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MASTER'S THESIS

**INTERNAL MARKETING AND JOB SATISFACTION, IMPLICATIONS
FOR HUMAN RECRUITMENT MANAGEMENT:
THE CASE OF BH TELECOM**

Sarajevo, October 2015

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The undersigned NEJRA KOZARIĆ, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), declare that I am the author of the master's thesis entitled INTERNAL MARKETING AND JOB SATISFACTION, IMPLICATIONS FOR HUMAN RECURSE MANAGEMENT: THE CASE OF BH TELECOM, written under supervision of doc. dr. Katja Mihelić.

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INTRODUCTION

The concept of the employee, arising from the inner market of the organization, lies therefore in the centre of internal marketing. It had been noted that by meeting the needs of its internal customers, the organization will satisfy its external customers (Gounaris, 2010). Stated in other words, in the current times, knowing that human capital is the essential source of creating the self-sustainable value for organization, with regards to their needs as internal customers of an organization, it is the main tool for the ultimate successful performance of the organization. As can be witnessed in the present-day, the environment is very uncertain and competitive, hence organizations should endeavour to use all of their resources effectively. There is a statement that the most significant assets of any business walk out the door at the end of each day (Boxall, 2007). In reality, this is true, since, employees and their management are more frequently seen as essential integral parts of competitive advantage (Boxall & Purcell, 2003; Pfeffer, 1999). Spurred on by the rising competition, technological changes are moving forward at a rapid pace, globalization and other driving factors; businesses are searching for answers in order to realize as to how one of the last competitive resources in real terms, their human resources, can be managed to gain a competitive advantage (Boxall, 2007) and how they can succeed in fulfilling superior performance.

The human resource management has grown in all aspects to the level where it has become an industry rather than merely a simple occupation. This trend is evident from the United States and Western countries, where specific HR firms already exist as well as large and influential offices within firms. Despite significant discussions and debates related to the actual role that HR should carry out, as well as the manner in which it should be carried out, HR had established a place at the senior management table by the early 1990s through their capacity to determine and resolve practical problems in fields such as recruitment, employee relations, training, etc. (Stredwick, 2005). All aspects of how people in organizations are employed and managed, according to Armstrong (2010), are derived from the practice of Human Resource Management (hereinafter: HRM). Numerous activities are included, such as: strategic HRM, human capital management, knowledge-driven management, organization development, resourcing (human resource planning, recruitment and selection and talent-related management), performance management, learning and development, reward management, employee relations and the well-being of employees. Furthermore, the overall aim of HRM is to provide organizations with the capability to thrive through their employees. By reviewing the literature of internal marketing and HRM, it can be concluded that there is a noteworthy overlap between the two aforementioned concepts. According to Dunne and Barnes (2000), Glassman and McAfee (1992), and Varey (2001), it is the human resources that, as internal customers, would best be served through contributions of both the marketing and human resources functions, as they reflect the common roots of each discipline, within the psychological theory. The major role of internal marketing is to breed effective human resources, which implies that Internal Marketing and HRM are closely related to one another.

Internal marketing is comprised of a number of different definitions, and according to Cahill (1996) internal marketing is capable of attracting, creating, motivating and retaining employees with top qualifications through products with the focus on fulfilling their needs. The philosophy of placing employees in the customers' position in practical terms is the main target of internal marketing, "attracting" employees as the guiding approach for establishing and forming products that are related to the job, in accordance with the general needs of people. Amongst other issues, it is the perception of human resources that is also taken into account. This implies that carrying out activities in terms of establishing a more favourable contact between customers and employees. Thus, at the end of the day, it is the contact between customers and front-line employees of the organization in charge of services, which interact with most of the customers, and generally speaking, carry out a number of various customer transactions. Internal marketing has been perceived as the key platform by Che Ha, Abu Bakar and Jaffar (2007), using the tools of marketing in order to attract and retain the best performing employees. The employees should enhance the business performance in the best possible manner, thus 12 forms of internal marketing had been determined: inter-functional coordination and integration, customer orientation, marketing like approach, job satisfaction, empowerment, employee motivation, the quality of service, employee development and vision of the organization, strategic reward, internal communication and senior leadership.

Internal marketing and job satisfaction are interconnected which was pointed out by several studies. It is Sang, Ison, and Dainty (2009) who have discovered that points related to job satisfaction, such as: pay, colleagues, supervisors, working conditions, job security, promotion aspects and the nature of work, are the elements which will be researched in most depth and revealed that all the aforementioned aspects have a positive inter-connection with the job satisfaction element. According to Edmans (2012), in the field of marketing services, much of what the customers purchase is labour or acts of human.

This thesis will focus on the analysis of services within public sector, or more precisely of public enterprises. Some research has been conducted on internal marketing, but this has generally been confined to firms in the private sector (Ewing & Cuarana, 2008). Here, there seems to be a gap in the literature, as service related constructs (e.g. internal marketing) are mostly researched for real sector companies (Hwang & Chi, 2005; Rajyalakshmi & Kameswari 2009; Stauss & Hoffman, 2000 and others). This research is of crucial importance considering there are very few studies done on the subject of internal marketing in the public sector of B&H. However, in order to meet the increasing needs of the public sector and the expectations of improving the human resource management practices, which are changing under the pressure of an increasingly intense competitive environment, the organizational commitments of employees have to be enhanced through a specific and scientific relationship with the employees as well as the enjoyment of technology and modern methods of internal

marketing (Ohmae, 1989). The purpose of the thesis is to analyse the relationship and influence between internal marketing practices such as employee motivation, empowerment, internal communication and job satisfaction in public enterprises.

BH Telecom is a joint stock and mostly state-owned company. This company provides telecommunication services throughout the entire territory of Bosnia and Herzegovina by using modern technologies in order to develop the information society. It is a leader on Bosnia and Herzegovina's telecommunication market with a market share approximately 50%. By market liberalization, the company was forced to change its corporate governance, its market approach in addition to internal management. Thus, the focus of the company shifted from profit to consumers and employees. Subsequently, this company is gradually introducing internal marketing as a concept which needs to become more comprehensible and closer to employees. Nevertheless, this did not affect the global structure of the company. Therefore, the company is structured as a single independent organization and economic unit based on the functional, technological, procedural and territorial principle, which provides a platform for efficient operation and efficiency in governance and management.

The BH Telecom managerial bodies include: shareholders assembly, supervisory board, management board and audit board. The shareholders assembly consists of company's shareholders and appoints supervisory board and the audit board. The Supervisory Board consists of the president and six members individually elected and dismissed by the shareholders assembly. The Supervisory Board is authorized and responsible to propose the rules and procedure for the company management board, monitor the company's operations, propose and implement decisions of the shareholders assembly and supervise the work of the management board etc. The management board is the main governing body. It consists of the general director and directors from all executive directorates such as: Executive Directorate for Business Development, Executive Directorate for Technology and Service Development, Executive Directorate for Information Technologies, Executive Directorate for Investment, Executive Directorate for sales and support, Executive Directorate for Legal Affairs and Human Resources and Executive Directorate for Economic and Financial Affairs. This body organizes and manages the business operations. General Director is the main authorized representative of the company. The audit board is authorized to prepare and propose procedures that need to minimize the risk of offenses and offenders, to ensure the implementation of accounting standards and suggesting accounting policies.

This company continuously cooperates with numerous host and foreign companies. Through investment cycles, BH Telecom supports domestic companies by making agreements with them. Furthermore, this company supplies modern technologies from foreign companies in order to stay ahead with the most contemporary newest technology. Thereby, this company disposes of modern, reliable and representative technology as well as the whole telecommunication architecture. Namely, the BH Telecom infrastructure is part of a global

telecommunications system, and as such enables high quality services to all customers through different service packages. Through the existing capacity on direct links, this company enables their subscribers' service of international voice telephony automatic dialing with 225 countries of the world. Adjusting the BH Telecom business strategy to the market conditions is implemented through constant improvement of service offerings, customer relations, but also the community in which it operates as a socially responsible company. BH Telecom has proven such an attitude in face of change, by offering new and consumer adjusted services and packages. It is justified to analyze this company for several reasons: it is for the majority a state-owned company, it is in the process of transitioning from using a profit-oriented to a consumer-oriented approach; it is in process of internal marketing implementation and a complex structured company. Because of all these reasons we will be able to analyze all aspects which are relevant for this work.

1 INTERNAL MARKETING

1.1 History of Internal Marketing

Twenty-five years later, Berry (1981, p.34) described the internal market (IM) as "viewing employees as internal customers and viewing jobs as internal products". Internal marketing (IM) has evaluated and grown into three individual and significantly different directions throughout its seemingly short history. It was in the 1970s that Berry suggested early directions. Due to the fact that he was involved in the area of marketing services, he founded the idea of implying that since people were the most common form of service delivery, their actions have probably greatly influenced customer acquisition, retention and migration, hence leading to the ultimate success of the company. Berry had approached the IM from the traditional marketing perspective According to him, the jobs of the employees could be viewed as the firm's products, and could be established into traditional marketing models and approaches that would be based on the idea of making the worker's job attractive and more desirable to him or her. The simple 4Ps approach was applied, whose focus was on the employee's job as the product, and used different forms and formats of price, distribution or place and promotion to build up that desirability. Thus, the main focus line of Berry's approach was to develop various types and forms of internal communication and promotion. All this was done with the aim of encouraging and building up the employees' job satisfaction. Therefore, the target, in regard to the aforementioned, was to have potential employee's satisfaction, which would lead to customer satisfaction, and, result in customer loyalty.

In the 1980s, Gronroos (1980), Scandinavian approach to IM was introduced. The approach, different to some extent, was used by Gronroos and many other authors. They claimed that an individual employee was integral part of the overall product or service delivery equation

created by the marketing firm. Therefore, a key issue in achieving the firm's success, was to customer-ace employees. Gronroos had presented a proposal implying that each such employee should be trained as a marketer; that is, trained to do add-on, cross-selling and the like, along with ongoing customer retention skills that would provide possibilities for building customer relationships. The right balance of the organization, which he regarded as the 'back-room' or 'back-end', should be created to support these customer-facing employees. After all, the main focus of the organization was not just on providing a superior customer product or service experience, but rather based on creating a permanent and continuous connection with the customer that could be turned into extra sales and profits if the employees completed their 'IM' jobs right. It arises that the company needs to apply a framework which is similar to that of its external marketing and develop a marketing program with the aim of achieving an internal market. Stimulating service awareness and customer-oriented behaviour would be the final target.

According to Cooper and Cronin (2000), internal marketing consists of attempts inside the organizations, whose aim is to train and encourage employees to provide services with the improved quality. In the 1990s, two academics in the UK, Rafiq and Ahmed, created what was initially a hybrid approach to IM. The two of them took the best out of Berry and Gronroos (1985), added some conceptual thinking and created another form of IM. They had decided to make a proposal that IM was inherently difficult to implement because of inter-functional conflicts amongst departments, management and employees and the firm's continuous resistance to change.

Table 1. Internal Marketing Overview and its Key Points (table continued and continued)

Author	Key points	Type
Berry et al., 1976	<ul style="list-style-type: none"> • Internal marketing (IM) results in jobs (internal products) that satisfy the needs of employees (internal market) while also satisfying the objectives of the organization • Targeted to front-line personnel • A behavioural–instrumental approach • IM is a strategy. A marketing program based on communication with employees. The development of their potential and motivating—remunerating those who offer excellent service 	Normative
Sasser and Arbeit, 1976	<ul style="list-style-type: none"> • IM results in job satisfaction • Targeted to front-line personnel • A behavioural–instrumental approach • IM is implemented through internal market 	Normative

(table continues)

Author	Key points	Type
William, 1977	<p>research and job</p> <ul style="list-style-type: none"> • Re-engineering aimed at developing jobs that attract and retain excellent service providers • IM results in greater job satisfaction • Targeted to front-line personnel • A behavioural–instrumental approach • IM is a strategy to deal with the status and pay concerns of front-line personnel in order to improve customer service 	Normative
Berry, 1981, 1987	<ul style="list-style-type: none"> • IM results in job satisfaction • Targeted to front-line personnel • A behavioural–instrumental approach • IM is a strategy for job re-engineering and internal communication aimed at deriving customer-minded front-line personnel 	Normative
<i>(table continues)</i>		
Gronroos, 1983	<ul style="list-style-type: none"> • IM results in customer consciousness • Targeted to the entire organization and all employees • A behavioural–instrumental approach • IM is a strategy for developing the required “state of mind” that will allow customer service effectiveness under a broader relationship management paradigm 	Normative
Tansuhaj et al., 1987	<ul style="list-style-type: none"> • IM results in increased levels of job satisfaction and commitment to the organization • Targeted to front-line employees • A behavioural–instrumental approach • Responsibility of the company’s marketing specialists (marketing and sales departments) • IM is implemented through communication with employees 	Empirical
Gummesson, 1987	<ul style="list-style-type: none"> • IM results in increased levels of productivity and efficiency • Targeted to all employees involved in the service value-creation chain • A mechanic approach IM is implemented through communication with employees and culture 	Case Study

(table continues)

Author	Key points	Type
Tansuhaj et al., 1988	<p>change mechanisms</p> <ul style="list-style-type: none"> • IM results in increased levels of job satisfaction and commitment to the company • Targeted to front-line employees • A behavioural – instrumental approach • Responsibility of the company’s marketing specialists (marketing and sales departments) • IM is implemented through communication with employees 	Normative
George, 1990	<ul style="list-style-type: none"> • IM in effective internal exchanges • Targeted to all employees • A holistic approach & IM is implemented through coordinating human resource and marketing departments to improve the company’s service orientation 	Normative
Ahmed and Rafiq, 1993	<ul style="list-style-type: none"> • IM results in increased marketing strategy effectiveness by aligning, motivating and integrating the employees towards the implementation of company strategies • Targeted to all employees • A holistic approach • IM is implemented through the application of marketing techniques along with human resource management practices to facilitate the implementation of the company’s market objectives 	Normative
Foreman and Money, 1995	<ul style="list-style-type: none"> • IM may have various objectives depending on who is targeted (specific groups of employees or the entire organization) • Can be targeted to specific departments or to the entire organization • A behavioural – instrumental approach • IM is implemented through communication, development and participative management and motivation and rewards. 	Normative
Varey, 1995	<ul style="list-style-type: none"> • IM results in satisfaction of employees’ needs. Both as individuals and service providers • Targeted to front-line personnel • A holistic approach 	Normative

(table continues)

Author	Key points	Type
Piercy, 1995	<ul style="list-style-type: none"> • IM is implemented through internal communication aiming to “sell” the importance of customer service • IM results in strategic alignment • Targeted to those who can influence the implementation of the marketing strategy • A behavioural – instrumental approach • IM allows the removal of interdepartmental barriers for developing and implementing the company’s market objectives 	Normative
Gronroos, 1997	<ul style="list-style-type: none"> • IM results in sales- and service-minded personnel • Targeted to all employees. Regardless of the job description and hierarchy • A behavioural - instrumental approach • IM should be integrated with the marketing function because marketing is the responsibility of every employee who influences customer’s value 	Normative
Wasmer and Brunner, 1999	<ul style="list-style-type: none"> • IM results in individual employee’s objectives alignment with company objectives • Targeted to all employees • A behavioural–instrumental approach • IM is implemented through formal and informal internal market research and communication in order to “sell” the company’s objectives internally 	Normative
Varey and Lewis, 1999	<ul style="list-style-type: none"> • IM results in change management • Targeted to all employees • A holistic approach • IM is the philosophy and the behavior that allows rapid organizational change in response to the company’s macro and micro environments 	Normative
Rafiq and Ahmed, 2000	<ul style="list-style-type: none"> • IM results in increased productivity and job improvements • Targeted to all employees • A holistic approach • IM is a planned effort to achieve employee satisfaction, customer satisfaction and inter 	Normative

(table continues)

Author	Key points	Type
Ahmed and Rafiq, 2003	<p>functional coordination through employee empowerment</p> <ul style="list-style-type: none"> • IM results in increased productivity and job improvements • Targeted to all employees • A holistic approach • IM is a cultural framework and an instrument used to achieve strategic alignment while building customer service competence by managing internal relations through internal communication 	Normative
Naude, Desai, and Murphy, 2003	<ul style="list-style-type: none"> • IM results in increased job satisfaction and market orientation adoption • Targeted to all employees involved in the service value-creation chain • A mechanic approach • IM perceived implementation is influenced by individual and organization characteristics 	Empirical
Ballantyne, 2003	<ul style="list-style-type: none"> • IM results in knowledge renewal • Targeted to all employees • A mechanic approach • IM influences service procedures and operations facilitating their re-engineering using input from both the external and internal environment 	Normative
Lings, 2004	<ul style="list-style-type: none"> • Internal-market orientation (IMO) represents a company philosophy • IMO results in increased levels of job satisfaction • Targeted to front-line personnel • A cultural approach & Three major facets of IMO, namely internal market research, communications, response 	Normative
Lings and Greenley, 2005	<ul style="list-style-type: none"> • Internal marketing interchangeably used with internal-market orientation to describe the effort aimed at improving the internal climate • Results in increased levels of job satisfaction • Targeted to front-line personnel • A behavioural – instrumental approach 	Empirical

(table continues)

Author	Key points	Type
Gorgani, 2010	<ul style="list-style-type: none"> • Constantly enhance services to them and raising the quality of work • Employees of the Organization as a internal customers, play a role • Organization must be constantly on two aspects, namely personnel to customers as internal business and motivation and protect employees in long-term emphasize. 	Normative

Source: S. Gounaris, Internal-market orientation and its measurement, 2005, pp. 433-434.

1.1.2 Interrelationship Between Human Recourse Management and Internal Marketing

“IM is believed to be useful in the management of the organization’s human resources based on a marketing perspective” (George, 1990). “Critics suggest however, that IM’s claim to any relationship with HRM has yet to be clearly established, as IM is a little more than a 'new label' for HRM” (Money & Foreman, 1996). Contrary to this, Glassman & McAfee (1992) claim that the key role of IM is to bring together the marketing functions and the HRM functions to the level where HRM becomes a property tool for the marketing function, with the aim of providing guarantees for effective organizational behaviour. In the past years, the IM concept has undergone major progress. The IM concept has rapidly been investigated by researchers with the aim of creating its uniform definition. However, the IM researchers have not yet been able to create a single IM definition. IM definitions by most of the scholars can be classified according to their scope and dominant perspective into four groups as follows (Sinčić Ćorić & Pološki Vokić, 2009):

1. Internal marketing as a mere synonym for human resource management;
2. Internal marketing as a usage of marketing techniques in internal marketplace;
3. Internal marketing as a precondition for satisfied external customers;
4. Internal marketing as a source of competitive advantage.

The literature provides evidence for the four different points of view regarding the relation between IM and HRM (Sinčić Ćorić & Pološki Vokić, 2009, p. 95):

1. “The crucial role of internal marketing is to encourage effective human resource management (Ewing & Caruana, 2000), which implies the subordinate position of IM in relation to HRM.
2. The major thrust of the internal marketing concept should be to ensure that employees have a feeling that management cares about them and their needs (Ewing & Caruana,

2000), since HRM is not proficient enough, which implies the subordinate position of HRM in relation to IM.

3. IM is obsolete in organizations that have a good HR practice. For example, Tansuhaj (1991) suggests that organizations do not need to provide IM programs if they pay attention to employee needs and base management decisions on those needs. In addition, Foreman and Money (1995) question whether it is always necessary to treat all employees as customers. If the answer is no, which depends on the nature of the organization, in their opinion there is no certain case for IM.
4. IM and HRM overlap to a certain degree, and are equally significant. This is articulated by Glassman & McAfee (1992), Varey (2001), and Dunne & Barnes (2000) who propose that the concept of ‘human resource as customer’ would ‘best be served through the contributions of both the marketing and human resources functions as it reflects the common roots of each discipline within psychological theory’.

