and skills and the opportunities and risks created by its external environment. Prominent examples of this focus are Michael Porter's analysis of industry structure and competitive positioning. Internal marketing has two prime motives. First, it complements external strategic marketing efforts, through interactions between the personnel and customers. These interactions are perceived as instrumental in encouraging customer attraction and satisfaction. Second, it effectively develops and maintains a workforce which is both motivated and satisfied (Dunne and Barnes, 2000). This consecutively contributes to external and strategic marketing objectives as well as to quality, productivity and efficiency MacStravic, (1985). So, internal marketing initiative serves both the organization and the individual employee successfully (Dunne and Barnes, 2000)

### **2.3 Internal Marketing**

In today's increasingly changing world, most companies are seeking to find innovative ways to enhance their competitive advantage in order to maintain customers and improve on their profitability. Intelligent and prospective companies focus primarily on the way of behavior and relationship to their employees, and first of all attempt to satisfy them. Employees are the most significant asset of a company and lack of efficient ones create several problems. This is more pronounced in service organizations.

The term internal marketing is used to describe the application of marketing internally within the organization. "Every department and every person is both supplier and a customer, and the organization's staff works together in a manner supporting the company strategy and goals". IM relates to all functions within the organization, but it is vitally concerned with the management of human resource (Collins: Payne, 1991). Greene et al. (1994) offer a definition of IM as the "promoting of the firm and its product(s) to the firm's employees, and for this strategy to be successful top level management must fully embrace it. IM means applying the philosophy and practices of marketing to the people who serve the external customer so that the best possible people can be employed and retained and they will do the best work possible. More specifically, "Internal marketing is viewing employees as internal customers, jobs as internal products, and endeavoring to design these products to meet the needs of these customers better. Joseph (1996) defines of IM as the application of marketing, human resources management, and allied theories, techniques, and principles to motivate, mobilize, co-opt, and manage employees at all levels of the organization and to continuously improve the way they serve external customers and each other"

Papasolomou (2006) suggests that people are critical to the success of organizations. Companies that select, develop, manage and motivate their workforce to produce outstanding business results, have a competitive advantage that others cannot copy. The objective of IM is to get motivated and customer conscious employees in order to achieve service excellence. The use of marketing in the IM context suggests an emphasis on the application of marketing techniques, approaches, concepts, and theories aimed at

achieving customer satisfaction in the context of internal customers, in order to achieve success in the external market. Cardy (2001) points out that, customer service holds great potential as a means for managing the internal work environment. “Focusing on people rather than on jobs can be a difficult transition, but it may be critical for the survival and success of the organization.

Berry et al (1976) points out that internal marketing is concerned with making available internal products (Jobs) that satisfy the needs of a vital internal market (employees) while satisfying the objectives of the organization and it is complemented by Greene et al. (1994) when they say that IM is Internal Marketing (IM). In reality a service organization's capability for satisfying the needs of its external customers depends in part on that firm's ability to satisfy the needs of its internal customers. According to Berry (1981) there are several forms of IM. “What they all share in common is that the customer is inside the organization. One can think of internal marketing as viewing employees as internal customers, jobs as internal products and offering internal products that satisfy the needs and wants of these internal customers, considering the objectives of the organization. The people who buy goods and services in the role of consumers, and the people who buy jobs in the role of employees, are the same people. The exchange that takes place between employers and employees is no less real than the exchange that takes place between consumers and companies.

Bansal et al. (2001) indicates an increasingly service-oriented economy requires companies to attract and retain customers to ensure a sustainable competitive advantage.

To achieve this goal, organizations must focus their efforts on developing and sustaining an organizational culture that emphasizes internal customer well-being as a means to attract and retain external customer. In service-providing organizations, the quality of service is embedded in the quality and performance of human resources. Such critical marketing events as “first encounter” and “moment of truth” are the works of frontline employees. Most of the initial work on IM focuses on employee motivation and satisfaction. It was believed that a firm must have satisfied employees in order to have satisfied customers, because so much of what customers of a service companies buy is labor. The basic way of achieving employee satisfaction was to treat employees as customers Berry et al., (1976). This is what is called the employee satisfaction phase on the development of IM ,Mohammed & Ahmed, (2000). Later it was recognized that the relationship between buyer and seller not only affects the customer's decision to buy a service or go back for more, but also provides a marketing opportunity for the company. Employees should, therefore, be sales-minded as well as customer-orientated. The objective of IM was to get motivated and customer conscious employees, and to achieve good co- ordination between employees dealing directly with the customer and the company's support staff. Mohammed & Ahmed, (2000). This phase of IM theory is called the customer- orientation.

According to Mohammed and Ahmed (2000) some authors now explicitly began to recognize that IM could help a company to achieve its strategy. In particular, it was believed that if strategies are to be implemented more effectively, internal conflicts must be overcome and internal communications improved. IM today is seen as a way of

reducing departmental isolation, reducing internal friction and overcoming resistance to change. It is now applied to any type of organization, not merely service companies. This characterizes what is called the strategy implementation and change management phase on the evolution of IM literature (Mohammed; Ahmed, 2000). IM lacks a widely accepted definition, but usually it encompasses three main themes: “service-mindedness and customer-oriented behaviors, focusing staff attention on the internal activities that need to be changed in order to enhance marketplace performance and creating motivated and customer-oriented employees” (Mosley, 2007).

Ahmed and Rafiq (2003) indicate that employees as a customer concept, as proposed by Berry (1981), leads to the premise that just as external customers, internal customers desire to have their needs satisfied. “Fulfilling employee needs enhances employee satisfaction. The higher the employee satisfaction, the higher the possibility of generating external satisfaction and loyalty” This variety of interpretations as to what IM constitutes is to have resulted into a diverse range of activities grouped under the umbrella of internal marketing. Getting employees to adopt the marketing concept of customer orientation and to become part of the company's team” (Joseph, 1996).

#### **2.4 Organizational Commitment (OC)**

This is where employees are loyal to the firm as they feel obliged to stay with it and to work for it in the future as well (Cichy, Cha, & Kim 2009). Researchers have categorized this commitment into three dimensions: - affective commitment – emotional attachment to the firm, Normative commitment – socialization experience with other employees, and

Continuance commitment – self-sacrificing when quitting a job (Meyer & Allen, 1991). It is also argued that organization commitment becomes strong if it acts as a mediating variable in establishing organizational outcomes with respect to internal marketing programs (Morgan & Hunt, 1994). In contingency view of marketing; organizational desirable outcomes can be achieved by administrating factors that are directed towards mediations such as, organizational commitment and employee trust (Iverson, McLeod & Erwin, 1996). Parasuraman (1987) argued that committed employees used to spend more time, efforts, and talents to their organizations than those who are not committed. Likely, studies also showed that organizational commitment lasts a positive influence in internal (Boshoff & Mels, 1995) and external service environments (Boshoff & Tait, 1996). Organizations that focus on customer orientation and flexibility require a formulation with employees and organization commitment by using appropriate internal strategies (Iverson, McLeod, & Erwin, 1996).

## **2.5 Market Orientation (MO)**

Narver and Slater (1990) defines market orientation as as the organization culture that most effectively creates the necessary behaviors for creating a superior value for buyers and thus continuous superior performance for the business, Their model identified three main categories which are constituted in market orientation, these are defined as: customer orientation, competitor orientation, and inter-functional coordination. Many previous researchers have identified Market Orientation as an instrument to increase organizational performance, increased productivity, and profitability, Cole, et al.,( 1993) profit maximization, Balakrishnan, (1996) New Product success Slater & Narver,( 1994).

Similarly, market orientation conceptualization is an area of study under continuous evolution (Harris, 2000). Naude, Desai and Murphy (2002) suggested some terms that are used interchangeably with market orientation i.e. market driven, market oriented, marketing oriented and customer oriented

## **2.6 Human Resource Management and Internal Marketing**

Collins and Payne (1991) affirm that IM “relates to all function within the organization, but it is vitally concerned with the management of human resources” and describes the application of marketing internally in the organization. It is important that every department and every person within an organization is both a supplier and a customer who must work together in a manner supporting the company strategy and goals. A market-oriented human resources manager is more likely to make an impact on the success of a company, considering it tends to be more effective in both demonstrating the relevance of human resources to whole company, helping other managers to increase their productivity. Marketing provides an action framework and a practical approach by which the human resource manager can offer effective solutions to key corporate problems” (Collins; Payne, 1991).

Rafiq and Ahmed (1993) identify the main elements of IM as employee motivation and satisfaction, customer orientation and customer satisfaction, inter-functional coordination and integration, marketing-like approach and implementation of specific corporate or functional strategies. According to George (1990) IM operates as a holistic management process to integrate the multiple functions of the organization in two ways:

- 1). to ensure that the employees at all levels understand and experience the business and its various activities and campaigns in the context of an environment that supports customer consciousness.
- 2). to ensure that all employees be prepared and motivated to act in a service oriented manner.

The base of this philosophy is that management wants employees to do a great job with customers, and then it must be prepared to do a great job with its employees. That is, internal exchanges between the organization and its employee groups that must be operating effectively before the organization can be successful in achieving goals regarding its external markets. Thus, the internal marketing concept states that the internal market of employees is best motivated for service-mindedness, and a customer-oriented behavior by an active, marketing approach, where marketing like activities are used maternally” (George, 1990).

Having satisfied and motivated employees will influence positively on customer satisfaction, through more satisfactory encounters with contact personnel. Employment” job description and employee-related policies is the internal “product” and first-line employees are the company’s internal “customers” (Gounaris, 2008), encouraging the organization’s employees to buy into their own services and products in both consumption and psychological terms can boost sales and confidence for customer service delivery. It requires considerable co-ordination since promotion to external customers will also largely influence the level of performance. Varey,(1995). Paraskevas

(2001) affirms that in an ideal working environment, internal service encounters would result in successful interdepartmental relationships. Several important components for implementing an internal marketing process require attention: management support, training, internal communications, personnel administration, and external activities” (George, 1990).

Although it is believed that assurances of reasonable job security, continual training, and development aid to establish a social exchange relationship”. Employers should offer pleasant job experiences and receive, in exchange for employee’s expertise and dedication leading to a sustained organizational performance. Theoretically, it will fulfill both parties since it is managed in a proficient manner. It is a task for the human resource manager to closely work with the marketing manager in an attempt to make it work as expected. By that we mean, internal marketing and Human Resource are separate entities, but must work together for the success of the program implementation and results. Making everybody a customer in his relations to others inside the organization allows one to view what happens in a firm from a true process-management perspective (George, 1990). It was possible to see that internal marketing and human resources management are closely related, but with different concepts. One works in a way to help the other so that the firm is able to deliver service excellence.

## **2.7 Elements of Internal Marketing and Service Excellence**

The boom of service industry in the 80s has led to the development of a theoretical corpus specific to this sector, and the work of Gronroos (1982, 1989), Lovelock (1983)

and Parasuraman et al. (1988), for instance, have contributed a lot to the understanding of specific characteristics of the service business, that includes internal marketing.

One of the elements of IM presented by Bansal et al. (2001) is employment security that is defined as “providing employees with the reasonable assurance that they will not be laid off, even during tough economic cycles. Any slowdowns in productivity or profitability may result in transfers, retraining, or job rotation, thus avoiding the necessity of layoffs”. Another element is extensive training since almost all descriptions of IM practices emphasize the importance of training that frontline employees need as requisite knowledge and ability to recognize, solve problems and to ensure high-quality products and services. If an organization is serious about attracting and retaining the best and brightest candidates, “providing them with a higher-than-industry-average salary is one way of accomplishing this objective. Higher pay is a way of communicating the value of employees to the organization” This way, “higher-than-industry-average salaries and pay partially contingent on performance will be positively associated with job satisfaction, loyalty to the firm, and trust in management” Bansal et al.,(2001).