Table 2. Four Categories of IM Definitions

PERSPECTIVE	AUTHORS
The same as HRM	MacStravic (1985, cited in Dunne & Barnes, 2000); Grönroos (1990, cited in Varey, 2001); Varey (2001); Kotler (2003).
As a usage of marketing techniques in internal marketplace	Reardon & Enis (1990); Piercy & Morgan (1991, cited in Rafiq & Ahmed, 1993); Gilmore & Carson (1995, cited in Varey, 2001); Ozretić (2004).
As a precondition for satisfaction of external customers	Ballantyne (2000); Varey (2001); Kotler (2003).
As a source of competitive advantages	Hales (1994, cited in Varey and Lewis, 1999); Ballantyne at al. (1995, cited in Ballantyne, 2000)

Source: Gounaris, S. P. (2006). *Internal-market orientation: a misconceived aspect of marketing theory*.

As stated above in Table 2, some academic circles have defined IM as a synonym for HRM. In this sense, the IM implies the effort of an organization to recruit, train, motivate and reward their employees toward more satisfying practices. Also, managers should regard highly the crucial role of their employees in their organizations. The important role of internal marketing is to produce effective human resources, which implies that IM and HRM are mutually connected. Some appropriate fields of HRM, according to Bansal (2001), practices in

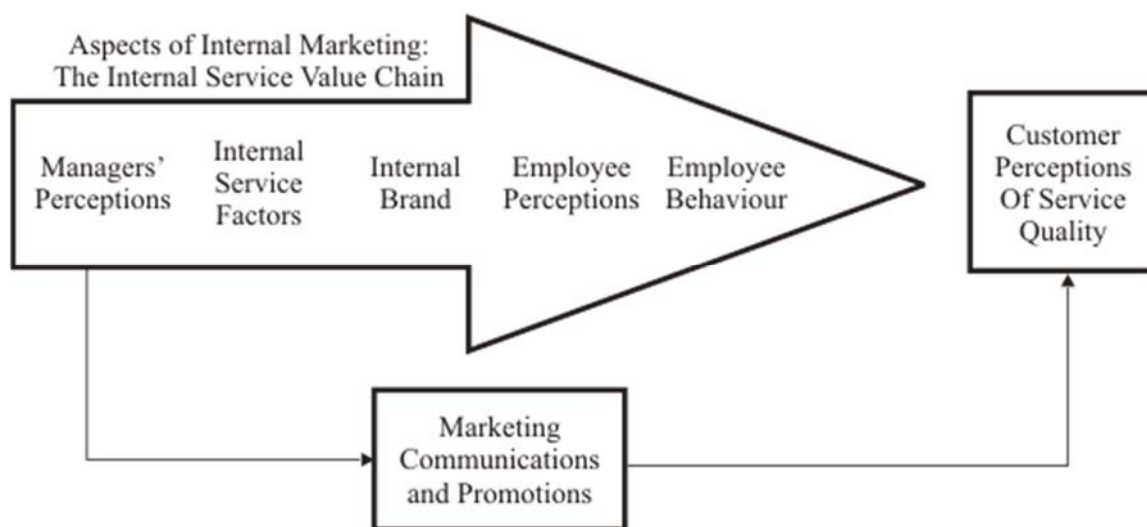
fulfilling the employee commitment, job satisfaction and trust, which are interconnected with the success of IM. Furthermore, it should be emphasized that, for the purpose of demonstrating the important interconnection between IM and HRM, the relationship among HRM functions and IM elements should be understood and considered. Similar to the above mentioned, Sasser (1976) suggests that effective organizational behaviour is an automatic consequence of having an integrated management framework, accomplished by using the IM to attract and retain the appropriate degree of skills that the organization requires in order to achieve the necessary actions.

Sasser and Arbeit (1976) believe that it is the employees who should be the initial market of any service-related organization. This implies that organizations must first seek to satisfy employees (as internal customers), with the aim of ensuring an atmosphere for effective marketing behaviour (Ballantyne, 2000). It is a realistic anticipation that people who purchase goods or services are also engaged in the same type of exchange logic, as people who seek satisfactory employment. This is to say that just as an organization creates goods/services in order to earn profits, the buyer-seller connection between the employers and employees is such that employees sell labour (exchange resources) for the purpose of earning income (Collins & Payne, 1991).

1.1.3 Drivers of Internal Marketing

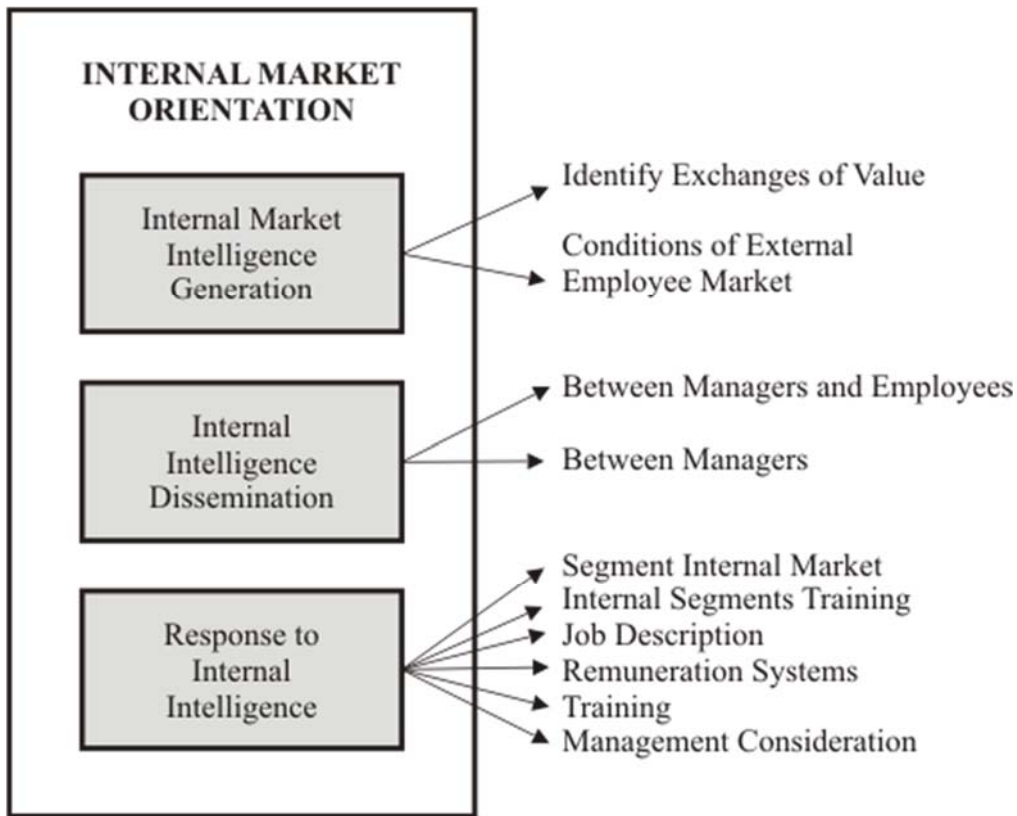
There are many indications that Internal Marketing can be just as effectively applied as external marketing, and this can be seen in the Figure 1 and Figure 2. This momentum is led by some clear driving forces. Each of these forces is increasing the need for internal marketing (Samms, 1990).

Figure 1. Aspect of Internal Marketing



Source: Gounaris (2006), *Internal-market orientation: a misconceived aspect of marketing theory*. *European Journal of Marketing*, 44 (2), 1667-1699.

Figure 2. Internal Marketing Orientation



Source: Gounaris (2006)

Internal-market orientation: a misconceived aspect of marketing theory. European Journal of Marketing, 44 (2), 1667-1699.

1.1.4 Alternative Approaches in Internal Marketing

It seems that this approach, in conceptualizing IM, appears to prevail among marketing scholars. For instance, Berry (1981, 1987) suggests that IM is a strategy for treating job re-engineering, while Tansuhaj et al. (1988) claims that the implementation of the company's IM is in the field of responsibility of the company's marketing "specialists", that is, of the sales and marketing departments within the organization itself.

In the course of some stage of the service delivery process, customers actively interact with contact, or "first-line", employees. The final result of the interaction implies a great deal of what the customer receives from the final product (Zeithaml, 2001). As a consequence, first-line personnel should be responsive to the customers' needs and become customer-oriented and sales-minded (Gronroos, 1995). This thinking led to a demand in marketing customers internally, and the concept of internal marketing (IM). Table 1 offers an indicative list of works on IM conducted by a number of authors and researchers.

As Table 1 clearly demonstrates, the origins of IM originate from the 1970s, from the work of Berry (1976), when it was implied that implementing the IM, shall enhance the organizational capability and that the response that they would be getting, would be effective consumerism.

Their rationale was based on understanding the significance of meeting the requirements of the “customer-affecting” personnel, before the latter are capable and willing to offer the kind of service that would satisfy the company’s customers. To this end, service-related organizations need to develop active internal communication, with the aim of understanding the difficulties associated with serving the company’s customers, while also striving to develop the potential of their employees in delivering superior service. “Diffusion of decision making authority, frequent supervisory feedback, training and extra bonuses for those excelling in customer service are some of the many activities towards this direction” (Berry, 1976). Therefore, IM was introduced as a behavioural instrumental approach, an internally directed marketing strategy focusing on jobs (internal products) that meet the needs of employees (internal customers), increase the employee’s job satisfaction, so that, at some stage, the company’s service objectives can be fulfilled. Within this framework, the company’s IM program builds on specific “pillars” that one could refer to as the “internal-marketing mix components”.

It is the problems arising from this early conceptualization that Rafiq and Ahmed (1993) underline. In brief, they claim that, due to the contractual nature of employment, the “internal-market” conditions do not always resemble those of the external market. The terms of employment may have negative utility for the employees and even be unwanted, though employees remain abide to their contracts and job descriptions. Also, a significant issue arises when the needs of employees are not aligned with those of the company’s customers: we can think of a situation where a teller has to serve a customer who entered the bank just before closing time. These conditions depart vastly from the “classic” external market situations. Finally, a third vital issue is the responsibility for the implementation of the company’s IM program and, particularly, the potential conflicts that may arise between the marketing and human resource departments (Rafiq & Ahmed, 1993).

Gronroos (1983) provides a discrepancy from this approach. Building up further on his earlier work (Gronroos, 1981), he claims that IM is about “developing motivated and customer conscious employees” at all levels, regardless of hierarchies and departmental limits. IM thereby becomes the mechanism which integrates the various functions and, hence improves the company’s coordination towards achieving its external market targets (Gronroos, 1983). As an integral part of this framework, IM is amiable to be applied to all the employees under a widened, relationship-marketing paradigm (Ravald & Gronroos, 1996; Gronroos, 1997).

A vastly diverse conception of IM is the “mechanic approach”, also quite popular among marketing scholars. Gummesson (1987) was the first one to use the term “internal customer” within the company’s service-value chain: Employees who are engaged in creating the chain of value, relate to each other in an “internal supplier – customer” relationship. Therefore, under this approach, the IM reflects the effort to communicate this interdependence towards all employees, with the aim of achieving elevated levels of productivity and customer satisfaction.

In spite of this being an interesting direction, the aforementioned conception can potentially lead to the creation of highly standardized procedures for service delivery, both internally among employees, and externally with the customers. Increased procedural standardization results in reduced employee discretion, which carries the hidden cost of less satisfied employees (Sasser & Arbeit, 1976), since, the greater the levels of job discretion, the higher the employee job-satisfaction (Kelley, 1993). This signifies a negative development, particularly in the industries dealing with services, since the employee job satisfaction is connected to customer satisfaction (cf. George, 1977; Berry, 1981; Piercy, 1995; Schneider & Bowen, 1999).

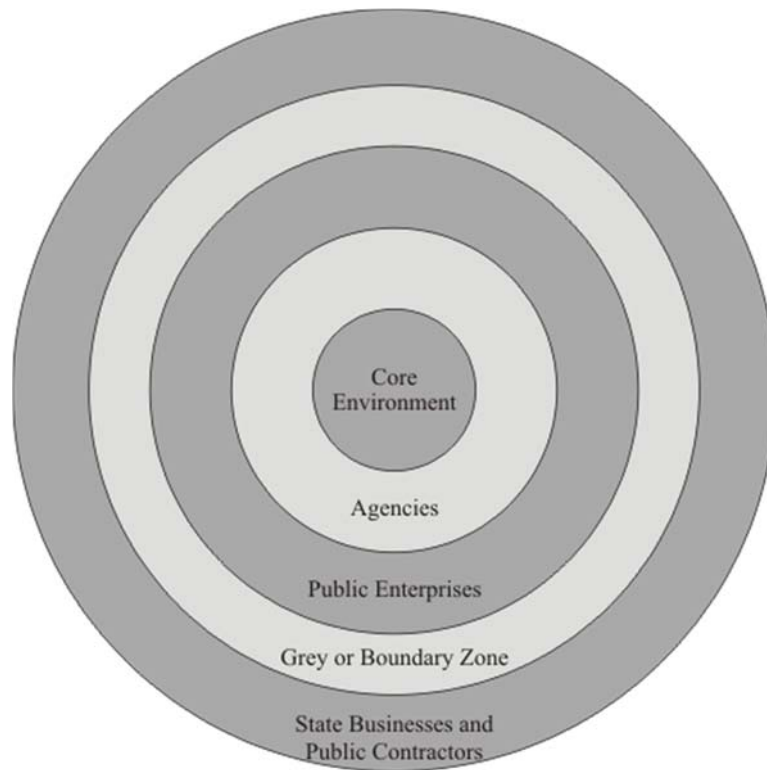
Furthermore, under conditions of increased procedural standardization, employees may obscure behind procedures, in order to avoid the extra effort to service customers or colleagues.

Ahmed and Rafiq (1993, 2003), Rafiq and Ahmed (2000), Varey (1995), and Varey and Lewis (1999) indicate yet another approaches towards the conceptualization of IM, which combines the previous two. According to this holistic approach, “IM strategies have the effect, both on jobs and procedures, with the aim of improving the company’s effectiveness with its customers through interdepartmental integration” (George, 1990). However, the very initial and fundamental conception of IM remains behavioural, covering the strategies and programs that the company applies internally, with the aim of achieving its external market objectives.

1.2 Internal Marketing in the Public Sector

Dube and Danescu (2011) define public sector in general terms; “the public sector consists of governments and all publicly controlled or publicly funded agencies, enterprises, and other entities that deliver public programs, goods, or services” (Figure 3). It is not however always clear whether any particular organization should be included under that umbrella. Therefore, it is necessary to identify a set of specific criteria to help define the boundaries. The concept of the public sector is broader than simply that of core government and may overlap with the not-for-profit or private sectors. The public sector consists of an expanding ring of organizations, with the core government at the centre, followed by agencies and public enterprises. Around this ring is a grey zone consisting of publicly funded contractors and publicly owned businesses, which may be, but for the most part are not, part of the public sector.

Figure 3. Ring of Organizations in the Public Sector



Source: Dube and Danescu (2011), *Public sector definition. Altamonte Springs: The Institute of Internal Auditors.*

Public sector organizations may exist at any of the four levels:

- International (multistate entities or partnerships);
- National (an independent state);
- Regional (a province/state within a national state);
- Local (a municipal-level body such as a city or county).

Internal marketing was first conceptualized in the context of a profit-making organization where various economic theories of the firm had an impact on its perceived purpose. In the public sector much of the marketing related activity is concerned with the satisfaction of customers despite the fact that frequently there is no direct or even indirect form of competition. In the case of the public sector a poor customer image does not enhance the organization's image in the eyes of its other stakeholders. Changes in government legislation have more recently produced competitive practices in the public sector that were previously only experienced in the private sector. These have created internal markets and a competitive culture whereby local authorities are expected to respond to the needs of their local communities. Consequently, they are departing from their established role, as providers of social services, towards meeting the needs of local residents, or 'customers', under the banner of a market-led orientation. Marketing principles can be applied within the public sector, but

there may be difficulty in relating service delivery entirely to market principles. In suggesting that 'market' principles may be applied in the public sector, there is an assumption that the market is an efficient and appropriate allocating mechanism for distributing public sector goods and services. However, whatever the context, marketing principles can be applied and the staff needs to be marketing-oriented. "Although the importance of internal marketing is widely recognized by academics and practitioners, specific models for practicing internal marketing in the public sector are scarce" (Papasolomou, 2006). This partly arises from the fact that in bureaucratic organizations, rigid rules and structures are applied. They are meant to guide the work-related activities, and such rules and structures form barriers to a proper application of internal marketing.

It is assessed that internal marketing in the public sector correlates with anticipative decision-making process and employee empowerment, and they are both driven directly by explicit top management initiatives. Therefore, the practice of internal marketing is based on the assumption that management displays a behaviour that facilitates employee involvement towards policy formulation and decision-making.

There are considerable advantages of internal marketing for the public sector entities: Above all, it pushes top management to declare clear objectives based on in-depth knowledge about the indicators involved. Second, it provides the employees at all levels of the organization with the power to implement changes. Third, it contributes towards the identification of internal entrepreneurs (or champions) who are capable of leading innovation and organizational change (Ivancevich and Gilbert, 2000). "Internal marketing implementation could encourage the creation of informal cooperative relationships amongst the members of the organization, thereby leading to voluntary exchange of information and perspectives, which in turn facilitate innovation" (Hayton, 2005).

As for the public sector, it is limited in the field of services that it ought to provide, and hence, may be not capable to realize a customer-led approach even if this is wanted.

Constraints may include (Bean & Hussey, 1997):

- Legislative restrictions;
- Political philosophies;
- Lack of physical resources;
- Lack of financial resources.

Another problem has to do with something that is fundamental to the marketing concept of respecting customer wishes at all times. Marketers maintain the 'the customer is always right' policy, but in the public sector this principle is sometimes compromised. The customer can sometimes be wrong and the public sector organizations always have to adopt the best professional practice, whether the customers agree or not. Many public sector organizations

provide services for the public good which are often restrictive and controlling in nature. In such cases the client is far from happy with the service. Unlike the private sector, the public sector does not depend on individual clients for its survival: many organizations are in place due to legislation, government policies, and so forth.

This does not mean that the public sector organizations lose customers, because they may be (Bean and Hussey, 2011):

- A monopoly provider so the customers have no choice but to accept the service offered even if it does not fully meet their requirements (e.g. social services);
- Offering a free service so the customers have to accept that something is better than nothing – this is especially true if the customers cannot afford to pay for an equivalent service (e.g. basic education services);
- Providing customers with the type of service that they ought to receive, even if they do not want it (e.g. Revenue & Customs services).

1.3 Limitations of the Internal Marketing Concept

The most fundamental problems occur due to the missing definition of IM. The problem of the missing definition not only leads to confusion in the practical use and implementation, but also creates contradictions at the conceptual level with respect to the defined boundaries and precise domain. Despite the variety of definitions, the lack of a unified concept prevents one to name the purpose and value of IM, what it is supposed to do, how it is supposed to be done and who is supposed to do it?

Ahmed and Rafiq (1993) have identified a number of potential limitations in the current set of definitions and approaches. For example, it is unlikely that the external marketing dimension the “product” that employees can buy may in fact be unwanted by them. Secondly, they put forward that the employees would have no choice in the “products” they select. Considering the contractual nature of employment they argue that employees in the final stage might accept “products” they do not want. Furthermore, they point out the financial aspects of having satisfied employees. And finally, the question is raised whether it is the internal customer or the external customer who has primacy when dealing with the notion of the “employee as customer”.

The discussion of the primacy of customers finds a wide attention among academics from different schools (Grönroos, 1981; Sasser and Arbeit, 1976, Ahmed and Rafiq, 1993). When focusing rigorously on the traditional marketing program, the only customer that exists is the external customer. Bringing together the ideas of internal and external customers raises the question as to which customers’ needs and wants have primacy. The academic literature does not give a clear answer to the question. On the basis of argumentation, it is proposed that a

common definition of IM i.e. avoiding the contradictions cited above should decrease use of the phrase employee as a customer.