In order to build trust, it is important that organizations function in a transparent manner, with a service focus. To do so, companies must be prepared to openly share with their members, “information on their strategy, financial performance, and expenditures – sharing information is a key factor to IM. Employee empowerment is an essential way to impact employee attitudes and behaviors and, hence, the level of service provided to the external customer” (Bansal et al., 2001). Finally, consistent with a focus on information

sharing and empowerment, organizations with an emphasis on internal customers should also work to reduce the status distinctions that make some people feel more or less valued than their colleagues.

Service excellence means delivering what the customer wants at the first encounter. In an external marketing perspective this is related to service quality, to exceed customer expectation, to make it right the first time. For that to happen, internal customers must also have what they want, since they are customers. It is believed that internal customer satisfaction will lead to external customer satisfaction, which represents a way to offer service excellence. “Although the importance of internal customer satisfaction levels on external customer satisfaction has been increasingly emphasized, but there remains a shortage of literature that comments on the exact nature of the relationship between the two” Bansal et al.( 2001). By satisfying the needs of its internal customers, an organization upgrades its capability for satisfying the needs of its external customers.

The organization must have a clear strategic level of importance of customers (both internal and external), for the success of the service production and delivery. IM mix consists of the program product, price, communication and distribution, according to Pierce and Morgan (1991). The plan should link the mission, objective, strategic audit and marketing tactics to both internal marketing and external marketing. Having satisfied employees is a key topic for service excellence. The point being emphasized is that, with the application of internal marketing a service organization would be able to deliver service excellence better than the ones that do not have it as a service philosophy or as a

strategic tool. Gremler et al. (1994) claims that “successful service organizations understand well the importance of carefully monitoring and managing customer satisfaction”, and service encounter can play an important role whether customer satisfaction will occur or not. The satisfaction of internal customers can be influenced by service encounters with service providers internally in the organization.

## **CHAPTER THREE: METHODOLOGY**

### **3.1 Introduction**

This chapter discusses the methods used in research conducted in the framework of study, including: Research design, study population, sample, data sources and techniques of sampling, and data analysis methods.

### **3.2 Research Design**

The researcher used descriptive survey According to Kothari (2004), a descriptive survey is a study that is concerned with specific predictions, with narration of facts and characteristics concerning an individual, a group or situation. It enables the researcher to get information about the current situation from the employees, customers and management as the objectives of the study was to describe, explain and validate generalized findings.

### **3.3. Population**

The study population comprised of the four leading supermarkets within Nairobi County. With an estimated work force of above 500 employees and a branch network of over twelve branches within Nairobi County. Branch Managers, Customer Service Managers, Supervisors and Line staff within the organization as respondents. They are responsible for setting the minimum service standards and on various occasions come in handy should there is a customer not happy with what he received, they will have to step in and handle the complaints.

### **3.4 Sampling**

Probability sampling procedure was used. Every staff had an equal chance of being included in the sample so as to minimize bias (Tull and Hawkins, 1993). The researcher applied stratified random sampling method to select respondents for interviews and filling questionnaires. This involved the Four(4) leading supermarket's in Nairobi County. This sampling approach allowed the researcher to examine various subgroups, the use of this method recommends equal sample sizes but, when the population to be sampled is not homogenous and consists of several subgroups, stratified simple random sampling gave a more representative sample than simple random sampling” (Ary et al., 2002).

### **3.5 Data Collection**

The researcher used primary and secondary sources of data. Primary data was collected by use of questionnaires. Closed and open ended questionnaires were used to enable the respondents express their views. Drop and pick later method was used to administer the questionnaire by the researcher to all respondents due to its low cost and allow the respondents to complete them at their convenient time. Kothari (2003) argues that questionnaires generate data a very systematic and orderly manner. The Questionnaire contained three parts A, B, and C for demographic, internal marketing competency and Employees job satisfaction through information dissemination. Questionnaires were used for descriptive study, such as that undertaken using attitude and opinion questionnaires. The questionnaires of organizational practice enabled the researcher to authenticate the

views presented and describe the variability in different phenomena. Making it easy to validate secondary information collected.

### **3.6 Data Analysis**

Data collected was presented by use of, frequencies, percentages. A correlation analysis was carried out to establish the significance of the relationship between internal marketing, employee job satisfaction, which culminates into improved performance. Measures of variability, such as standard deviation, inform the analyst about the distribution. Frequency distribution shows a record of the number of times a score or record of the number appears. The Statistics Package for Social Scientists (SPSS) program was used to analyze the data.

## **CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS**

### **4.1 Introduction**

This chapter presents the data analysis, findings and conclusions of the study. The data was collected from Branch Managers, Customer Service Managers, Supervisors and Line staff from the four leading supermarkets within the county. Data was collected from a total of 80 individuals out of the targeted 120 respondents. This translated to a response rate of 66.7% which the researcher considered sufficiently representative for this study.

### **4.2 Background Information on Respondents**

This analysis sought to determine the demographic profiles of respondents who are Employees of the leading supermarkets representing Top management, Middle level management and Lower level of staff that work for these organizations within the county. This was aimed to establish the impact of Internal marketing and organization performance within the leading supermarkets in the county. The results are presented below.

#### **4.2.1 Gender of the Respondents**

The results show that majority of the respondents were male as compared to females. Males taking 78.8 percent and females 21.2 percent as presented in Table 4.1.

**Table 4.1: Gender of the Respondents**

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	63	78.8	78.8	78.8
Female	17	21.2	21.2	100.0
Total	80	100.0	100.0	

Source: Researcher (2014)

#### 4.2.2 Age of Respondents.

**Table 4.2: Age.**

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21-25 years	7	8.8	8.8	8.8
26-30 years	23	28.8	28.8	37.5
31-35 years	32	40.0	40.0	77.5
Over 35 years	18	22.5	22.5	100.0
Total	80	100.0	100.0	

Source: Researcher (2014)

Table 4.2 shows that majority of the respondents were aged between 31 to 35 years taking up 40 percent of the respondents, while ages 26 to 30 years taking up 28 percent of the respondents. While respondents above 35 years taking up 22.5 percent and ages 21 to 25 years represented the lowest percentage of 8.8.