2. ELEMENTS OF INTERNAL MARKETING

The review of the literature indicates that there are a number of competing definitions and activities all claiming to address Internal Marketing. In order to check the validity of these competing claims, what is required is a set of criteria against which to assess each definition, which is shown in Table 3.

2.1 Internal Marketing Practices That Influence Job Satisfaction

Che Ha, Abu Bakar and Jaffar (2007) viewed internal marketing as “an important concept where firms apply marketing tools to attract and retain the best employees, which enhances the business performance; they identified 12 constructs of internal marketing: inter-functional coordination and integration, customer orientation, marketing-like approach, empowerment, employee motivation, quality of service, employee development, vision of the organization, strategic reward, internal communication, and senior leadership, all of which in some way influence job satisfaction.”

Inter-functional coordination and integration (hereinafter IFC) originally stems from the market orientation concept, which advocates that marketing is not only the responsibility of the marketing department (Kohli & Jaworski, 1990), but requires the coordinated efforts of different departments in order to create superior value for customers (Narver & Slater, 1990). Born in the external marketing concept, IFC is also drawing attention of the researcher to the internal marketing literature. It is identified as one of the twelve criteria of internal marketing (Che Ha & Abu Bakar & Jaffar, 2007). Internal marketing views all employees as internal customers, suggesting that internal customers can be satisfied not only with the organization’s human resource management practices but also with the internal services and coordination they receive from co-workers (Kusluvan, 2010).

Customer orientation, according to Kotler (2002) is “a group of actions taken by a business to support its sales and service staff in considering client needs and providing satisfaction for their major priorities. Business strategies that tend to reflect a customer orientation might include: developing a quality product appreciated by consumers; responding promptly and respectfully to consumer complaints and queries; and dealing sensitively with community issues. The IM marketing-like approach employs a marketing-like philosophy in treating employees as internal customers, the understanding of which results in the application of marketing-like tools and activities to achieve the required results”.

Empowerment is defined as “a participation process by which influence is shared among individuals who are otherwise hierarchically unequal (Locke and Schweiger, 1979; Wagner, 1994). Empowerment has been described as a venue to enable employees to make decisions (Bowen & Lawler, 1992) and as a personal experience where individuals take responsibility for their own actions (Pastor, 1996)”.

Employee development is “a joint initiative of the employee as well as the employer to upgrade the existing skills and knowledge of an individual. It is of utmost importance for employees to keep themselves abreast with the latest developments in the industry to survive the fierce competition. Believe me, if you are not aware of what is happening around you, even before you realize you would be out of the game. As they say, there is really no age limit for education. Upgrading knowledge is essential to live with the changes of time. Employee development goes a long way in training, sharpening the skills of an employee and upgrading his/her existing knowledge and abilities”.

According to Naude (2002), “communication is a vital prerequisite for a well-functioning IMO culture, without people being able or prepared to communicate with each other, there will be no inter-departmental or inter functional co-ordination”. According to Dwyer (2005), communication is defined as the process whereby people within an organization give and receive messages. Effective internal communication is one of the key organizational aspects since employees play a huge role in organizational success (J. Gray & Laidlaw, 2004) and can influence numerous factors concerning the overall organizational operation and competence. One of those factors is job satisfaction. Effective internal communication can lead to a higher job satisfaction, which can result in competitive advantages for the organization.

According to Mark (1998) motivation is “the movement of workers to act in a desired manner”. Motivation is defined by Turner (1995) as “voluntary uses of high-level self-regulated learning strategies, such as paying attention, connection, planning, and monitoring” (p. 413). According to Broussard and Garrison (2004) motivation is “the attribute that moves us to do or not to do something” (p. 106).

Job satisfaction is not a new concept in the marketing literature; it was first presented in the mid-1930s (Hoppock, 1935). Employee job satisfaction is derived from the mental and physical satisfaction they experience in their work environment and from the work itself (Tadeka, 2005). The attitude and behaviors of the employees determine the quality of the services provided to the customers (Tadeka, 2005).

The thesis will examine the impact of internal marketing practices represented by the empowerment, employee motivation and internal communication on job satisfaction of the telecommunication company in Bosnia and Herzegovina - BH Telecom.

2.1.2 Employee Motivation

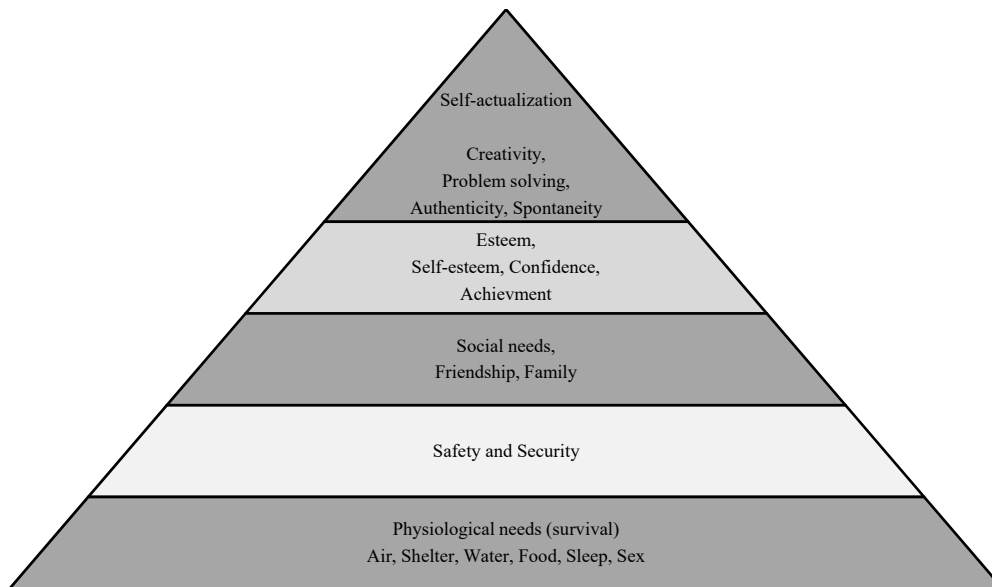
The issues of employee motivation and satisfaction were in the focus of major global literature on internal marketing in the early phases of development. Attempts to improve the service quality were the leading reason behind the fact that the origins of the internal marketing concept lie in these efforts. Not being automatons, individuals exhibit inconsistencies in the execution of service tasks and as a consequence cause variation in the level of delivered service quality. The problem of “variability” focused organizational efforts on providing employees in order to deliver continuously high quality service. The overall effect of the aforementioned was to bring to prominence the issue of employee motivation and satisfaction viewing employees as internal customers.

A new approach to employee management is largely attributed to the fact that in service marketing, the biggest product customers buy is in fact labor and the human act of performance and that is the main focus for employee satisfaction. This arises consequently the attraction of high performing labour, hence their retention and motivation becomes of great significance (Thompson et al., 1978; Sasser & Arbeit, 1976). Attraction, retention and motivation of high-level quality staff is especially crucial in situations where the quality of the service is the only real differentiating factor between competitors. Infused with this logic, the challenge of creating satisfied employees and consequently customer satisfaction has received vigorous impetus. One of the basic tools for reaching the employee satisfaction is to treat them as customers.

The focus of many researchers following the publication of the Hawthorne Study results (Terpstra, 1979) in understanding what motivated employees are, and how they are motivated. There have been five main approaches that led to accepting and implementing motivation, and those are: Maslow's need-hierarchy theory, Herzberg's two-factor theory, Vroom's expectancy theory, Adams' equity theory, and Skinner's reinforcement theory.

According to Maslow, there are five levels of needs for employees (Maslow, 1943): physiological, safety, social, ego, and self-actualizing (Figure 4). Maslow argued that lower-level needs primarily have to be satisfied in order to move up to a higher level of needs that would motivate employees.

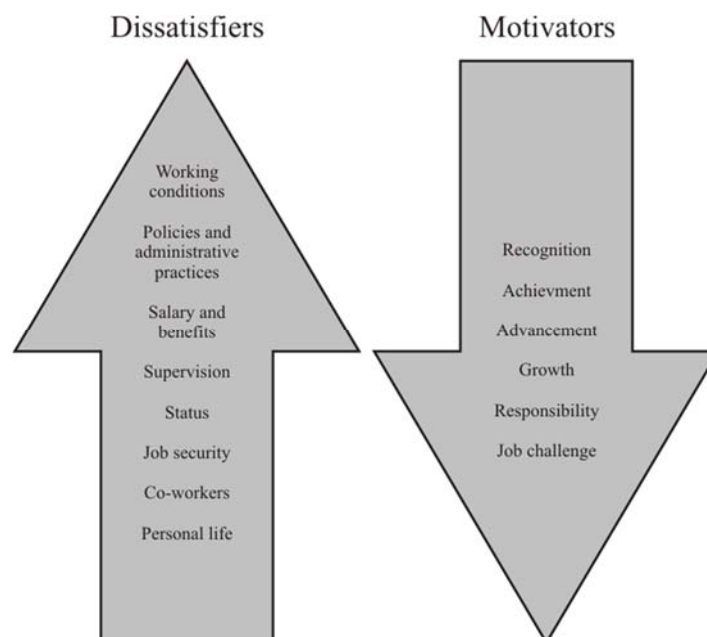
Figure 4. Maslow Hierarchy of Needs



Source: Maslow, X. (1943). A theory of human motivation. *Psychological Review*, July, 50(4) 370-396.

Herzberg and his colleagues proposed one of the accepted motivation categorizations, which contain two elements: motivators and hygiene (Herzberg, Mausner, & Snyderman, 1959). As seen on in Figure 5, “motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction... hygiene or extrinsic factors, such as pay and job security, produce job dissatisfaction” (Herzberg, Mausner, & Snyderman, 1959).

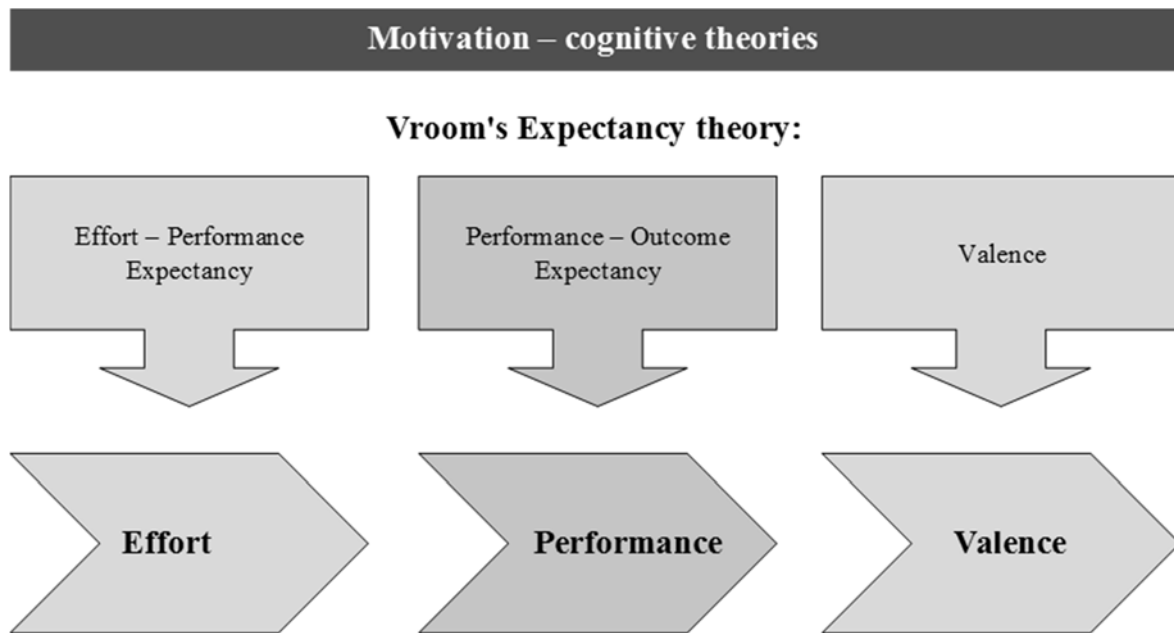
Figure 5: Herzberg’s Hygiene and Motivational Factors



Source: Herzberg, (1959), *The motivation to work*. New York: John Wiley & Sons.

Vroom's theory is based on the belief that employee effort will lead to better performance and performance will lead to rewards (Vroom, 1964). Rewards may be either positive or negative. The more positive the reward the more likely the employee will be highly motivated. Conversely, the more negative the reward, the less likely it is that the employee will be motivated (Figure 6).

Figure 6. Vroom's Theory



Source: Vroom, (1964), *Work and motivation*. New York: Wiley.

When it comes to the theoretical elaborations of employee equity, Adams (1965) states: “Employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs”.

Skinner's theory (1953) simply states “those employee behaviours that lead to positive outcomes will be repeated and the behaviours that lead to negative outcomes will not be repeated. Managers should positively reinforce employee behaviours that lead to positive final outcomes. Managers should negatively reinforce employee behaviour that leads to negative outcomes”.

Motivation has been defined as (Lindner, 1998): the psychological process that provides behaviour purpose and direction (Kreitner, 1995); a predisposition to behave in a purposive manner to achieve specific, unsatisfied needs (Buford, Bedeian, & Lindner, 1995); an internal drive to satisfy an unsatisfied need (Higgins, 1994); and the will to achieve (Bedeian, 1993).

According to the Azeem's and Quddus review (2014): "Work motivation as the set of internal and external forces that initiate work-related behaviour, and determine its form, direction, intensity and duration. Pinder (1998) contended that an essential feature of this definition is that work motivation is an invisible, internal and hypothetical construct, and that researchers, therefore, have to rely on established theories to guide them in the measurement of observable manifestations of work motivation".

If we ask ourselves why motivated employees are necessary, the answer is survival (Smith, 1994). In our rapidly changing workplaces, motivated employees are required. It is the motivated employees that help organizations to survive. Motivated employees are more productive. To be effective, managers need to understand what motivates employees within the context of the roles they perform. Of all the functions a manager performs, motivating employees is arguably the most complex one. This is due in part to the fact that what motivates employees is constantly changing (Bowen & Radhakrishna, 1991). Du Toit (1990) added that three groups of variables influence work motivation, namely individual characteristics, such as the people's own interests, values and needs, work characteristics, such as task variety and responsibility, and organizational characteristics, such as its policies, procedures and customs (Nyarko, Twumwaa & Adentwi, 2014).

Finck (1998) stated that companies must recognize that the human factor is becoming much more important for organizational survival, and that business excellence will only be achieved when employees are excited and motivated by their work (Essays, UK, 2013). In addition, difficult circumstances, such as violence, tragedy, fear, or job insecurity create severe stress in employees and result in reduced workplace performance (Klein, 2002). According to Watson (1994) businesses have come to realize that only a motivated and satisfied workforce can deliver powerfully to the bottom line. "Since employee performance is a joint function of ability and motivation, one of management's primary tasks, therefore, is to motivate employees to perform to the best of their ability" (Moorhead & Griffin, 1998).

With the material remuneration that forms the basis of motivational systems, the company creates a system of incentives for intangible motivations that meet the diverse needs of employees. Therefore, it has developed a number of intangible strategies such as job design, management style, participation, management by objectives, flexible working hours, recognition and feedback, organizational culture, training and career development, which together with the material strategies constitute a full motivational system. It is very significant to emphasize that job design creates a very important segment of intangible motivation strategy since attitudes towards work and pleasure significantly impact the work motivation, and even the entire life of the individual.

Searching for new opportunities to enhance motivation and employee interest in work and development has led to complete reorganization, changes in climate and culture, and overall relations in modern companies. Low organizational hierarchies, which are more widespread

in organizations due to the tendency of decentralization, cannot provide employee enhancement. Therefore, the reward and salary structure strategy should be based on encouraging individuals to achieve improvement in their professional and personal development instead advancing in the hierarchy to higher payment levels. The more a motivational system meets the requirements of the company, the more helpful it is in achieving the organizational targets.

2.1.3 Empowerment Inside of an Organization

Despite major progress by academics in creating the form of employee empowerment, they had not managed to agree upon the term as to what employee empowerment means in reality (Conger & Kanungo 1988). The managerial and psychological major theoretical perspectives have emerged from the literature. Employee empowerment is a relational construct which describes how those with executive power in organizations (i.e., managers) share power and formal authority with those who do not possess it (i.e., employees) (Conger & Kanungo 1988). This all comes out of a managerial perspective. This construct's intellectual roots date back to the initial contributions to the human relations movement in the organization theory (Potterfield, 1999). Up until 1990, the tendency among academics adopting the managerial perspective was to equate empowerment explicitly with delegating or sharing decision-making authority with frontline employees through various participative management techniques (Kanter 1983). Two major developments were the result of dissatisfaction with poor characterization of the employee empowerment: a clear view of empowerment as a multifaceted model approach to management which implies more than just co-sharing authority with the subordinates, and the re-conceptualization of empowerment as a psychological construct. With the aim of achieving and creating new means for performing their tasks, including the risks-related cases, it is of crucial importance for the employees, participatory management that manages subordinate participation in the decision making process, in taking actions, and in solving any problems or conflicts at work in a logical way that is fitting for the organization objectives and the creativity components is Berry and Parasuraman (1991). The definition term by Bowen and Lawler of empowerment is that it an "approach to service delivery" referring to a number of various management practices aimed at sharing four organizational "elements" with the frontline employees:

- (1) Information related to the organization's performance;
- (2) Rewards based on the organization's performance;
- (3) Knowledge that enables employees to understand and contribute to organizational performance;
- (4) Power to make decisions that influence organizational direction and performance.

Significantly, they have argued that the aforementioned elements have a mutual interconnection with each other, with the power of producing a multiplicative impact on the performance.

Another group of academics, who were not satisfied with the treatment of employee empowerment as a relational construct, have put their efforts together, to develop the psychological construct of empowerment. From the newly established perspective, “empowerment is an internal cognitive state characterized by advanced feelings of self-efficacy” (Conger & Kanungo 1988) or increased intrinsic task motivation (Thomas & Velthouse 1990). On the basis of Vroom's (1964) work on the expectancy theory of motivation, Conger and Kanungo (1988) argued that one's motivation to enhance effort is partly a function of two expectancies: the expectancy that one's effort will result in the desired level of performance (expectancy I, also referred to as self-efficacy expectation) and the expectancy that performance will result in a wanted outcome or reward (expectancy II). The meaning of empowerment shall be comprehended in the best possible manner as a process which implies a set of management practices (c-sharing the authority, means, information-related processes and rewards) that influence performance (effort, productivity) not only in the direct manner, but also indirectly through their effect on employee knowledge (self-efficacy, motivation, and job satisfaction). Keeping in mind that empowered employees usually have a higher level of expectancy in their capacities for successful performance of a task, they place stronger efforts and endeavor in those efforts when faced with unfavourable conditions. The employees' outcomes can be further stimulated once they feel autonomy at work, together with the feeling of being in charge of the outcome.

Besides enhancing their efforts or "working harder," empowered employees might also improve their performance by working "smarter" or by searching for new and more innovative manners of doing certain things. Thomas and Velthouse (1990) referred to this when they explained that intrinsically motivated individuals "may demonstrate flexibility in controlling their own task accomplishment, initiation of new tasks as problems or opportunities arise". For example, specific and challenging goals, in general terms, are meant to be used as a tool for an employee motivation and performance (Locke and Latham 1990). The communication that is used in the manner from top-down, that conveys leadership priorities and goals, can stimulate employees to be orientated towards the achievement, in order to search for new strategies and tactics for achieving the set goals. Unfavourable feedback associated with failure can also be alarming and create the need to search for new ways of eliminating the performance gap as much as possible (Salge, 2011), thereby encouraging employees to be innovative. NPM reforms in the United States, Australia, the United Kingdom, and elsewhere have emphasized innovation as a way to improve the public sector achievements (Bartos, 2003). Although there is not so much evidence so far, an increasing number of various studies indicate innovation is positively linked to achievements in government (Borins, 2008). “Positive relationship can be mediated by forms of organization capacity such as performance management orientations” (Walker, Damampour,

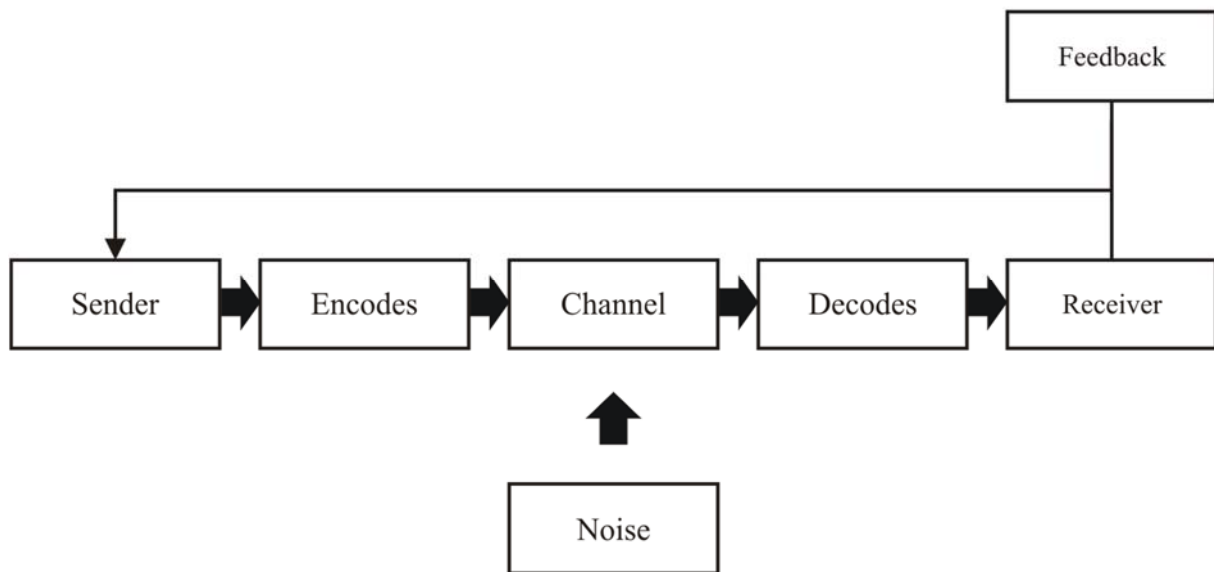
and Devece, 2011). Many ideas do not get implemented, as there is a lack of achievement during their realization phase (Hartley 2005). Research analysis related to the innovative activities in the public sector, have shown that while elected officials and political appointees are the source of many innovations (Breaux, 2002), so are frontline employees who generate fresh ideas through experimentation, accidental occurrences, and other forms of experience. While goal ambiguity in the public sector can undercut the effectiveness of goal setting as a motivational approach (Rainey 2009), at the level of the work team or the individual employee, goals are often sufficiently clear for this empowerment practice to have a positive impact on the extent to which an employee feels encouraged and stimulated to innovate.

“In the period over the last decade, the employee empowerment has become a regular trend, which is getting closer to obtain the status of a movement or of a fad, depending on one’s perspective” (Abrahamson, 1996). At its roots, the concept of empowerment engages increased individual motivation at work through the delegation of authority to the lowest level in an organization, where a competent decision can be made (Conger & Kanungo, 1988). The empowerment concept has roots in substantive issues such as intrinsic motivation, job design, participative decision-making, social learning theory and self-management.

2.1.4 Internal Communication

Communication has been defined by a number of scholars as the exchange of information between a sender and a receiver where the message flows from one point to another and the communicators are interconnected by channels (Kalla, 2005; Kinicki & Kreitner, 2008; Krone, Jablin, & Putnam, 1987). However, many communication models with different highlights have been put forth to describe the nature of communication and how organizational communication works (Downs & Adrian, 2004). Internal communication is of crucial importance to the organizational activity, as its employees need to receive valuable inputs for their work. An old communication process is divided into three basic components (Singh, 2015): A sender transmits a message through a channel to the receiver. The sender initially develops an idea, which is composed into a message and then transmitted to the other party, who interprets the message and receives the meaning. Information theorists have added somewhat more complicated language. Developing a message is known as encoding. Interpreting the message is referred to as decoding. The feedback cycle is another important feature. When two people interact, communication is rarely only one-way. When a person receives a message, he/she responds to it by giving a reply. The feedback cycle is the same as the sender-receiver feedback noted in Figure 8. Therefore, the sender cannot be aware as to whether the other parties have properly interpreted the message or how they reacted to it. In terms of feedback, it is particularly significant in regards to the management, as a supervisor has to be aware how subordinates respond to directives and plans. The manager also needs to know how the work is progressing and how employees feel about the work-related situation in general.

Figure 7. Flow of Internal Communication



Source: Kalla, (2005), *Integrated internal communications: a multidisciplinary perspective. Corporate Communications: An International Journal*, 10(4), 302.314.

Although this communication model appears to be simple, it has many limitations. For instance, it lacks important human relations factors and thus should only be considered as a basic tool for understanding the communication process. Quirke (2008) claims that the communication process within the organization should be seen as an ongoing process, which has no beginning, or ending and the goal should always be to share the thinking instead of announcing the conclusion.

Foundationally, “communication involves a two-way exchange of information. Internal communication occurs between managers and employees. Internal communication is communication between the organization’s leaders and one of its key publics: the employees” (Dolphin, 2005). Thus, in both theory and practice, internal communication is critical to building relationships with employees. Internal communication between managers and employees should enhance trust between them and lead to greater employee engagement with the company. Employee engagement, which internal communication promotes, is “the degree to which an individual is attentive and absorbed in the performance of their roles” (Saks, 2006, p. 602). Management scholars Thomas, Zolin, and Hartman (2009) indicated, however, that “when employees perceive that they are getting information from their supervisors and co-workers that is timely, accurate, and relevant, they are more likely to feel less vulnerable and more able to rely on their co-workers and supervisors” (p. 302). Prior studies have found that the managers’ internal communication with their employees motivates their subordinates to provide superior service to customers (Lowenstein, 2006).

“Employees’ knowledge and skills about both their jobs and the organization provide them with the opportunity to become organizational advocates with the customers, who in turn can enhance the firm’s reputation” (Gronstedt, 2000). Internal communication enhances a number of important bottom line outcomes for the organization, including increased productivity and profitability (Gallup, 2012).

The issue of who owns internal communication in the organization, as part of the overall strategic communication or organizational communication is critical. Academia has been at the forefront, advocating an integration of both internal and external communications so that there would be a more consistent message for all stakeholders, including employees. Wright (1995) found that effective communication is two-way communication, where both employees and managers listen to one another. Kalla (2005) also maintained that integrated internal communications involved both formal and informal communication taking place at all levels in the organization. “Effective face-to-face communication does require a certain level of expertise and public relations (PR) professionals are trained in both formal and informal communications. While this has been a primary focus for academia, practitioners have been slower to embrace this in their organizations. That is, internal communications were seen as the purview of human resources, while external communications was responsible for external communications. In order for all stakeholders to recognize a consistent message from the organization, both internal and external communication cannot be created in silos—they must be integrated in order to be most effective.”

Internal communication has two faces: the first refers to the communication between managers and employees, while the second captures the communication between managers from different departments and hierarchical levels.

2.1.5 Job Satisfaction

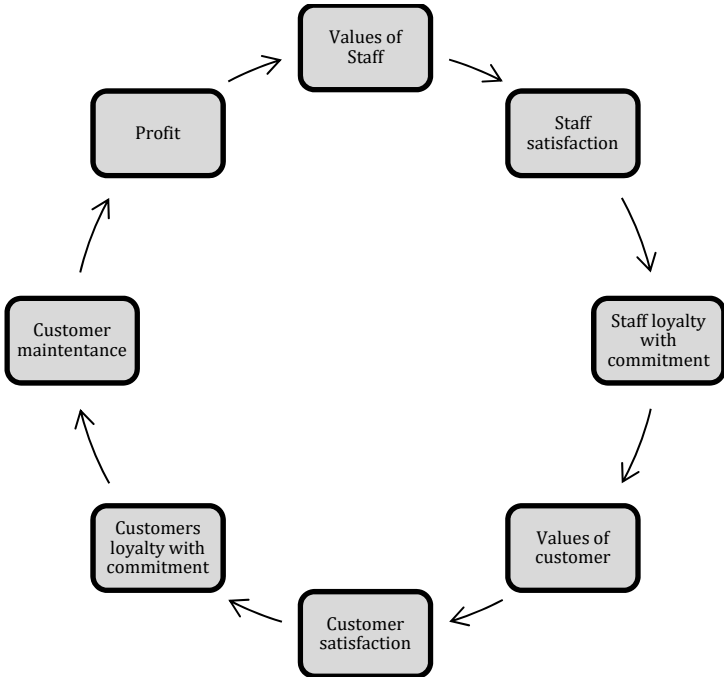
“Happy employees are productive employees.” “Happy employees are not productive employees.” These conflicting statements made by HR professionals and managers in organizations are frequently heard. The basic definition of job satisfaction is to what extent people are satisfied with their work (Griffin & Moorhead, 2004; Newstrom & Davis, 1997; Riggio, 2003) or more in depth “a set of favourable or unfavourable feelings and emotions with which employees view their work” (Newstrom & Davis, 1997, p. 256).

People can be satisfied or dissatisfied with their job. However, job satisfaction is not a unilateral concept. A person can be satisfied with one factor related to his or her job and dissatisfied with another. Throughout the decades, job satisfaction has been linked to many factors by numerous scholars such as equity, expectancy, age, hierarchy level, salaries, work conditions, recognition, security, development, supervisor, co-workers, management, and personal factors like family, politics, leisure and religion (C. Wu, Chan, & Wong, 2009).

The aim of work psychology through the decades has been to uncover what makes people satisfied with their job and, moreover, what factors influence job satisfaction the most. Griffin & Moorhead (2004) claim that research on job satisfaction demonstrates that personal factors such as individual needs and desires determine this attitude, along with organizational factors. Moreover, Newstrom & Davis (1997) maintain that a job is an integral part of life, and studies in work psychology have indicated that there are many elements in a person’s life, which can influence satisfaction such as family, politics, leisure, religion and job.

Locke (1976) stated that job satisfaction was a pleasurable positive state resulting from one's job and job experience. Individuals show pleasurable positive attitudes when they are satisfied with their job.

Figure 8. Value-Satisfaction-Profit Cycle



Source: Hill, (2006), *Handbook of Customer Satisfaction Measurement*. Hampshire: Gower Pub.

The three practical points of view, according to Moorman et al. (1993), illustrate the meaning of job satisfaction: first, it is a valuable product of society; second, it is an early stage and early warning indicator for an organization and third, it can serve as a predictor of organizational behaviour. Similar to Moorman’s point of view, Cranny et al. (1992) found that job dissatisfaction could result in psychological frustration and low productivity. Job satisfaction plays a very critical role in attracting and retaining of the employees’ ability in an organization (Brookfield, 1998). According to Brookfield, individuals with high levels of job satisfaction would have healthier physical and psychological records. This can very likely

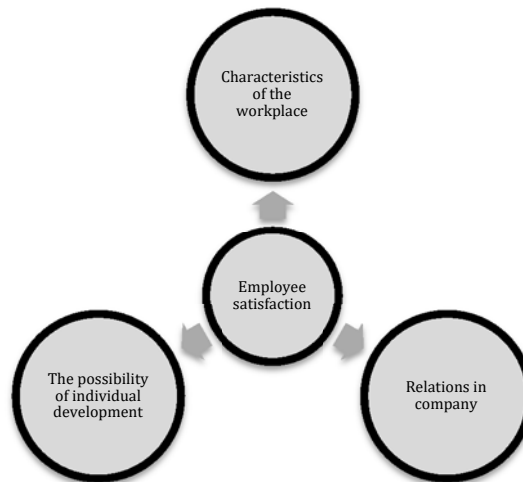
result in higher-ranking productivity and effectiveness in their job performance and they are more likely to remain longer in the organization.

According to the first job satisfaction study as reported in literature, if the presence of a factor in the work setting leads to job satisfaction, then the absence of this factor will produce job dissatisfaction.

By studying the literature, it was disclosed that the factors affecting consumer satisfaction can be classified into three groups associated with: the workplace, relations in the company, and to the possibility of employee development. Hill (2006) argues that not all groups of factors or factors within each group affect employee satisfaction to the same extent (Figure 10). Therefore, it is necessary that companies understand the factors and their combinations, which influence the satisfaction of their employees in the most stimulating manner and to work on development of these factors. These factors can be grouped as follows:

- **Factors related to workplace** - ensuring working conditions and creating an organization that is adjusted to the needs of individuals or specific groups of employees in order to enable for them to portray their potential and its exploitation and development in order to improve the business activities. This is the way to create employee satisfaction. During this process, managers and their behaviour and attitude toward employees play a significant role.
- **Factors related to the relations in the company** - creating a positive working environment and caring for the private lives of employees as well as the management attitude create a positive atmosphere in the company. Certain elements of this factor can be changed and adapted relatively quickly, so when creating employee satisfaction, it is necessary to start the changes in this area. Thus, the satisfaction and relationships in the company are reflected in the behaviour of employees.
- **Factors related to the possibility of developing each individual employee** - they are beginning to realize that education and the development and improvement of their own abilities are crucial for their survival in the labour market and their promotion in the company. Therefore, the company whose management encourages the foregoing values shall have satisfied employees. A coordinated and target effort ed in order to increase employee satisfaction in a company takes into account the factors that enable the development of individuals.

Figure 9. Value-Satisfaction-Profit cycle



Source: Hill, (2006), *Handbook of Customer Satisfaction Measurement*. Hampshire: Gower Pub.

During the measurement of work satisfaction, there are differences between administrative employees and production workers, as well as the satisfaction of employees with university degrees, which is much lower in correlation between satisfaction and performance than among the employees with lower qualifications. Today, firms sometimes conduct satisfaction surveys at work, and these are usually large firms or firms that work in cooperation with foreign companies, which use this method in order to manage human resources better, and one of them receives the maximum engagement. A satisfied employee is more motivated, makes fewer mistakes and finds it easier to cope with stress, one of the biggest problems in the modern business world. Nonetheless, this satisfaction and stress are psychological factors i.e. they have an impact on the economic performance of the company. Unsatisfied employees tend to underperform, and when it comes to working with clients, this can lead to a loss of a number of clients who will pass over to the competition and use their services. In addition to fluctuations in ratings, the negative effects for the company are that unhappy employees tend to leave the company, which produces additional costs in having to hire new people, in advertising costs, personnel selection, and training and deployment in the business.

Companies can reduce turnover rates by taking certain actions, such as:

- A realistic view of work towards employment
- Work enrichment which affects employee satisfaction
- Different reward programs
- Regular and close contacts between managers and new workers.

Relationships among employees as well as between employees and supervisors are so important that people are willing to leave a higher-salaried job only in order to work in an organized working atmosphere. These involve an economic situation in which job keeping is

not the primary motive. The importance of social support from colleagues was demonstrated through a model of relationship factors in the workplace and the welfare of employees. One of the best models was set by Robert Karasek (1979), which showed that the well-being of people in the workplace depends on the relationship among three factors: the requirements in the workplace, the control over the work performance, and the social support.

2.2 Job Satisfaction and Internal Marketing

Numerous researches indicate that internal communication is one of the factors that influence job satisfaction (Anderson & Martin, 1995a, 1995b; Downs & Adrian, 2004; Downs & Hazen, 1977; Madlock, 2008; Orpen, 1997; Trombetta & Rogers, 1988; Varona, 1996). With active and assessable communication, employees are better able to understand their jobs and are more connected to it. This leads to better performance and higher job satisfaction (Downs & Adrian, 2004; Newstrom & Davis, 1997).

Downs and Hazen (1977) indicate that communication is an essential factor relating to job satisfaction since effective communication can lead to any of the four end results: productivity, satisfaction, relationship with management, and profit. Moreover, Downs and Hazen (1977) found in their research that the strongest communication factors influencing job satisfaction were personal feedback, relationship with the supervisor, and communication climate. “Putti, Aryee, and Phua (1990) maintain that satisfaction with communication within the organization is associated with the amount of information available to the people working there. The author disagrees, and maintains that communication satisfaction is not necessarily related to information flow. This is supported by Anderson and Martin (1995) who claim that although communication provides people with relevant information regarding their jobs and contributes to job satisfaction, people seek relationships with both co-workers and supervisors aim to satisfy their interpersonal needs of pleasure and inclusion. Thus, interpersonal interaction involving the exchange of information and relationships between people within the organization can have a positive effect on job satisfaction.

It can be inferred that internal communication and job satisfaction are comparable variables since the competitive advantage gained by effective internal communication does not only result in job satisfaction, but also in positive public relations carried out by well-informed employees. The conclusion is that effective internal communication leads to well informed employees who are less likely to spread rumors and more likely to defend the organization.

2.2.1 Employee Job Satisfaction and it’s Marketing Implication for Service Organizations

“The significance of job satisfaction in order to derive employee-level and organizational-level success is not new in the marketing literature, albeit most of the marketing scholars

studied job satisfaction in relation to the management of the sales team” (Bagozzi, 1978; Beltramini & Evans, 1988; Brown & Peterson, 1993).

This stream of research produced evidence that the degree of job satisfaction relates to the sales person’s customer orientation and, ultimately, to customer satisfaction. (Saxe & Weitz, 1982; Siguaw & Brown, 1994; Burnthorne et al., 2005). Hence, the need to monitor the degree of job satisfaction of the sales team and ensure their satisfaction with their job is a task that involves the marketing function in human resource related activities (Schwepker & Good, 2004). This means that sales people job satisfaction becomes an important internal goal for marketing. In the context of service provision, the intangible nature of the product renders employees one of the most crucial parameters in the value generation process of the service organization. Irrespectively though of the nature of the service, employees working in the “first-line” interact with customers. They need to understand the customer’s needs and match their company’s service offering appropriately. Also, the employees are intelligence collectors in regard to the competition, as they assist the company in clarifying what the needs of customers exactly are, and assessing the company’s capabilities to satisfy those needs. On top of this, the employees promote the company’s overall image and the image of the company’s products, and so on. Although organizationally, first-line employees are not part of the marketing or the sales department, functionally they play a role very similar to the one played by the sales personnel, which justifies their description as “part-time marketers” (Gummesson, 1991).

Customer experience is also influenced by the back-office personnel, even though they do not directly interact with them. Their preparedness and willingness to respond in a timely fashion to customer requirements that their front-desk colleagues pass them on, or make the “extra effort” is very valuable. All this explains why they are a valuable link in the customer value-generation chain (Zeithaml et al., 2001).

Pertinent to the importance of the service personnel in implementing the marketing strategy are the findings of a recent study by Harris and Ogbonna (2000). The authors report that a major difficulty relates to service employees’ reluctance and resistance to the concept of market orientation and their lack of service awareness (Alajami, 2011).