### 4.2.3 Name of Supermarket Working for

**Table 4.3: Organization**

Supermarket	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Uchumi	22	27.5	27.5	27.5
Nakumatt	24	30.0	30.0	57.5
Naivas	17	21.3	21.3	78.8
Tuskys	17	21.3	21.3	100.0
Total	80	100.0	100.0	

Source: Researcher (2014)

Table 4.3 shows that Nakumatt supermarket produced the highest percentage of respondents taking up 30 percent followed by Uchumi supermarket with 27.5 percents, Naivas and Tuskys supermarkets had equal percentages of 21.25 percent each.

#### 4.2.4 Current Position Held within the Organization

**Table 4.4: Current Position**

Position	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Branch Manager	8	10.0	10.0	10.0
Customer service manager	10	12.5	12.5	22.5
Supervisor	32	40.0	40.0	62.5
Line staff	30	37.5	37.5	100.0
Total	80	100.0	100.0	

Source: Researcher (2014)

From the findings in table 4.4 shows majority of the respondents were Supervisors taking up 40 percent followed by Line staff with 37.5 percent. This section of respondents represents key departments within any organization that internal marketing will play a pivotal role in ensuring high levels of performance and employee job satisfaction. Customer service managers and Branch Managers took up 12.5 and 10 percent respectively out of the total respondents.

#### 4.2.5 Period Employed in the Organization

**Table 4.5: Period of employment in that organization**

Period	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than one year	11	13.8	13.8	13.8
1-2 years	20	25.0	25.0	38.8
3-4 years	27	33.8	33.8	72.5
above 5 years	22	27.5	27.5	100.0
Total	80	100.0	100.0	

Source: Researcher (2014)

The study revealed the largest percentages of respondents taking up 33.8 percent have been employed in the organizations for 3 to 4 years followed by those above 5 years with 27.5 percent. This gives organizations and employees added advantage of high performance resulting from gained experience over time. Those employed between 1 to 2 and less than a year were represented by 25 percent and 13.8 percent respectively.

#### 4.2.6 Duration Held under the Current Position

**Table 4.6: Duration within the same position**

Duration		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than one year	20	25.0	25.0	25.0
	1-2 years	34	42.5	42.5	67.5
	3-4 years	18	22.5	22.5	90.0
	5 years and above	8	10.0	10.0	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

Research findings indicated majority of the respondents have held their current positions between 1 to 2 years representing 42.5 percent, followed by those with less than one year taking up a 25.5 percent. Respondents who have held their positions for between 3 and 4 years took up 22.5 percent and those of 5 years and above took up 10 percent and respectively.

#### 4.3 Organizations Supportiveness

Internal marketing provides guidelines on how employees achieve greater levels of customer satisfaction. In addition, its proven that these guidelines assist in creating a sentimental attachment and establish a co-operative environment amongst employees. The researcher was interested in determining the respondents level of agreement or

disagreement with whether the people are treated fairly within the organization, supervisors support in executing their tasks, support from co-workers, adequate mentoring from seniors,, customer orientation, the organization encourages and supports innovation and if new and improved ways of doing work are continually adopted.

At the centre of this framework is customer orientation which is achieved through a marketing-like approach to the motivation of employees, and inter- functional co-ordination. The centrality of customer orientation reflects its importance in the marketing literature and its central role in achieving customer satisfaction and hence organizational goals. In fact, according to Narver and Slater (1990), inter-functional co-ordination is an essential facet of market orientation (see also Kohli and Jaworski, 1990; Jaworski and Kohli, 1993).

### 4.3.1 Organization Support to its Employees

**Table 4.7: Organization Supportiveness**

Response	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
People are treated fairly in my org	11.3%	0	63.8%	25.0%	4.03	.842
My supervisor supports me in my duties	10%	11.3%	47.5%	31.3%	4.00	.914
Co-workers support each other in our duties	20%	30%	35%	15%	3.45	.980
People have adequate mentoring from seniors	8.8%	13.8%	58.8%	18.8%	3.88	.817
A customer orientation is commonly used	12.5%	25.0%	52.5%	10.0%	3.60	.836
My org encourages and supports innovation	5.0%	30.0%	40.0%	25.0%	3.85	.858
New and improved ways to work are adopted continually	7.5%	10.0%	77.5%	5.0%	3.80	.644

Source Researcher (2014)

From the findings on the extent to which the organization supports its employees, the study revealed that majority of the respondents agreed that they are supported by the organizations they work for, this is shown by the strength of the mean 4.03 people being

treated fairly, .4.00 for supervisors support to his juniors. 3.45 Co-workers assisting each other in undertaking duties, Adequate mentoring by seniors taking a mean of 3.88, Use of customer orientation taking a mean of 3.60, organization encouraging and supporting innovation taking a mean of 3.85 and New and improved ways to work being adopted taking a mean of 3.80. This is supported by the low standard deviation in indication that respondents held a similar opinion.

#### 4.4 To Assess Internal Marketing Competency Level in your Organization

Internal marketing compliments traditional marketing concept and holds that an organization internal market of employees can be influenced most effectively and motivated through customer consciousness, market orientation and sales mindedness. From marketing like internal approach and activities, that requires a shared and common understanding of objectives and desired outcomes across all departments.

##### 4.4.1 Marketing Department Response to Other Departments

**Table 4.8: Marketing department response to other departments**

Inter-functional Co-ordination	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Neutral	18	22.5	22.5	22.5
Somewhat agree	51	63.8	63.8	86.3
Strongly agree	11	13.8	13.8	100.0
Total	80	100.0	100.0	

Source: Researcher (2014)

Study results show majority of the respondents somewhat agree that marketing department responds promptly to complaints and requests from other departmental heads with a 63.8 percent somewhat agree and 13.8 percent strongly agreeing. 18 percent of the respondents stayed neutral. None of the respondents disagreed with a zero percent representation.

#### 4.4.2 Support of Marketing Budget by Other Departments

**Table 4.9: Support of marketing budget by other departments**

Marketing budget	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Somewhat disagree	34	42.5	42.5	42.5
Neutral	12	15.0	15.0	57.5
Somewhat agree	28	35.0	35.0	92.5
Strongly agree	6	7.5	7.5	100.0
Total	80	100.0	100.0	

Source Researcher (2014)

From the findings a large percent of 42.5 of the respondents somewhat disagree with marketing budget presented by marketing department year after year, followed by 35 somewhat agree and 15 percent staying neutral on the question. Only 7.5 percent of the respondents strongly agree.

#### 4.4.3 Clarity of Marketing Department Responsibilities

**Table 4.10: Clarity of marketing department responsibilities**

Responsibility ratings	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Somewhat disagree	4	5.0	5.0	5.0
Neutral	19	23.8	23.8	28.8
Somewhat agree	54	67.5	67.5	96.3
Strongly agree	3	3.8	3.8	100.0
Total	80	100.0	100.0	

Source: researcher (2014)

The results show that most respondents somewhat agree that marketing department responsibilities are clear represented by 67.5 percent and 23.8 percent staying neutral. Those who disagree are represented by 5 percent and least of the respondents strongly agreeing represented by 3.8 percent.

#### 4.4.4. Recent Experience with Marketing Department

**Table 4.11: Recent experience with marketing department**

Customer-orientation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very poor	3	3.8	3.8	3.8
	Somewhat unsatisfactory	7	8.8	8.8	12.5
	About average	22	27.5	27.5	40.0
	Very satisfactory	38	47.5	47.5	87.5
	Superior	10	12.5	12.5	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

From the findings majority of respondents represented by 47.5 percent are very satisfied with their experience with marketing team followed by 27.5 percent rating them as above average. 12.5 percent rated them as superior experience. 8.8 percent were somewhat unsatisfied and 3.8 percent rating their experience as very poor.

#### 4.5. Employees Levels of Satisfaction in their Current Job in Terms of Engagement and Involvement in Corporate Performance and Direction

According to Brum(1998), the main objective of Internal Marketing is to ensure that all employees are informed about the firms vision, that is their management initiatives, goals, outcomes, services and served markets.

#### 4.5.1 Individually Addressed Email on Corporate Performance

**Table 4.12: Individually addressed email on corporate performance**

Staff Empowerment		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	6	7.5	7.5	7.5
	Annually	32	40.0	40.0	47.5
	Quarterly	17	21.3	21.3	68.8
	Monthly	14	17.5	17.5	86.3
	Weekly	11	13.8	13.8	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

Most respondents acknowledge receiving individual email communication on corporate performance annually represented by 40 percent, followed by 21.3 percent who receive on quarterly basis. Monthly and weekly communication takes up 17.5 percent and 13.8 percent respectively. It noted that 7.5 percent of the respondents never receive any individually addressed email.

#### 4.5.2. Effectiveness of Such Communication

**Table 4.13: Effectiveness of such communication**

Communication		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	14	17.5	17.5	17.5
	Fair	41	51.3	51.3	68.8
	Good	16	20.0	20.0	88.8
	Very good	7	8.8	8.8	97.5
	Excellent	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

A large percentage of 51.3 percent of the respondents find this mode fair followed by 20 percent who find it good. 17.5 percent of the respondents find it poor method of transfer of corporate performance information. A very minimal percent of 2.5 find this mode excellent.

**4.5.3. How Frequent do you have One on One Meeting with senior management.**

**Table 4.14: How frequent you have one on one meeting with bosses**

Interactiveness		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	3	3.8	3.8	3.8
	Annually	30	37.5	37.5	41.3
	Quarterly	35	43.8	43.8	85.0
	Monthly	12	15.0	15.0	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

From the findings majority of the respondents hold face to face meetings with their senior management on a quarterly basis represented by 43.8 percent followed by 37.5 percent annually. 15 percent of the respondents hold meeting monthly and 3.8 percent have never held such meetings.

#### 4.5.4. Effectiveness of Such Meeting with your senior management

**Table 4.15: Effectiveness of such meeting with seniors**

Effectiveness		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	5	6.3	6.3	6.3
	Fair	10	12.5	12.5	18.8
	Good	35	43.8	43.8	62.5
	Very good	22	27.5	27.5	90.0
	Excellent	8	10.0	10.0	100.0
	Total	80	100.0	100.0	

Source: Researcher. (2014)

Research findings show that 43.8 percent of the respondents find such meetings with seniors as good followed by 27.5 percent who find them very good. A number of respondents find such meeting as fair represented by 12.5 percent and 10 percent of them find them as excellent in communicating corporate performance. Least represented respondents were those who find it a poor taking up 6.3 percent.

#### 4.5.5. Frequency of Group Meeting or Open Forums

**Table 4.16: Frequency of group meeting or open forums**

Call conferencing		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Annually	52	65.0	65.0	65.0
	Quarterly	14	17.5	17.5	82.5
	Monthly	14	17.5	17.5	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

Findings show that a large percentage of 65 percent of the respondents hold such meetings annually with Quarterly and Monthly sharing 17.5 percent each.

#### 4.5.6. Effectiveness of Group Meetings or Open Forums

**Table 4.17: Effectiveness of group meetings or open forums**

Open forums		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	5	6.3	6.3	6.3
	Fair	8	10.0	10.0	16.3
	Good	16	20.0	20.0	36.3
	Very good	42	52.5	52.5	88.8
	Excellent	9	11.3	11.3	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

From the findings majority of the respondents find such meetings as very good represented by 52.5 percent followed by 20 percent of the respondents who rate them as good. Those respondents who rate such meeting as fair and poor take up 10 percent and 6.3 percent respectively.