There is only little evidence that employees may resist the development of market orientation, but this evidence is very compelling: Kelley (1992) reports that employee resistance to change may discourage a company from offering enhanced services. Morgan and Piercy (1991) argue that ignorance and lack of training may explain this resistance, while employees may also feel that they may lose political power and status in the organization by becoming more customer-minded (Harris, 2002). Moreover, it should be taken into account that not all employees are equally enthusiastic about the idea of making the extra effort that is continuously needed in order to meet customers’ expectations. Certain personality characteristics influence the employee’s tendency whether to be customer oriented or not

(Brown et al., 2002). As a result, employees who, for instance, lack openness and extroversion can hardly be genuinely customer oriented (Brown et al., 2002). In circumstances in which management endeavors to promote a certain service climate, such employees may tend to match their behavior with the principles and ways of the marketing philosophy, but this effort usually results in emotional dissonance (Rafaeli and Sutton, 1987), which in turn results in emotional exhaustion role stress and eventually in job dissatisfaction (Dewettinck & Buyens, 2003).

2.2.2 Telecommunication market in BiH

In order to realize its basic goals concerning a higher degree of liberalization, greater competitive intensity and benefits for end-users of telecommunication services, in 2013, the Communications Regulatory Agency (hereinafter: the Agency), continued with the implementation of the tariff rebalance of fixed telephony services and the analysis of relevant markets in line with the EU methodology.

As the result of the activities carried out in the fields mentioned above, the Agency achieved the following results:

In line with Rule 67/2012 on the Model of Tariff Rebalance of Telephone Services in Bosnia and Herzegovina (BiH), operators adjusted their price lists to the provisions of the Rule relating to the implementation of the next phase of the revision of the prices of telephone services and submitted them to the Agency for approval. In November 2013, the Agency approved the revision of price lists of telecom operators, to come into force on January 1st, 2014. Following the strategy of user orientation, telecom operators set prices below the maximum threshold.

The analysis of the markets for voice call termination on individual mobile network was completed and the analysis of the market for termination on individual public telephone network provided at fixed locations started.

In order to achieve a higher level of the liberalization of the market and greater competitive intensity in the telecommunication sector, it is necessary to continue with the activities relating to the market analysis in line with the Recommendation of the European Commission on Relevant Markets dated 2007 and the existing EU regulatory framework as well as the Rule on the Electronic Communications Market Analysis issued in 2011.

The market analysis is closely linked to the obligation assumed by regulatory agencies to determine and designate an operator with significant market power on relevant markets in the telecommunication industry (Framework Directive-FD 2002/21/EC).

According to Art 14 (2) of the Framework Directive an undertaking shall be deemed to have significant market power if, either individually or jointly with others, it enjoys a position equivalent to dominance, that is to say a position of economic strength providing it with it the power to behave, to an appreciable extent, independently of competitors, customers and ultimately consumers. This Directive Article was adopted in the Law on Communications of Bosnia and Herzegovina (Article 14 (1)) and it represents the obligation of the Agency. This means that the percentage of the market share on a relevant market does not constitute the criterion for the designation of SMP operator as it was the case in the previous regulatory package from 1998 (25% of the market share of the operator). According to the Rule on the Electronic Communication Market Analysis, Articles 7 and 8, the Agency explicitly listed the criteria for declaring an SMP operator.

When composing the list of criteria for declaring an SMP operator, the Agency relied on the practice of EU countries, as well as on relevant documents and EC manuals dealing with this field. We especially note that certain criteria defined by regulators in developed EU countries are not applicable to the telecommunication market in Bosnia and Herzegovina. That is, three criteria tests will be applied to the maximum extent in the case of Bosnia and Herzegovina.

A precondition for designating operators with significant market power in a defined geographical area is a periodical analysis of the telecommunication market (Law on Communications of Bosnia and Herzegovina, Article 14 (2) and the Rule on Electronic Communications Market Analysis 54/2011 “Official Gazette of Bosnia and Herzegovina” 85/11). During 2013, the analysis of the markets for voice call termination on individual mobile networks (Market 7) was completed and the analysis of the market for the termination on individual public telephone networks provided at fixed location (Market 3) started. The obligations for SMP operators which stem from the results of the analysis of Market 3 were established in 2014.

Based on the information that the Agency received from the operators, the value of the electronic communication market in Bosnia and Herzegovina was assessed and it was concluded that in 2013 the market value decreased by 0,82% with respect to the last year. Table 1. shows the market value and telecom market share in GNP for the period from 2006 until 2013.

Table 3. Value of the telecommunication market in Bosnia and Herzegovina (2006-2013)

Year	Market value	GNP	Telecom market share in GNP (%)
2006.	1,157,470,000.00	19,333,000,000.00	6.10
2007.	1,216,029,000.00	21,836,000,000.00	5.60
2008.	1,313,030,000.00	24,759,000,000.00	5.30
2009.	1,300,003,000.00	24,051,000,000.00	5.40
2010.	1,265,120,000.00	24,773,000,000.00	5.10
2011.	1,276,027,000.00	25,666,000,000.00	4.97
2012.	1,403,456,000.00	25,734,000,000.00	5.50
2013.	1,391,945,476.00	26,123,000,000.00	5.30

Source: CBBH (2013), *Report of Central Bank of Bosnia and Herzegovina*

When it comes to the structure of electronic communication market revenue, the greatest revenue was collected from mobile phone services, significantly lower revenue from fixed telephony services, Internet, data transmission and cable TV. The total revenue on the mobile phone services market is reduced by 10,6% with respect to the last year, while for the same period the total revenue on the market of fixed telephony services increased by 12,92%. The decrease in revenue on the mobile phone services market is, first and foremost, the result of the decrease of revenue from text messages and international calls. Although the number of subscribers to fixed telephony services is decreasing, there was an increase in revenue from fixed telephony services, which was a result of the increase of revenue from the sale of bundle services. The revenue from Internet services is increasing annually, and in 2013 the revenue increased by 0,92% with respect to the last year.

In line with the goals defined in the Work Plan, in 2012, the Agency started the process of analysing the relevant markets. In 2013, the analysis of the markets for voice call termination on individual mobile networks – wholesale (Market 7) was completed, and the analysis of the markets for voice call termination on individual public telephone networks provided at fixed locations – wholesale (Market 3) started.

In the procedure of the analysis of Market 7, the Agency defined a relevant market, established the existence of SMP operators and imposed regulatory measures to those operators. In line with the criteria for assessing the SMP operators, the Agency declared BH Telecom d.d., Sarajevo, Telekom Srpske a.d. Banja Luka and HT d.d. Mostar, the SMP operators on the market for the voice call termination on the individual mobile network.

The following obligations were imposed to the operators with significant market power: the obligation of access to, and use of, specific network facilities, the obligation of non-

discrimination, the obligation of transparency, the obligation of price control, cost accounting, as well as the obligation of accounting separation.

All prescribed obligations, with the exception of the obligation of cost accounting, were the addition to the existing obligations that the Agency had previously imposed by the Interconnection Rule and the Rule on Unbundled Access to the Local Loop, through approved reference interconnection offers and the reference offers for the unbundled access to the local loop, as well as through granting permits for offering telecommunication networks and services.

Also, within the obligation of price control, the Agency determined prices of call termination on the individual mobile network during the period of 1st July 2013 – 1st July 2015. During 2013, the Agency started the analysis of the market for call termination on the individual public telephone network provided at fixed locations (Market 3). The Market 3 Analysis Proposal was drafted and the procedure of public consultations carried out.

Based on this assessment of the situation on the electronic communication market in BiH, the requirements have been met to determine operators with significant market power in accordance with Article 14 of the Law on Communications. The method of composing the list of criteria and relevant documents the Agency relied on in determining the operators with significant market power are listed in Chapter 2 of this document.

For the current period, three operators with significant market power have been declared on the markets of fixed telephony, mobile services and rental of telecom lines: BH Telecom d.d. Sarajevo, Telekomunikacije RS A.D. Banja Luka and JP Hrvatske telekomunikacije d.d. Mostar, which was confirmed in this Assessment of the situation on the telecommunication market in BiH.

The obligations stemming from the status of an operator with significant market power, related to the obligation of access to, and the use of, specific network facilities, non-discrimination, accounting separation and price control and cost accounting, were previously imposed by the Agency through the Interconnection Rule and the Rule on Unbundled Access to the Local Loop, through approved reference interconnection offers and the reference offers for the unbundled access to the local loop, as well as through granting permits for offering telecommunication networks and services. In order to impose the obligation of accounting separation and cost accounting, it is necessary to secure certain funds in the Agency budget.

Over course of the preceding business year, BH Telecom kept and reaffirmed its position as the leader in the telecommunications industry in Bosnia and Herzegovina, with the market share of more than 50%. The company is structured as an independent organization and economical-business unit on the functional, technological, process and territorial principle by which the predispositions for successful business performance and efficiency in governance

and management are created. In the organizational aspect, the company consists of the main organizational units and their internal organizational subunits (BH Telecom, 2015).

The main organizational units of BH Telecom are (BH Telecom, 2015):

Cabinet of the CEO

Executive Directorate for Business Development

Executive Directorate for Legal Affairs and Organization and Human Resource Management

Executive Directorate for Technology and Service Development

Executive Directorate for Economic and Financial Affairs

Executive Directorate for Investments

Executive Directorate for Information Technologies

Directorate BH Line

Directorate BH Mobile

Directorate for Sale and Support

Their mission is to provide telecommunication services on the whole territory of Bosnia and Herzegovina by means of the most up-to-date technologies and at the same time complying with the relevant international and local standards and regulations for the purpose of further evolution of our information society. The company is constantly faced with market challenges and growing competition, so it must enhance the process of planning, technological growth, development of organization and management of human resources. They are improving its customer relations and service quality, in order to be the leading telecom operator in Bosnia and Herzegovina. BH Telecom will remain the leading telecom operator in Bosnia and Herzegovina thanks to its constant development of new services and their quality level, thus responding to increasing market demands and customers' needs more than expected.

Using the existing direct links capacities, it enables its subscribers to use the service of international autodial voice telephony with 225 countries in the world. BH Telecom has 22 direct links to international operators, with the total capacity of 3471 voice channels and direct connections to two operators from Bosnia and Herzegovina, Telekom Srpske (494 voice channels) and HT Mostar (241 voice channels) through which it generates international telephone traffic.

BH Telecom continuously cooperates with numerous national and international companies. Through annual investment cycles in Bosnia and Herzegovina, BH Telecom contracts and pays tens of millions KM to local companies. Abroad, it purchases equipment that is not produced by local companies. For years, it has successfully cooperated with the world's leading manufacturers of telecommunication equipment "Ericsson" and "Siemens", but numerous other companies. The subscribers to the BH Telecom mobile network, in most European countries, can choose among two, three, even four operators, because BH Telecom

has commercial roaming contracts with 163 GSM operators in 75 countries of the world in all five continents.

3. RESEARCH

3.1. Research Aim

3.1.2 Sample and Data Collection

For the purpose of the thesis, the case of public enterprise BH Telecom was analysed. BH Telecom is the largest state-owned telecommunication company in B&H and it was established in 1992, as the first company in Bosnia and Herzegovina to provide GSM, 3G, IPTV, and many other services. It was a government-owned corporation whose sole proprietor was the Federation of Bosnia and Herzegovina, but since 2004, it has been listed as a public company with most stocks still owned by the government. Although stock owners have both management and ownership rights, the effect of such controlled distribution of capital is that the company is effectively still directed and managed by the government, but the funds and small shareholders are allowed to earn money on dividends and stock trading (BH Telecom 2013 Annual Report).

The purpose of the thesis is to analyse the relationship and influence between internal marketing practices such as employee motivation, empowerment, internal communication and job satisfaction in the public enterprises.

From the purpose of the thesis, one main research question is derived:

R1: Do internal marketing practices such as: employee motivation, empowerment and internal communication influence job satisfaction in BH Telecom?

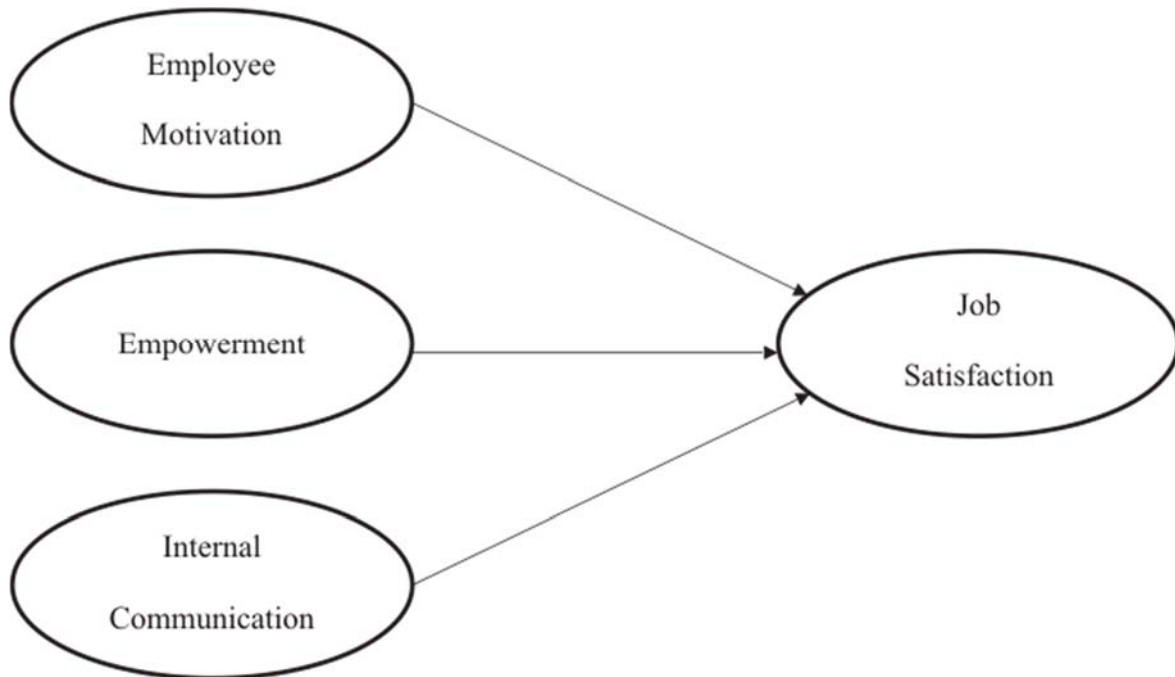
From this question three hypotheses were derived (Figure 11):

H1: Employee motivation positively influences job satisfaction.

H2: Empowerment positively influences job satisfaction.

H3: Internal communication positively influences job satisfaction.

Figure 10. Derived hypotheses



3.1.3 Survey

Because this is a state-owned company, the procedure to enter the company and do research was the following: the researcher should submit a written statement where he/she asks for permission to do a survey and promises that the survey will be filled out anonymously. After the statement has been sent, the approval is pending until they have seen the questions and given the authorization to begin the survey. The collection of data took about 30 days to be completed. Quantitative research was conducted by using a survey aimed at the employees of BH Telecom. BH Telecom employs 3463 people; out of the total number there are 3378 full-time employees and 85 employees on fixed-term contracts (BH Telecom 2013 Annual R). All constructs in the research were measured using the five-point Likert scales with anchors involving strongly disagree (= 1) and strongly agree (= 5). All items were positively worded. The survey was created based on previously developed and tested questionnaires for internal marketing and job satisfaction constructs that are available in the literature. IM practices measures were adapted and mixed from the previous studies by Berry et al. (1976), and Lings and Greenley (2005), Hogg et al., (1998), Tsai and Tang, (2008), and Rafiq and Ahmed (2000). For the current study, the following internal marketing constructs were identified: internal marketing dimensions, motivation, and empowerment. The four items to measure motivation, empowerment and communication were adopted from Gounaris (2008). Employee job satisfaction measures were adapted from previous studies by Williams (2004), Rue and Byars (2003), and Kaliski (2007).

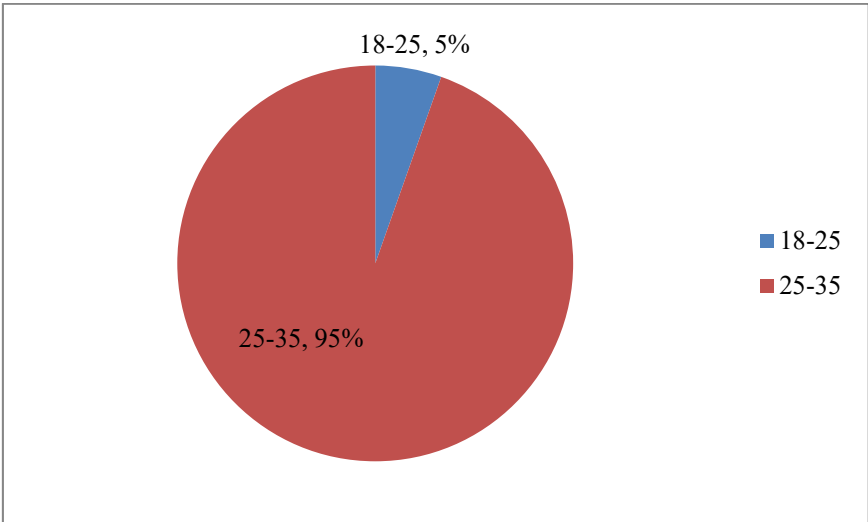
200 surveys were mailed out to the employees of BH Telecom; a total of 142 were returned and about 10 questionnaires were eliminated due to largely missing values. The survey was mailed inside the company, and most of the respondents obtained middle management or top management positions. The overall response rate was 66,5%, which is considered satisfactory for a continuation of the analysis. Research was aimed only for management and middle management employees. Attitudes of respondents will be tested through regression analysis, which will give us the information about relations between set hypotheses and job satisfaction. This will enable us to test the research hypotheses. Prior to testing the hypotheses, we present the demographics of the sample, descriptive statistics information, as well as the factor analysis of the selected constructs. Factor analysis (Anon, 2015): “is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. For example, it is possible that variations in four observed variables mainly reflect the variations in two unobserved variables. Factor analysis searches for such joint variations in response to unobserved latent variables. The observed variables are modelled as linear combinations of the potential factors, plus "error" terms. The information gathered about the interdependencies between observed variables can be used later to reduce the set of variables in a dataset”.

3.2 Results and discussion

3.2.1 Demographic data

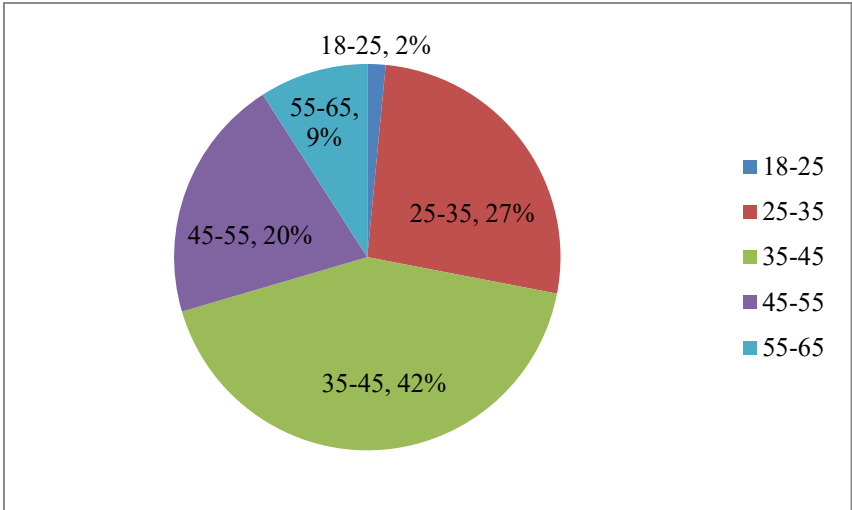
The survey tested 132 employees of BH Telecom on their job satisfaction. The selected participants were all management and middle management staff at the company. Among those 132 employees, 59% were female, and 41% were male (Figure 12). Most of the respondents had been working for up to 10 years in BH Telecom; one respondent had been working for the company for 40 years.

Figure 11. Gender



Out of those 132 employees, the lowest percentage (2%) were respondents aged between 18 and 25; 9% of them were aged in the range of 55 – 65; 20% of the employees were aged 45 – 55; 27% respondents were in the age range of 25-35, and the highest number of respondents were aged 35-45, as shown in Figure 13.