#### 4.5.7 Effectiveness of Co. Corporate Directions Conveyed in Celebrations

**Table 4.18: Effectiveness of Co. Corporate Directions Conveyed in Celebrations**

Effectiveness		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fair	6	7.5	7.5	7.5
	Good	12	15.0	15.0	22.5
	Very good	32	40.0	40.0	62.5
	Excellent	30	37.5	37.5	100.0
	Total	80	100.0	100.0	

Source: Researcher. (2014)

From the findings majority of the respondents find such occasions and very good and excellent in communicating corporate direction represented by 4. Percent and 37.5 percent respectively. Those who rated such events as good took up 15 percent of the respondents and 7.5 percent found it fair.

#### 4.5.8 How Often does the Co. Sponsor Team Building Activities

**Table 4.19: How often does the Co. sponsor team building activities**

Team building activities		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	15	18.8	18.8	18.8
	Annually	45	56.3	56.3	75.0
	Twice annually	18	22.5	22.5	97.5
	Weekly	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

Study results show that almost half of the respondents indicated that their companies have annually activities for their employee represented by 56.3 percent followed by 22.5 percent who such activities twice in a year. A total of 18.8 percent of the respondents never have such events and a small percent of 2.5 have them weekly.

#### 4.5.9 Effectiveness of Such Events in Communicating Key Performance Information

**Table 4.20: Effectiveness of such events in communicating key performance information**

Effectiveness		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	2	2.5	2.5	2.5
	Fair	7	8.8	8.8	11.3
	Good	9	11.3	11.3	22.5
	Very good	24	30.0	30.0	52.5
	Excellent	38	47.5	47.5	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

From the findings majority of the respondents rated these corporate activities as good, very good and excellent means of conveying key corporate performance information represented by 11.3 percent, 30 percent and 47.5 percent respectively. A mere 2.5 percent rated the events as poor.

#### 4.5.10. How Often are your Family Members Invited?

**Table 4.21: How often are your family members invited?**

Family Invitation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	3	3.8	3.8	3.8
	Annually	58	72.5	72.5	76.3
	Twice annually	16	20.0	20.0	96.3
	Quarterly	3	3.8	3.8	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

Study results show a large number of respondents represented by 72.5 percent have their families invited annually followed by 20 percent of those who are invited twice annually. Those respondents who get invited quarterly and never shared 3.8 percent each.

#### 4.5.11 Effectiveness of Communication Channels between Departments

**Table 4.22: Effectiveness of communication channels between departments**

Comm channels		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	68	85.0	85.0	85.0
	No	12	15.0	15.0	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

From the findings 85 Percent of the respondents feel that the interdepartmental communication channels within the organizations are working effectively and 15 percent saying no.

#### 4.5.12 Understanding where the Organisation is Heading

**Table 4.23: Understanding where the organisation is heading**

Informed		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	48	60.0	60.0	60.0
	No	32	40.0	40.0	100.0
	Total	80	100.0	100.0	

Source: Researcher (2014)

Study results show majority of the respondents said yes as they know and understand where the organization is heading represented by 60 percent, with 40 percent not knowing where the organization is heading.

**4.5.13. What Value Do you add by Communicating the Strategic Roadmap to Employees**

**Table 4.24: What value do you add by communicating the strategic roadmap to employees**

Value	Frequency	Percent	Valid Percent	Cumulative Percent
Valid High Impact	19	23.8	23.8	23.8
Medium Impact	38	47.5	47.5	71.3
Low Impact	23	28.8	28.8	100.0
Total	80	100.0	100.0	

Source: Researcher (2014)

From research findings it clearly indicates that an organization communicating its strategic roadmap to its employees adds a lot of value as majority of respondents rated it as of medium impact followed by 23.8 percent rating it as of high impact. 28.8 percent of the respondents rated it as of low impact.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents a summary of the findings on the research study on leading supermarkets in Nairobi County. The chapter also presents the conclusions as well as suggested areas for further research.

### **5.2 Summary of the Findings**

The findings of the study are consistent to previous studies (Caruana & Calleya, 1998; Tsai & Wu, 2006; Kyriazopoulos et al., 2007; Hung & Lin, 2008; and Farzad et al., 2008).

We argue on the basis of results that the commitment of employees is achieved when organization provide its employees with support, effective communication, and shared vision to make them loyal with the organization in the long run. Studies also show that committed employees provide excellent service to their customers, they tend to be more aware about customers' needs and want, and concerned with organization profitability (Ahmed, et al., 2003). Similarly, it is claimed that internal marketing programs provide job satisfaction to their employees and make them committed with their workplace (Tsai & Wu, 2006).

The results of the study revealed that organizational support received by senior management to its staff impacts heavily on employee's level of retention. Majority of respondents indicated that as employees they are fairly treated and mentored by their

senior management, which is confirmed by the number of years they have been employed by the same organization.

Study findings indicate that interdepartmental cohesion needs to be emphasized as other departments did not fully support the annual budget and the responsibilities of the Marketing department. Though respondents appreciated very much their experience with the department as customers, internal marketing needs to be emphasized for all departments to view each other as one with a common objective and goals to achieve.

On corporate direction and performance communication, most organizations undertake them annually which, according to the rapid changes in the market environment, employees would be better placed if they are kept updated regularly. Meetings between staff and management on a one on one basis and groups open forums; especially during celebrations are the most effective ways that organizations can use. They facilitate a shared and common understanding of objectives and desired outcomes.

### **5.3 Conclusion**

Most of the Supermarkets studied practice internal marketing even though it has not been entrenched as part of the organizations culture as evidenced by results indicating an average of 10 percent disagreeing on organizations supportiveness and a neutral response averaging 20 percent on internal marketing competency levels within the researched organization. With recordings of respondents never having received any communication on corporate performance and directions is a negative indicator that more needs to be

done on internal marketing within the organizations. Brand ambassadors come from within the organization and not outside.

#### **5.4 Recommendations**

The retail industry within the county is a crucial challenge for managers to handle due to involvement of human element in delivering the optimal services. After a detailed analysis of the study, it is therefore suggested that managers need to focus on internal marketing programs to achieve and sustain a competitive position in the market. It will be the ultimate strategy for organizations to use in order to curb employee turnover, as many supermarkets names join the market.

Managers need to pay significantly more attention to the communication of marketing (and other organizational) strategies and objectives to employees so that they understand their role and importance in the implementation of the strategies and achievement of marketing and organizational objectives (GroÈnroos, 1981). Research evidence suggests that the frequency, quality and accuracy of downward communication moderates employee role ambiguity (Zeithaml et al., 1988) and hence increases job satisfaction. Managers need to find appropriate communication mechanisms for their particular organizations and the task in hand. Supportive senior management is fundamental to the success of IM as it indicates to all employees the importance of IM initiatives and thereby facilitates inter-functional co-ordination.

Secondly, dissemination of important information related to corporate performance and direction of the organization must be communicated to the employees for an agile market oriented behavior. Group meetings or open forum conference calls must also be a part of organizational activities for dissemination of important information, related to overall corporate performance, appraisals and to retain their employees and transfer of trust level among them. Results also suggests to managers that they should put more focus on establishing loyal relationship with their employees by motivating them and making them realize that they are the asset of the firm, but amazingly this type of motivation is lacking in the retail industry within the county and needs a serious attention of managers.

### **5.5 Study Limitations**

The study was limited by some respondents who failed to respond, citing busy schedules and unavailability to provide information and others total unwillingness to participate due to time constraints.

The researcher wished to have propped the respondents further but due to the level of responsibilities assigned to the respondents, their work comes first as customers needed their attention more than the researcher. Repeated visits to the respondents in attempting to get data from them, led to time wastage at the receptions, with no response after all that waiting. While such kind of study suffers general problems associated with questionnaire based research, the researcher undertook efforts to minimize errors.

## **5.6 Suggestions for Further Research**

The study concentrated on leading supermarkets within Nairobi County and yet a substantial number of small supermarkets are all over the county and the country. The study of internal marketing would help such supermarkets to gain some competitive advantage and create a level playing field for them.

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## APPENDICES

### Appendix I: Questionnaire

#### Introduction

This questionnaire seeks to gather information on internal marketing and organizations performance in the main stream retail supermarkets within Nairobi County. Give the best of your knowledge and understanding of internal marketing practices within your organization. The information given will be treated with utmost confidentiality and will not be used for any other purpose other than academic for which it is intended.

#### SECTION A: PERSONAL DATA

1. Name ( Optional)\_\_\_\_\_
- Gender
- Male                    [   ]
- Female                    [   ]
2. Age ( tick)
- Below 20 years            [   ]
- 21 – 25 years            [   ]
- 26 – 30 years            [   ]
- 31 – 35 years            [   ]
- Over 35 years            [   ]
3. Supermarket that you are currently working.....

4. Current position that you hold within the organization
- Branch managers [ ]
- Customer service manager [ ]
- Supervisor [ ]
- Line staff [ ]
5. For what period have you been employed by this organization.
- Less than one year's [ ]
- 1 – 2 years [ ]
- 3 –4 years [ ]
- Above 5 years [ ]
6. For what duration have you held your current position in this organization (tick)
- Less than one year [ ]
- 1 – 2 years [ ]
- 3 –4 years [ ]

**Section B: Organization supportiveness**

**1 = Strongly disagree. 2=Disagree. 3= Neutral. 4= Agree. 5=Strongly agree**

1. People are treated fairly in my organization

1 2 3 4 5

2. My supervisor supports me in executing my duties

1 2 3 4 5

3. Co-workers supports me in my duties

1 2 3 4 5

4. People have adequate mentoring from seniors

1 2 3 4 5

5. The glue that holds my organization together is the emphasis on tasks and goal accomplishment. A customer orientation is commonly used.

1 2 3 4 5

6. My organization encourages and supports innovation

1 2 3 4 5

7. New and improved ways to do work are continually adopted.

1 2 3 4 5

**To assess internal marketing competency level in your organization.**

1. The marketing department responds promptly to requests / complaints of head of channels/ other departments.

Strongly disagree [ ]

Somewhat disagree [ ]

Neutral [ ]

Somewhat agree [ ]

Strongly agree [ ]

2. As the procurement / finance department, you find marketing budgets more convenient year after year.

Strongly disagree [ ]

Somewhat disagree [ ]

Neutral [ ]

Somewhat agree [ ]

Strongly agree [ ]

3. As the marketing department, our responsibilities and services are clear to the employees / departments.

Strongly disagree [ ]

Somewhat disagree [ ]

Neutral [ ]

Somewhat agree [ ]

Strongly agree [ ]

4. In thinking about your most recent experience with the marketing team / individuals, the quality and time consumed for the service you received as a customer was:

Very poor [ ]

Somewhat unsatisfactory [ ]

About average [ ]

Very satisfactory [ ]

Superior [ ]

**Section C: Choose, from a number of alternatives, the response that best describes your satisfaction in your current job.**

How frequently do you receive individually addressed email related to corporate performance and direction?	Never	Annually	Quarterly	Monthly	Weekly
On a scale from 1 to 5 with 1 being poor and 5 being excellent, how effectively does your company use individually addressed email to transfer key performance information?	1	2	3	4	5
How frequently do you have one on one meetings with your senior management (face to face or via phone) concerning corporate performance and direction?	Never	Annually	Monthly	Weekly	Daily
On a scale from 1 to 5 with 1 being poor and 5 being excellent, how effectively are your one on one meetings with your senior management in communicating key performance information?	1	2	3	4	5
How frequently do you have group meetings or open forum conference calls with your manager concerning overall performance and appraisals?	Never	Annually	Monthly	Weekly	Daily
On a scale from 1 to 5 with 1 being poor and 5 being excellent, how effective are your group meetings and open forum conference	1	2	3	4	5

calls with your manager in communicating key performance information?					
On a scale from 1 to 5 with 1 being poor and 5 being excellent, how effectively is your company's corporate direction conveyed during the celebrations honoring personal milestones such as birthdays or anniversaries?	1	2	3	4	5
How frequently does your company sponsor team building activities, lunches or dinners for its employees	Never	Annually	Twice annually	Monthly	Weekly
On a scale from 1 to 5 with 1 being poor and 5 being excellent, how effective are these corporate activities and meals at conveying key performance information?	1	2	3	4	5
How frequently are your family members encouraged to attend corporate sponsored events?	Never	Annually	Twice Annually	Quarterly	Monthly