Figure 12. Age of Respondents



3.2.2 Results

Prior to the factor analysis, descriptive statistics for the selected constructs was conducted. Constructs were coded for the purpose of the analysis, and codes are presented together with the sample of the questionnaire.

Table 4. Descriptive Statistics of the Sample

Item	N	Minimum	Maximum	Mean	Std. Deviation	Variance
When I do something extraordinary I know that I will receive some financial bonus/reward annually	132	1	5	3,17	1,37	1,88
My income and the annual increases are very closely tied to my qualifications and my performance	132	1	5	2,77	1,36	1,85
Everyone gets an annual bonus regardless of their performance	132	1	5	3,46	1,17	1,37
My income and the annual increases are much related to those of people with similar qualifications working in this or any other industry	132	1	5	3,70	1,13	1,28
My supervisor allows me to use my own judgment in solving problems	132	1	5	3,54	1,19	1,42
My supervisor encourages me to take initiatives	132	1	5	3,55	1,17	1,36
My supervisor allows me a high degree of initiative	132	1	5	3,49	1,16	1,35
My supervisor trusts me to exercise good judgment	132	1	5	3,55	1,12	1,26
Before any policy change my supervisor informs me phase-to-phase in advance	132	1	5	2,84	1,36	1,85
Supervisors are sincerely interested in listening to what subordinates have to say about their jobs, the problems they have and the solutions that subordinates suggest	132	1	5	3,27	1,22	1,49

(table continues)

If an employee has a certain personal problem that influences negatively his (her) work performance, (s)he is encouraged to discuss it with his/her supervisor never too busy if one of their subordinate wishes to meet personally	132	1	5	3,19	1,23	1,53
Supervisors are expected to spend time with their subordinates, explaining them company objectives and how these objectives affect what the company expects from each individual employee	132	1	5	3,24	1,21	1,48
Financial incentives motivates me more than non-financial incentives	132	1	5	3,64	1,25	1,56
I am satisfied with the salary I draw at present	132	1	5	3,73	1,01	1,02
I feel that my superior always recognizes the work done by me	132	1	5	3,39	1,19	1,41
I am satisfied with the responsibility and role that I have in my work	132	1	5	3,50	1,10	1,19
I am satisfied with the support from the HR department	132	1	5	3,36	1,22	1,49
I generally like to schedule my own work and to make job-related decisions with minimum supervision	132	1	5	3,75	1,08	1,17
Visibility with top management is important to me.	132	1	5	3,48	1,05	1,11
I feel that the job I do gives me a good status	132	1	5	4,07	,88	,78

(table continues)

The employees in the organization feel secured in their job	132	1	5	3,34	1,31	1,71
Valid N (listwise)	132					

Table 4 indicates that the employees of BH Telecom perceived motivation (with highest mean scores, $M=3.70$) to be the most dominant of the internal marketing practices and evident to a considerable extent, followed by empowerment ($M=3.55$) and communication ($M=3.27$) respectively. Regarding employee job satisfaction, the employees of BH Telecom rated job satisfaction with the highest mean of 4,07 for one of the selected items in the measurement.

The highest mean score includes a statement that their income and annual increases are greatly related to those of people with similar qualifications working in the same industry. Empowerment included two identical scores of 3.55, which showed that people are equally encouraged by their superiors to take initiative, and that their superiors actually trust them to make good judgments; these two statements are closely related. Communication-wise, the highest mean included the statement where superiors allot time for their employees to hear out their problems at work and offer them a solution. And job satisfaction shows that employees feel very secure at their workplaces.

In order to test the reliability and validity of the measures used for selected constructs, the factor analysis was conducted. The principal components method of analysis was used, using SPSS of 17.0, with Varimax rotation. The results of the factor analyses are presented in the table below. This is based on rotated matrix and for motivation, empowerment and communication 4 factors were extracted, while for the job satisfaction 9 factors were extracted.

Table 5. Factor Analysis

Construct	Item	Loading	AVE (%)	α	KMO	Mean	SD
Motivation	M1	0.780	54.66	0.713	0.712***	3.28	0.93
	M2	0.624					
	M3	0.833					
	M4	0.703					
Empowerment	E1	0.726	78.64	0.909	0.813***	3.53	1.03
	E2	0.845					
	E3	0.849					
	E4	0.726					
Communication	C1	0.838	80.89	0.919	0.851***	3.13	1.13
	C2	0.927					
	C3	0.925					
	C4	0.904					
Job Satisfaction	JS1	0.486	47.48	0.832	0.830***	3.58	0.75
	JS2	0.718					
	JS3	0.770					
	JS4	0.770					
	JS5	0.629					
	JS6	0.602					
	JS7	0.766					
	JS8	0.683					
	JS9	0.536					

Notes: AVE = Average variance extracted; α = Crombach's Alpha; KMO = Kaiser-Meyer-Olkin; SD = Standard deviation; *** - $p < 0.001$

The factor analysis indicates that all measures for constructs are showing reliable and valid values. The average variance extracted threshold is 50%, and we can see that for the constructs of motivation, empowerment, and communication, the AVE is above the threshold, and that job satisfaction has a borderline AVE (47.48%). However, this is due to the fact that the job satisfaction construct was measured against nine different attitudes/items, and that one item (JS1) has a really low loading (below 0.5). This is why, in further analysis, JS1 will be removed. The new Ave is 51,03%.

We can also see that all constructs have high reliability (Crombach's alpha higher than 0.7 (table 5) in all cases) and apart from JS1, all other items in constructs have high factor loadings.

This analysis enables us to proceed with the further step – hypotheses testing through the regression analysis. Measures were firstly aggregated (using the average of all items in the construct) and average values and means for each construct are also presented in Table X (above).

In Table 6 below, correlations between the constructs are presented. We can see that all constructs are highly correlated and that the correlations are highly significant. Also, there are no correlations higher than 0.8, which is one of the indicators that there is no multicollinearity problem.

Table 6. Correlations

Constructs	Motivation	Empowerment	Communication	Job Satisfaction
Motivation	1			
Empowerment	.645***	1		
Communication	.726***	.738***	1	
Job Satisfaction	.751***	.710***	.721***	1

Note: *** - $p < 0.001$

The hypotheses were tested through the multiple regressions – OLS (ordinary least squares) method. The results of the testing as well as the empirical verification of the hypothesized model are presented in Table Y.

Table 7. Regression Model and Hypotheses Testing

Independent variables	Unstandardized Ratios (B)	Standardized Ratios (β)	Hypotheses	Result
Motivation	0.336*** (0.062)	0.41	H1: M->JS	Hypothesis supported
Empowerment	0.214*** (0.057)	0.29	H2: E->JS	Hypothesis supported
Communication	0.138** (0.058)	0.20	H3: C->JS	Hypothesis supported
Constant	1.288*** (0.155)	-	-	-
R ²	0,666			
ANOVA	F = 84,989***			

Notes: Job Satisfaction (JS) is the dependent variable; *** - $p < 0.001$; ** - $p < 0.05$; M – Motivation, E – Empowerment, C - Communication

We may see that dependent variables in the model explain 66% of the variance ($R^2 = 0.666$) of job satisfaction, which represents a very high and positive indicator. Also, all independent constructs influence job satisfaction positively and significantly, which was hypothesized. This is why we can conclude that all hypotheses in our model are supported. In other words, the regression analysis indicated that motivation had a significantly positive effect on employee job satisfaction ($p < 0.001$, $\beta = 0.412$ and ratio error = 0.062). This concludes that H1 (employee motivation positively influencing job satisfaction) is confirmed and is supported in this study. Empowerment also has a significantly positive effect on employee job satisfaction ($p < 0.001$, $\beta = 0.292$ and ratio error = 0.057). This as well confirms H2 (empowerment positively influencing job satisfaction), and shows us that H2 is also supported in the study. When it

comes to communication in the study, we can also see that communication significantly and positively affects employee job satisfaction ($p < 0.05$, $\beta = 0.206$ and ratio error = 0.058). Hence the H3 (internal communication positively influencing job satisfaction) was also supported in the study. Based on the given values, motivation has the highest impact on employee job satisfaction, followed by empowerment respectively, and internal communication has the least impact on employee satisfaction although in management even this beta is considered high. We can also conclude that these three practices are influencing job satisfaction at BH Telecom. Co-linearity diagnostics showed that there is no co-linearity problem, as all variance inflation factors (VIFs) were around 2 as seen in table 8, while everything below 5 is acceptable.

Table 8. VIF's

Construct	Tolerance	VIF
Motivation	.446	2.24
Empowerment	.431	2.32
Communication	.348	2.87

H1: Employee motivation positively influencing job satisfaction (M->JS)

One of the research findings that can be drawn from the statistics provided above is that motivation is positively associated and has the highest impact on employee job satisfaction at BH Telecom. The organization should focus on motivating its employees, encouraging its managers to acknowledge their employees' work and to continue to motivate them. The managers and the entire organization must realize that the employees are their most valuable asset and in order to have a distinctive output they must continually invest into their employees. Investments such as promoting existing employees into higher positions, sending them on educational seminars, show them that, you, as a company value their extraordinary work in the company by giving those awards (money incentives, business trips, extra free days). While employee gives to the employee a sense of achievement, they at the same time provide them with new opportunities for advancement and promotions which becomes key motivators that creates positive job attitudes as identified by Herzberg, (1959).

H2: Empowerment positively influencing job satisfaction (E->JS)

Empowerment is also positively related and impacts employee job satisfaction at BH Telecom. Participatory management that leads subordinate participation through the decision making process, in taking actions, and in solving any problems or conflicts at work in a logical way that fits in with the organization objectives and the creativity components is very important for the employees in order to develop a new means to implement their tasks,

including in cases involving risks, Berry and Parasuraman (1991). Empowerment, or in other words, the inclusion of front-line employees in the decision making process is also related to their routine job activities, which is directly related to job satisfaction. Some previous researchers have emphasized a relevant relationship between empowerment and job satisfaction.

H3: Internal communication positively influencing job satisfaction (C->JS)

Internal communication, as the statistics imply, has a positive relationship, but a lot less than the previous two practices. Communication is a process that enables employees inside of an organization to share their information, ideas, opinions and plans with other employees or supervising managers. This process can be done in two ways: through written media or orally. Managers in the company mostly communicate with the employees to inform them about new strategies, plans and change of plans, and the company's new strategic objectives. The managers communicate with the employees to give them constructive feedbacks about their work and understand their wants and needs that they communicate towards managers. Of course, this type of communication is a two way communication and it also involves listening to the opinions and thoughts of the employees and taking them into consideration. However, because statistics showed that internal communication influences employee motivation the least, the organization should focus more on the first two practices.

CONCLUSION

During this research, several limitations were confronted. This study undertook three dimensions of internal marketing; future research can adopt more and different dimensions such as; leadership, human resources management, retention policy, and many more dimensions that might affect the employee job satisfaction. The sample for this study was very small, and the company used much time just to get the surveys answered. The company does not have the means to oblige employees to fill in the survey, because they are not conducting internal surveys that often. The size of the sample was small due to the lack of encouragement from the Human Recourse Management to fulfil the survey, or because the questions in the survey were very private and they were afraid of giving the answers, thinking that the answers were for the company use and not for the researcher, although that was explained in the intention letter to the employees. The study was exclusive to one type of company (a state-owned telecommunication company) and only one sector (private sector). It may also be useful if such research could be done in other service companies in Bosnia and Herzegovina, so that a comparative study could be made.

Considering the results and statistics given above, and due to the very complicated economic situation in B&H and the expensive cost of living with costs still rising, the decision makers and middle managers have to focus their attention on motivation so they can turn their

employees into their most reliable and permanent asset. The managers should find ways to motivate their employees. Studies have shown that financial incentives are very important to employees, so it would be good if they could find a way to combine money-related motivation and goal related motivation. Empowerment practice should be involved, because it has been proven that when employees are participants in the decision making process, they provide a much better service to customers and much better work performance. The managers are left with the choice to encourage their employees to make decisions in cases where decisions are simple and routine, not major ones, but this small participation can bring great satisfactory results in terms of the employees and their attitude toward their jobs and eventually customer satisfaction. Communication is also an important part of everyday life, and there is no excuse when it comes to work environment either. Although the BH Telecom employees show that communication is not the most important influence on job satisfaction, this could be because there is poor internal communication within the organization, so they should pay attention on the ways of internal communication in the organization. Communication between the managers and their subordinates is necessary in order to make them satisfied about their jobs. So, to achieve employee satisfaction, the managers have to organize weekly meetings with the employees in order to hear their opinions and feedbacks about the job and take what they say into consideration. As we can see from this research, job satisfaction is of great importance for the employees, and influenced by a lot of factors. In addition to these three, all factors need to be analysed by the organization and should be discussed and applied throughout the organization, so that the company can have satisfied employees.

Discussion

Since the research was conducted in a mostly state-owned company, the question arises in terms of what would happen and what would be the results in case of change in ownership and methods of corporate governance. The conclusions that have been reached on the basis of the results of the research carried out in the current constellation of power, indicate the highest representation of the three above-mentioned internal marketing factors. It has been shown that employees are satisfied with their jobs at BH Telecom with an average score of 4.07. This actually means that most employees are very pleased with their jobs. However, we as researchers, should not leave another area unexplored, namely the segment of those who were less satisfied with the job. This issue is extremely important for this study since, as already mentioned, this is a mostly state-owned company characterized by a strict vertical hierarchy. Therefore, it is important to realize what it is that makes employees dissatisfied and what makes others satisfied. When we talk about this dilemma, one should not forget that in each company, particularly in companies with dominant state ownership, including this one, there are two groups of employees, namely those who are dedicated to job and work, and those who are not committed to the job and avoid responsibility, and do not perform their duties.

Under conditions of normal functioning, relations in the company are very important. Advancement, symbols of status, awards, salary and other material compensation are evident mechanisms for allocating specific awards and evaluation of work within the policies and practices of each organization. Good interpersonal relations follow attractive salaries and incentives pay because motivation is closely associated with earnings. When talking about the working conditions, the best support can be obtained from colleagues in the company, because they can understand better than anybody else, the context of the situation, much better than people outside the working environment. But they cannot represent that they need each other in a situation of unjust division of work, work motivation and satisfaction. If the salary is set in the immediate function of increasing labour productivity, we come to the fact that any increase in salary does not lead to an increase in productivity. Since the needs are not only material, but also social and psychological, this is a system of material stimulation to supplement the mechanisms that indicate importance of each individual to the organization and its individual contribution. Knowledge and creativity instead of performance and productivity in the classical sense become the basis of efficiency and success of modern organizations, and it is logical to find new bases of motivation. Given that currently, at the company which is the subject of research, the prevalent ways of material stimulation are based on the personal judgment of the manager, whose opinion may not be truthful and fair, the question is what would happen in the case of change in the ownership structure? The answer to this question cannot be unambiguously determined. Therefore, we will engage in a deeper discussion and explanation of the possible outcomes of these changes.

In fact, the above-mentioned change of ownership (assuming privatization) at this company would be met in two ways, in accordance with the above-defined groups of employees. Thus, those who have previously received comparatively more than adequate salaries the effect produced by the new organizational structure, which would coincide with the new owner, would be disappointed. Specifically, companies in private ownership are usually not strictly vertically integrated, but rather based on a horizontal hierarchy, structure of teams or other modern organizational scheme. In this regard, the current problem of productive workers who are not able to express themselves and show their true productivity, and whose main cause was a strict vertical hierarchy and the need for approval several instances for each step and decision in this way should be resolved. Therefore, those who have always been dedicated to the work and gave their maximum contribution would eagerly wait for the change of ownership. On the other hand, the group of employees who currently enjoy all the benefits of majority state ownership, which is reflected primarily in a secure job (such as the results of the study demonstrated), regular and high salaries regardless of their personal effects, annual leave, paid leave, bonuses and all other benefits that can be offered in a state-owned company, would feel strange to say the least.

A new way of corporate governance brings with it many novelties. In most systems characterized by private ownership, salaries, bonuses and stimulation are closely linked with their performance, rather than with people of the same qualifications and assigned positions as

it is currently the case at the company which is the subject of this study. This would inevitably mean the introduction of performance criteria, on which to base any rewards / penalties, bonuses and all other motivational factors. If we look at this change in terms of the above-defined groups of employees, we can come to certain conclusions. The first group of employees who are in current conditions where performance measurement systems do not exist and who linearly received salary as well as those with the same qualification level and positions but also higher commitment will become surprised and disappointed by the new situation. Furthermore, this means that it will now be possible to accurately measure the performance, and on that basis to award adequate compensation, both tangible and intangible. In addition to the other group of employees who have so far been dedicated to work will happily welcome the new situation because they know that their work will eventually be valued more relevantly and that they would be rewarded adequately. All of this would, of course, affect job satisfaction. In addition, the new organizational structure would probably mean a reduction in the level of management that would simplify the process and give greater freedom in decision-making and more efficiency in solving tasks. Although the research conducted has shown that employees at BH Telecom were encouraged to take the initiative in business and decision-making, the presumed change in structure would further increase the internal marketing factor. However, reduction of administration as well as the hierarchy could create an additional incentive to work in self-reflection and decision making. Consequently, the employee satisfaction would be greater because they would feel important and highly appreciated. Naturally, this refers to the second group of employees defined above who are inhibited and prevented in free action by the current system. On the other hand, those employees who belong to the first group will probably feel lost in the new situation. The responsibility, imposed on them in this case, would represent something new and due to this pressure they would most likely become dissatisfied.

If we look at the post-privatization experience of companies from the same industry and of similar structure, we can make some predictions. Specifically, what was first and most visible to the public resulting from the change of ownerships, are redundancies. The reason for this action taken by new owners, is the fact that profit is the most important issue for private owners. State-owned companies have social character, partly because of political influence or because of public pressure. In addition to this, state-owned companies tolerate many things, which is not the case with private companies. Since, realistically speaking, the number of employees that the company currently retains by far exceeds its real needs for workforce (as is mostly the case in other companies where privatization has not been completed) it is not unlikely that the move would deter new owners, as was the case with companies in other countries that have gone through the privatization process. This occurs because new owners mainly notice that the costs of salaries and other expenses arising from employees are large and significantly reduce income, since they are not directly connected to them. Under such circumstances, of course, the release does not go at once, but gradually. At that time, the new owners give themselves time to get to know the employees and their effectiveness in order to make the best possible decisions. Employees from the second above-defined category at that

moment there see the chance for themselves and their promotion. While, on the other hand, the employees in the first category are beginning to fear for their jobs. Depending on the current state of the economy and the sector in which the company operates, this may lead to a growth or reduction of salaries. But what will undoubtedly affect the employees and their satisfaction is that they will be paid according to their performance and commitment. Formerly, the number of employees with primary education was higher than those with higher education. Due to the reasons listed above, this relationship has changed in favour of those with a university degree. Along with that, there is the question of whether this company should indeed retain such skilled personnel and what will happen with it in the event of a change of ownership structure? Since the private owners, primarily focused on the result, no doubt will retain the professional staff that supports a specific degree of knowledge, as well as practice.

Another question opens up the abovementioned dilemma and it refers to the total satisfaction of employees in connection with the structure of education in this company. In fact, if we look at the structure of respondents who participated in the conducted research, we can see that a large proportion of those are of younger age. Looking through the prism of this issue of employee satisfaction, we recognize that young people have a major influence on the results. Furthermore, this means that they are generally satisfied with the job, both because of the fact that in the times of crisis they have a job and also because they lack familiarity with the system and its functioning. So these young educated people raise the average satisfaction with the company. However, it is not unrealistic to conclude that their satisfaction in a different constellation of power would be greater. Internal communications within the company according to the results of the research have proven to be correct. However, what creates a bond between the company and the employee is a mutual interest in solving problems, not only the company ones, but also individual ones, without which it cannot survive.