2. Do you feel that the communication channels are working effectively between departments within the organization,?

a.  Yes

b.  No

3. Do you know and understand where the organisation is heading?

a.  Yes

b.  No

4. To what extent do you think you add value to communicate the strategic roadmap of the organization to other employees?

a.  High Impact

b.  Medium Impact

c.  Low Impact

## Appendix II: List of Supermarkets in Nairobi County

Acacia Supermarket Ltd, Nairobi
Aflose Supermarket Ltd, Nairobi
African Grocers Ltd, Nairobi
Amal Supermarket Ltd, Nairobi
Armed Forces Canteen Organization, Nairobi
Betccam Savers Supermarket, Nairobi
Bluemart supermarket, Nairobi
Broadway Supermarket, Nairobi
Builders Supermarket Ltd, Nairobi
Buru Buru Mini Market, Nairobi
Cash and Carry Ltd, Nairobi
Centaline Supermarket, Nairobi
Centaling Supermarket, Nairobi
Chandarana Supermarkets Ltd, Nairobi
City Mattresses Ltd, Nairobi
Clean Way Ltd, Nairobi
Cleanshelf Supermarkets
Continental Supermarket Ltd, Nairobi
Cosby Supermarket, Nairobi
Country Mattresses Ltd, Nairobi
Deepak Cash and Carry Ltd, Nairobi
DnD Supermarket-Innercore Branch, Nairobi
Eagles Supermarket, Nairobi
Eastleigh Mattresses Ltd, Nairobi

Eastmatt Supermarket, Nairobi
Ebrahim and Company Ltd, Nairobi
Elipa Supermarket's
Esajo Supermarket, Nairobi
Fairdeal Shop and Save Ltd, Nairobi
Guestcare Ideal Homes Ltd, Nairobi
Happy Valley Supermarket Ltd, Nairobi
Homechoice Supermarket, Nairobi
Horyal Supermarket, Nairobi
Jack and Jill Extravaganza Ltd, Nairobi
Jack and Jill Supermarket Ltd, Nairobi
Janamu Supermarket, Nairobi
Jawa's Supermarket Ltd, Nairobi
Jazeer Supermarket Ltd, Nairobi
Jeska Supermarket Ltd, Nairobi
Jey Supermarket , Nairobi
Jopampa Provision Store, Nairobi
Joster Mini Market, Nairobi
Juja Road Fancy Store Ltd, Nairobi
K and A Self Selection Store Ltd, Nairobi
Kaaga Mini Market Ltd, Nairobi
Kaka Self Services Ltd, Nairobi
Kalumos Trading Company Ltd, Nairobi
Kamindi Self Ridges, Nairobi
Karen Supermarket, Nairobi

Kaymambunguba Supermarket, Nairobi
Kenton Supermarket, Nairobi
Marketway Ltd, Nairobi
Marketways supermarket, Nairobi
Mesora Supermarket Ltd, Nairobi
Metro Cash and Carry (K) Ltd, Nairobi
Midas Touch Supermarket Ltd, Nairobi
Mulika Mini Market, Nairobi
Mustard Supermarket, Nairobi
Muthaiga Mini Market, Nairobi
Naivas ltd, Nairobi
Naivasha Self Service Stores, Nairobi
Naivasha Supermarkets Ltd, Nairobi
Nakumatt Holdings Ltd, Nairobi
Neibas Supermarkets
New Westland Stores Ltd, Nairobi
north view supermarket, Nairobi
Parklands Pricerite Ltd, Nairobi
Portway Stores Ltd, Nairobi
Quickmart Supermarket, Nairobi
Raken Supermarket Ltd, Nairobi
Rikana Supermarkets, Nairobi
Rosjam Supermarket, Nairobi
Safeway Hypermarkets Ltd, Nairobi
Satellite Supermarket Ltd, Nairobi

Savannah Selfridge Supermarket, Nairobi
Shoppers Paradise, Nairobi
Spring Valley Supermarket (1979), Nairobi
Stagen Enterprises Ltd, Nairobi
Sunshine Supermarket, Nairobi
Superbargains Cash and Carry Ltd, Nairobi
Tesco Corporation Ltd, Nairobi
Trolleys and Baskets, Nairobi
Tumaini supermarket, Nairobi
Tuskys Supermarket Head office, Nairobi
Uchumi Supermarkets Ltd, Nairobi
Ukwala Supermarket, Nairobi
Uncle Jim's Supermarket, Nairobi
Upturn Technologies, Nairobi
Uthiru Wayside Supermarket, Nairobi
Vantage Supermarket Ltd, Nairobi
Woolmatt Ltd, Haile Selassie Avenue, Nairobi

Note: Listing consists of names of supermarkets only and not by branches source

### **Appendix III: Letter of Introduction**

September 6, 2014

Dear Respondent

#### **REF: REQUEST FOR RESEARCH DATA**

I am a Master of Science (MSc.) student at the University of Nairobi. I am required to submit as part of my course work assessment a research project report on Internal Marketing and Organizational performance in the retail industry in Kenya a case study of leading supermarkets in Nairobi County. To achieve this, your organization is one of those selected for the study. I kindly request you to fill the attached questionnaire to generate data required for this study. This information will be used purely for academic purpose and your name will not be mentioned in the report. Findings of the study, shall upon request, be availed to you.

Your assistance and cooperation will be highly appreciated.

Thank you in advance.

Sincerely

Lyambila N Makerious

MSc Student.

University of Nairobi.