Conclusion of the Research

Companies that care about their employees, and in turn about themselves too, pay attention to the changes in behaviour of their employees and react in time. This is primarily the task for managers who have direct daily contact with employees. In cooperation with the human resource department, the quality of work and elimination of stress that are in the domain of responsibility of the company can significantly be improved. Given that the attitude to stress reflects not only the organizational culture, but also influences this culture, we can say that at the majority of companies from the territory of Bosnia and Herzegovina the issue of coping with stress is considered individually. In addition to this, the new owner, possibly a foreign one, according to foreign practices, would probably introduce the practice of greater care for employees, increasing their satisfaction as well as higher labour performance. This would of course be reflected upon the above-defined groups of employees. In contrast to all of the above illustrations, where the effects are usually bi-directional, the effects of the move in this case go only one-way – they are positive. The reason for this lies in the fact that all people, by

nature, appreciate it when someone cares about them. In the end, it needs to be mentioned that all of the above are hypothetical attitudes and have personal character. Likewise, the employees who belong to the first of the two above-defined groups dominate the company, which were the subject of the analysis.

The current political situation, as well as pressure from the European Union will, obviously, force privatization of state-owned companies in Bosnia and Herzegovina. This is also applicable for the company which was a subject of analysis. If we take a look to other countries which have experienced privatization, we can expect some differences. First of all, as it was mentioned above, new organizational structure means reduction of the managerial levels. In terms of internal marketing this means simpler processes and greater freedom for decision-making and followed by that more efficiency in business operations. For this state-owned company this owner's changes contribute to the employee's attitude to work as well as job satisfaction. Managers will, also, be more effective and productive in order to satisfy new owner requirements. Thus, this manager will try to encourage employees to be more effective by adequate motivation techniques and their results appreciation. As mentioned above, employee satisfaction will be greater because they will feel more important and highly appreciated.

This change in ownership structure will emphasize the importance of the human resource department, which will be responsible for better job allocation and job satisfaction increase. Managers will be more conscious that their position depends on their performances. So, they have to find out a way for better results and change of their paradigm. This mean that they have to create better work conditions for their employees in order to get the best of them. Also, as new private owner require profit, managers will be faced with the problem of lazy and inexperienced employees. Thus, they will be forced to employ only highly expertized, motivated and responsible employees. This will, definitely, lead to a high rate of fires and focus on work with hard working people. In this environment, hardworking employees will be more satisfied and will work more hard in order to get appropriate merits. So, the main difference between private and state-owned companies in terms of performance, internal marketing and employee satisfaction is that private-owned companies focus on better performance and consumers and state-owned companies do not have a clear focus and neglect employees and consumers. Therefore, we can conclude that this new structure will lead to better, more consumer and employee-oriented companies. Of course, there are negative impacts of this change, but they are mainly negative for the lazy, inexperienced employees and poor, old fashioned managers.

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Appendices

TABLE OF APPENDICES

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Appendix A. Survey

All questions about your attitudes and opinions will be from your perspective in the company.

Motivation

According to Broussard and Garrison (2004) motivation is the attribute that moves us to do or not to do something. Please rate your answers according to your opinions and attitudes toward following statements on motivation in your company.

Please rate your agreement/disagreement with the following statements on a 5-point scale, where 1 stands for “totally disagree” and 5 stands for “totally agree”.

When I do something extraordinary I know that I will receive some financial bonus/reward annually (M1)	1	2	3	4	5
My income and the annual increases are very closely tied to my qualifications and my performance (M2)	1	2	3	4	5
Everyone gets an annual bonus regardless of their performance (M3)	1	2	3	4	5
My income and the annual increases are much related to those of people with similar qualifications working in this or any other industry (M4)	1	2	3	4	5

Empowerment

Empowerment is defined as participation process by which influence is shared among individuals who are otherwise hierarchically unequal (Locke and Schweiger, 1979; Wagner, 1994). Please rate your agreement/disagreement with the following statements on a 5-point scale, where 1 stands for “totally disagree” and 5 stands for “totally agree”.

My supervisor allows me to use my own judgment in solving problems (E1)	1	2	3	4	5
My supervisor encourages me to take initiatives (E2)	1	2	3	4	5
My supervisor allows me a high degree of initiative (E3)	1	2	3	4	5
My supervisor trusts me to exercise good judgment (E4)	1	2	3	4	5

Communication

According to Dwyer (2005) communication is defined as the process whereby people within an organization give and receive messages. Please rate your agreement/disagreement with the following statements on a 5-point scale, where 1 stands for “totally disagree” and 5 stands for “totally agree”.

Before any policy change my supervisor informs me phase-to-phase in advance (C1)	1	2	3	4	5
Supervisors are sincerely interested in listening to what subordinates have to say about their jobs, the problems they have and the solutions that subordinates suggest (C2)	1	2	3	4	5
If an employee has a certain personal problem that influences negatively his (her) work performance, (s)he is encouraged to discuss it with his/her supervisor never too busy if one of their subordinate wishes to meet personally (C3)	1	2	3	4	5
Supervisors are expected to spend time with their subordinates, explaining them company objectives and how these objectives affect what the company expects from each individual employee (C4)	1	2	3	4	5

Job Satisfaction

Employee job satisfaction is derived from the mental and physical satisfaction they experience in the environment they work in and from the work itself (Tadeka, 2005). Please rate your agreement/disagreement with the following statements on a 5-point scale, where 1 stands for “totally disagree” and 5 stands for “totally agree”.

Financial incentives motivates me more than non-financial incentives (JS1)	1	2	3	4	5
I am satisfied with the salary I draw at present (JS2)	1	2	3	4	5
I feel that my superior always recognizes the work done by me (JS3)	1	2	3	4	5
I am satisfied with the responsibility and role that I have in my work (JS4)	1	2	3	4	5
I am satisfied with the support from the HR department (JS5)	1	2	3	4	5
I generally like to schedule my own work and to make job-related decisions with minimum supervision. (JS6)	1	2	3	4	5
Visibility with top management is important to me. (JS7)	1	2	3	4	5
I feel that the job I do gives me a good status. (JS8)	1	2	3	4	5
The employees in the organization feel secured in their job. (JS9)	1	2	3	4	5

Demographic data

Sex M F

Age:

18-25

25-35

35-45

45-55

55-65

65 and more

How long have you been working at the company?

Please state your function in the company?

Are you included in the decision making process at the company?

YES NO

Thank you for taking the time to participate in the survey.

Appendix B. Co-linearity diagnostics

Table 1. Co-linearity diagnostics

Co-linearity Diagnostics ^a							
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	M	E	C
1	1	3.892	1.000	.00	.00	.00	.00
	2	.061	8.014	.65	.00	.01	.22
	3	.027	12.064	.00	.59	.64	.00
	4	.021	13.616	.35	.40	.35	.77

a. Dependent Variable: JSNOV

Construct	Tolerance	VIF
Motivation	.446	2.242
Empowerment	.431	2.323
Communication	.348	2.870

Appendix A: Descriptive statistics output

Frequency Tables

M1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	23	17.4	17.4	17.4
2	14	10.6	10.6	28.0
3	43	32.6	32.6	60.6
4	21	15.9	15.9	76.5
5	31	23.5	23.5	100.0
Total	132	100.0	100.0	

M2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	34	25.8	25.8	25.8
2	20	15.2	15.2	40.9
3	39	29.5	29.5	70.5
4	21	15.9	15.9	86.4
5	18	13.6	13.6	100.0

M2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	34	25.8	25.8	25.8
	2	20	15.2	15.2	40.9
	3	39	29.5	29.5	70.5
	4	21	15.9	15.9	86.4
	5	18	13.6	13.6	100.0
	Total	132	100.0	100.0	

M3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	5.3	5.3	5.3
	2	20	15.2	15.2	20.5
	3	42	31.8	31.8	52.3
	4	31	23.5	23.5	75.8
	5	32	24.2	24.2	100.0
	Total	132	100.0	100.0	

M4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	6	4.5	4.5	4.5
2	10	7.6	7.6	12.1
3	43	32.6	32.6	44.7
4	31	23.5	23.5	68.2
5	42	31.8	31.8	100.0
Total	132	100.0	100.0	

E1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	9	6.8	6.8	6.8
2	11	8.3	8.3	15.2
3	51	38.6	38.6	53.8
4	22	16.7	16.7	70.5
5	39	29.5	29.5	100.0
Total	132	100.0	100.0	

E2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	7	5.3	5.3	5.3
2	15	11.4	11.4	16.7
3	45	34.1	34.1	50.8
4	28	21.2	21.2	72.0
5	37	28.0	28.0	100.0
Total	132	100.0	100.0	

E3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	7	5.3	5.3	5.3
2	18	13.6	13.6	18.9
3	43	32.6	32.6	51.5
4	31	23.5	23.5	75.0
5	33	25.0	25.0	100.0

E3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	7	5.3	5.3	5.3
2	18	13.6	13.6	18.9
3	43	32.6	32.6	51.5
4	31	23.5	23.5	75.0
5	33	25.0	25.0	100.0
Total	132	100.0	100.0	

E4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	6	4.5	4.5	4.5
2	15	11.4	11.4	15.9
3	45	34.1	34.1	50.0
4	33	25.0	25.0	75.0
5	33	25.0	25.0	100.0
Total	132	100.0	100.0	

C1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	31	23.5	23.5	23.5
2	19	14.4	14.4	37.9
3	43	32.6	32.6	70.5
4	18	13.6	13.6	84.1
5	21	15.9	15.9	100.0
Total	132	100.0	100.0	

C2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	16	12.1	12.1	12.1
2	13	9.8	9.8	22.0
3	47	35.6	35.6	57.6
4	32	24.2	24.2	81.8
5	24	18.2	18.2	100.0
Total	132	100.0	100.0	

C3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	14	10.6	10.6	10.6
2	23	17.4	17.4	28.0
3	44	33.3	33.3	61.4
4	26	19.7	19.7	81.1
5	25	18.9	18.9	100.0
Total	132	100.0	100.0	

C4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	14	10.6	10.6	10.6
2	18	13.6	13.6	24.2
3	47	35.6	35.6	59.8
4	28	21.2	21.2	81.1
5	25	18.9	18.9	100.0
Total	132	100.0	100.0	

JS1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	9	6.8	6.8	6.8
2	14	10.6	10.6	17.4
3	39	29.5	29.5	47.0
4	24	18.2	18.2	65.2
5	46	34.8	34.8	100.0
Total	132	100.0	100.0	

JS2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	3	2.3	2.3	2.3
2	8	6.1	6.1	8.3
3	48	36.4	36.4	44.7
4	36	27.3	27.3	72.0
5	37	28.0	28.0	100.0
Total	132	100.0	100.0	

JS3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	10	7.6	7.6	7.6
2	15	11.4	11.4	18.9
3	53	40.2	40.2	59.1
4	22	16.7	16.7	75.8
5	32	24.2	24.2	100.0
Total	132	100.0	100.0	

JS4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	4	3.0	3.0	3.0
2	18	13.6	13.6	16.7
3	50	37.9	37.9	54.5
4	28	21.2	21.2	75.8
5	32	24.2	24.2	100.0
Total	132	100.0	100.0	

JS5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	12	9.1	9.1	9.1
2	15	11.4	11.4	20.5
3	49	37.1	37.1	57.6
4	25	18.9	18.9	76.5
5	31	23.5	23.5	100.0
Total	132	100.0	100.0	

JS6

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	4	3.0	3.0	3.0
2	9	6.8	6.8	9.8
3	46	34.8	34.8	44.7
4	30	22.7	22.7	67.4
5	43	32.6	32.6	100.0
Total	132	100.0	100.0	

JS7

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	4	3.0	3.0	3.0
2	16	12.1	12.1	15.2
3	53	40.2	40.2	55.3
4	31	23.5	23.5	78.8
5	28	21.2	21.2	100.0
Total	132	100.0	100.0	

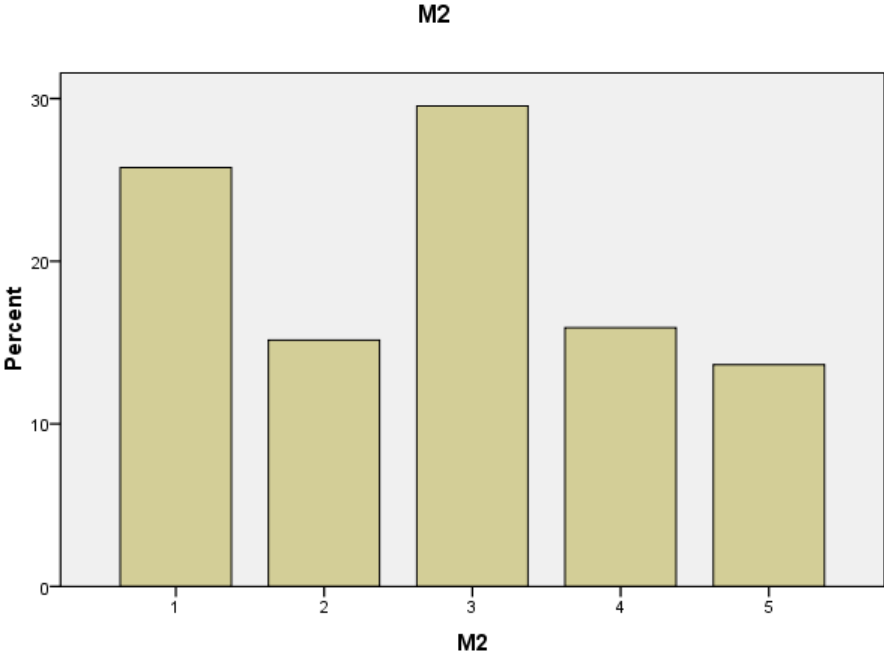
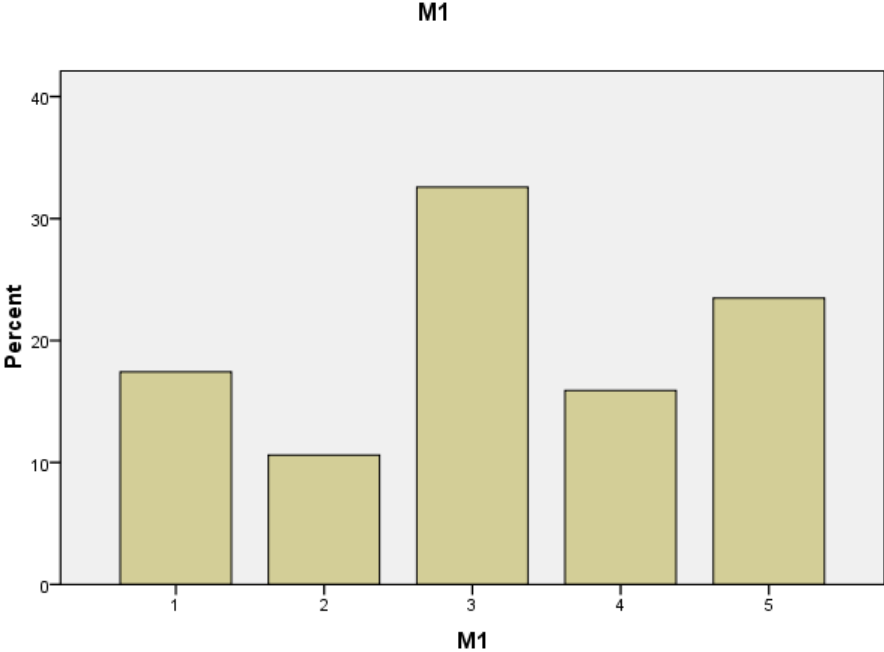
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	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	4	3.0	3.0	3.0
3	35	26.5	26.5	29.5
4	41	31.1	31.1	60.6
5	52	39.4	39.4	100.0
Total	132	100.0	100.0	

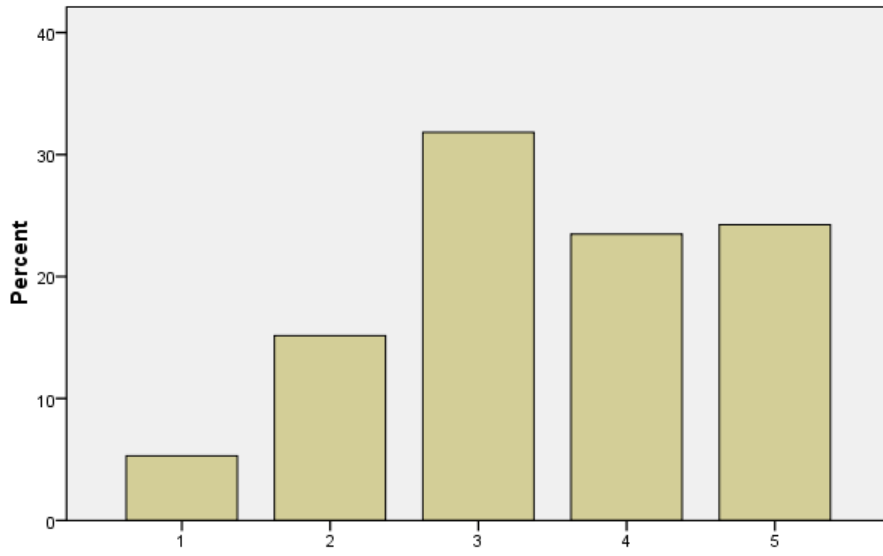
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	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	12	9.1	9.1	9.1
2	23	17.4	17.4	26.5
3	43	32.6	32.6	59.1
4	16	12.1	12.1	71.2
5	38	28.8	28.8	100.0
Total	132	100.0	100.0	

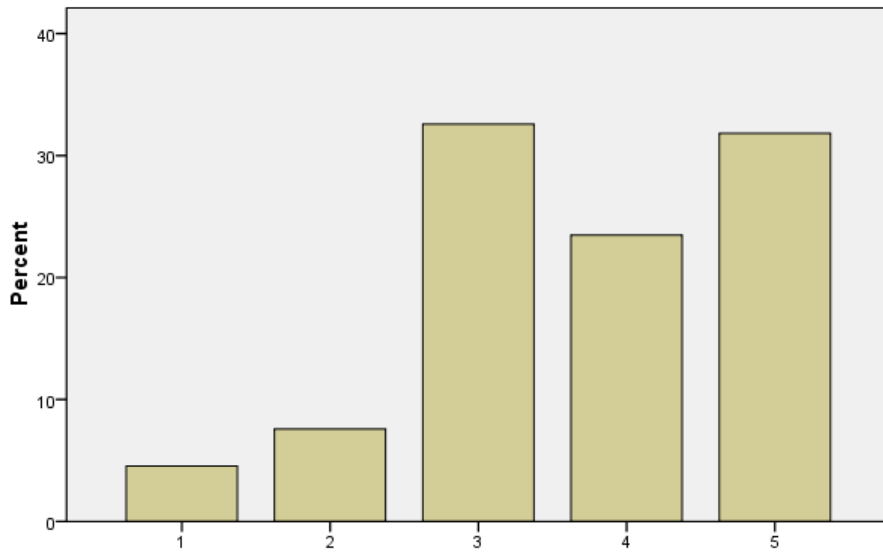
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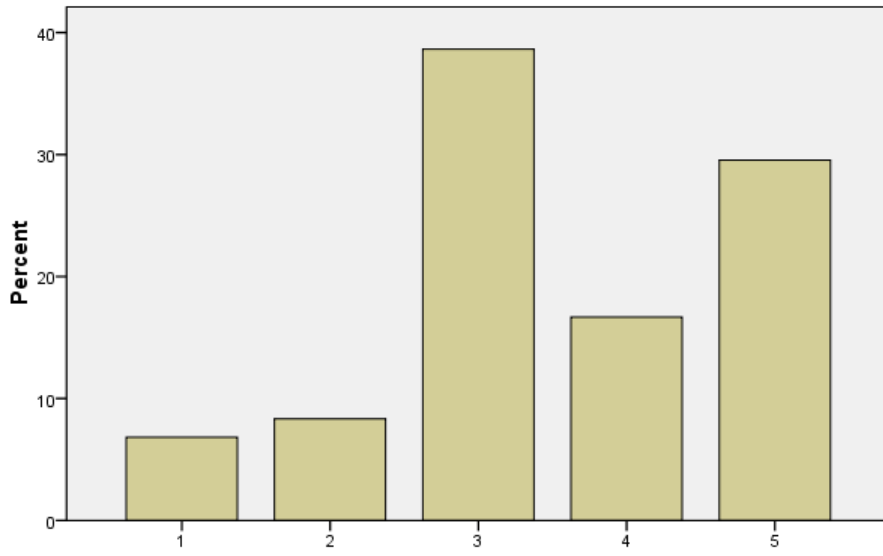
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M4

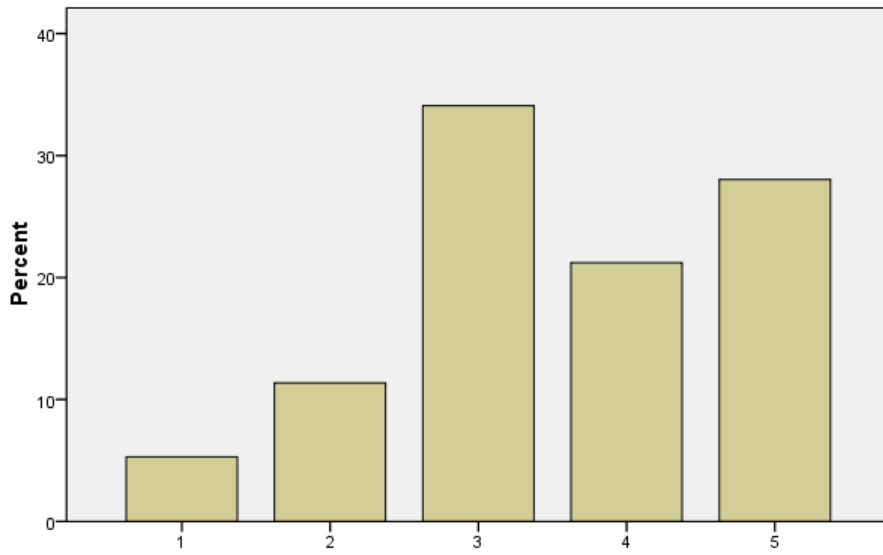


E1



E1

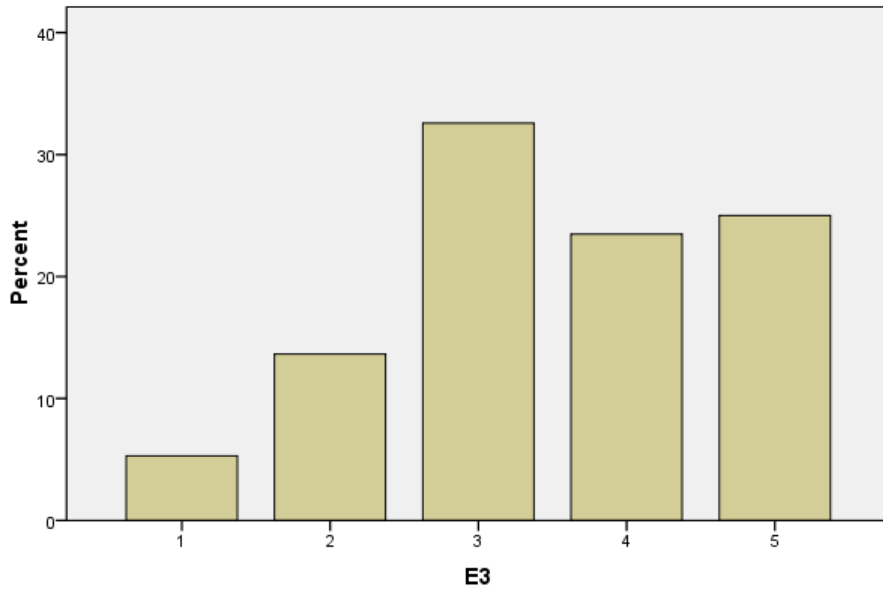
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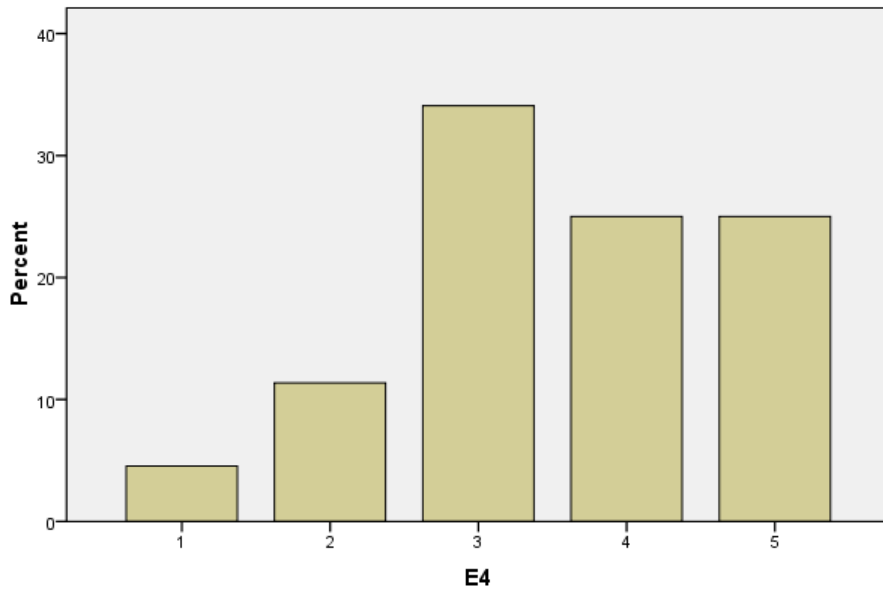
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XX

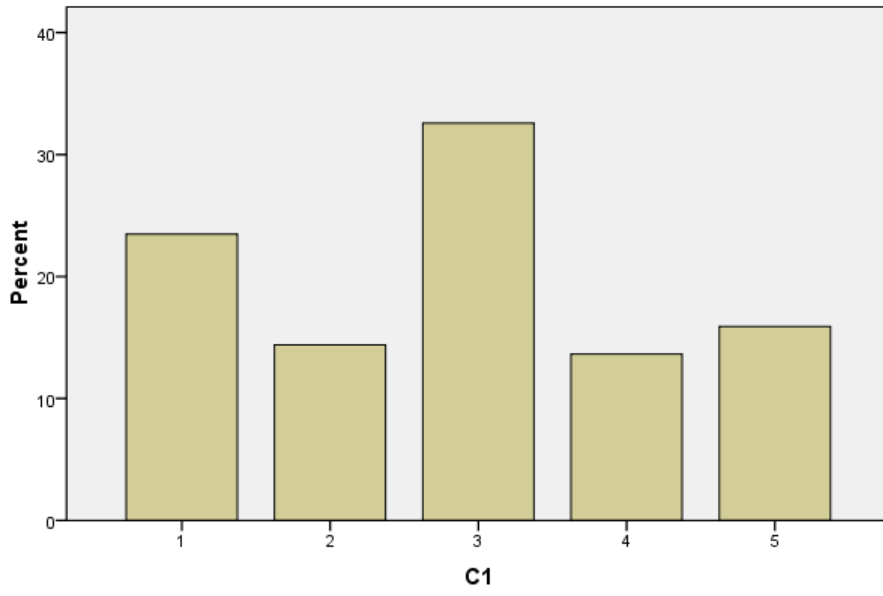
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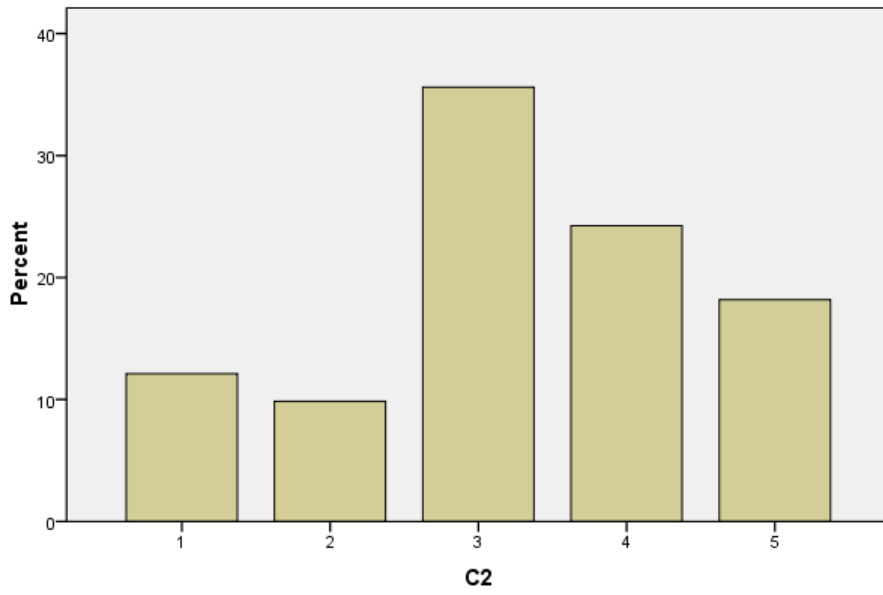
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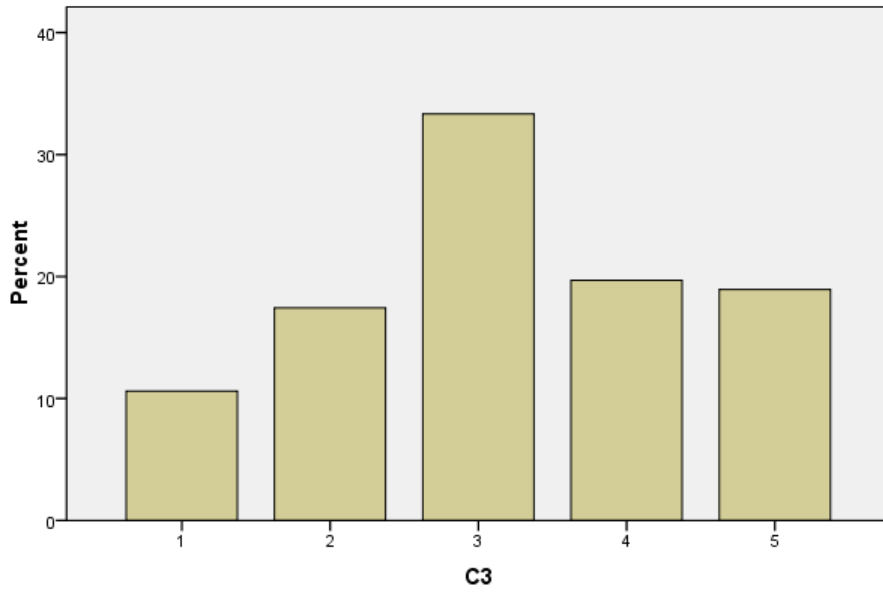
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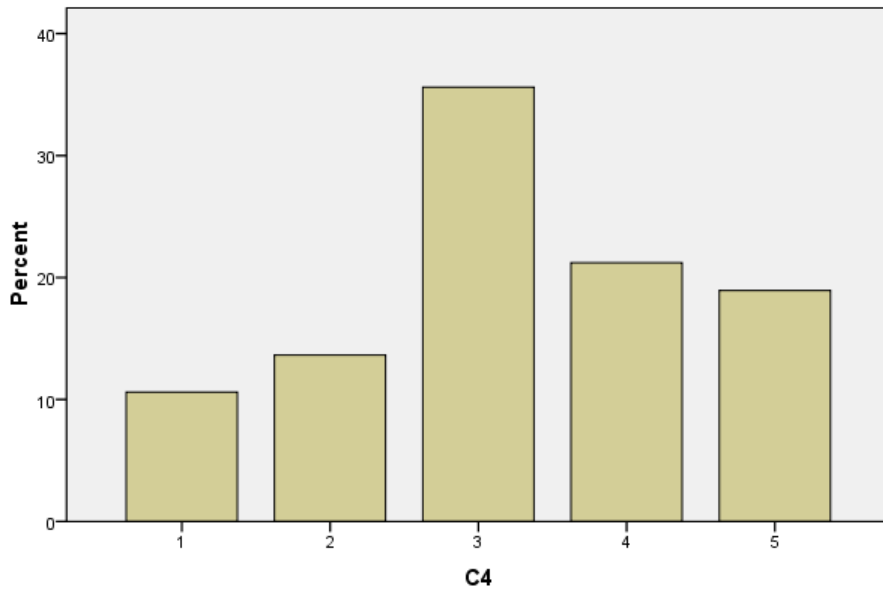
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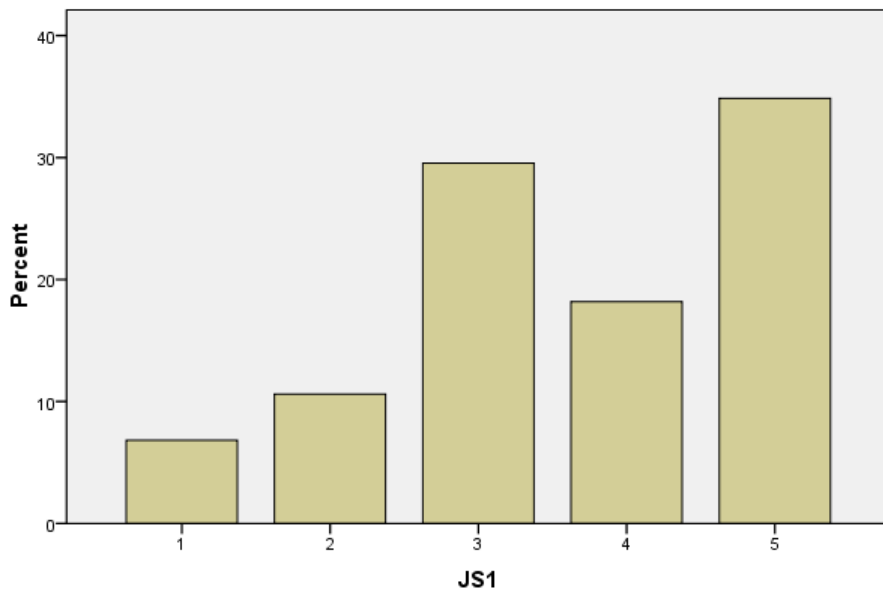
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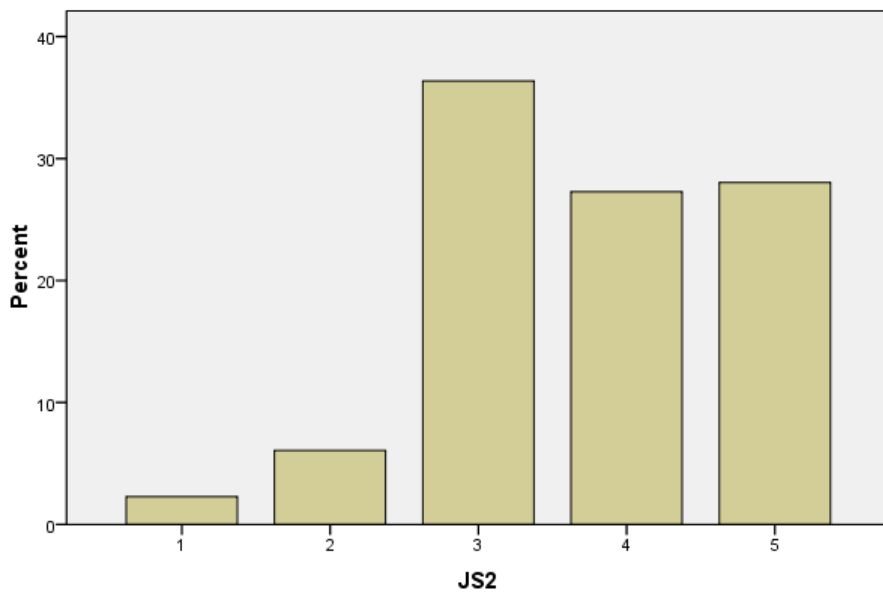
C4



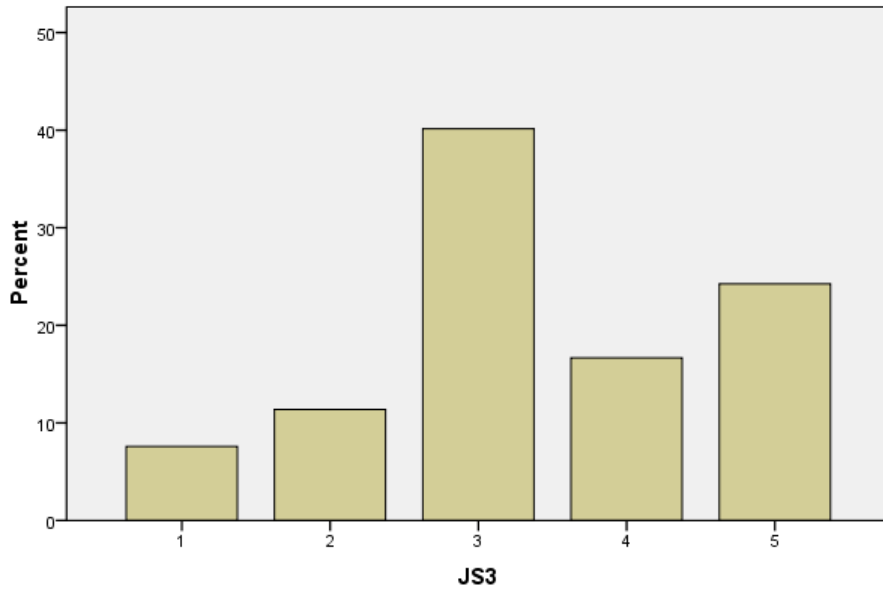
JS1



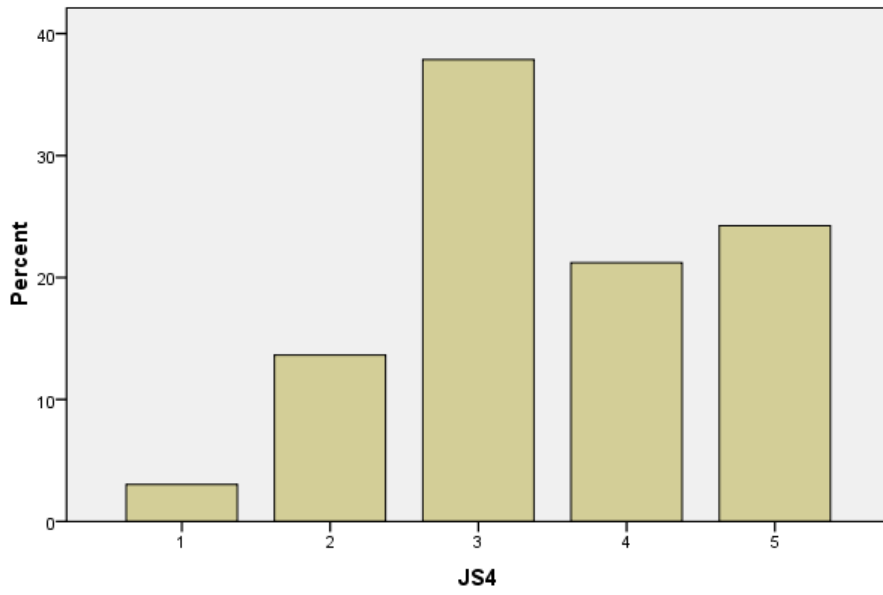
JS2



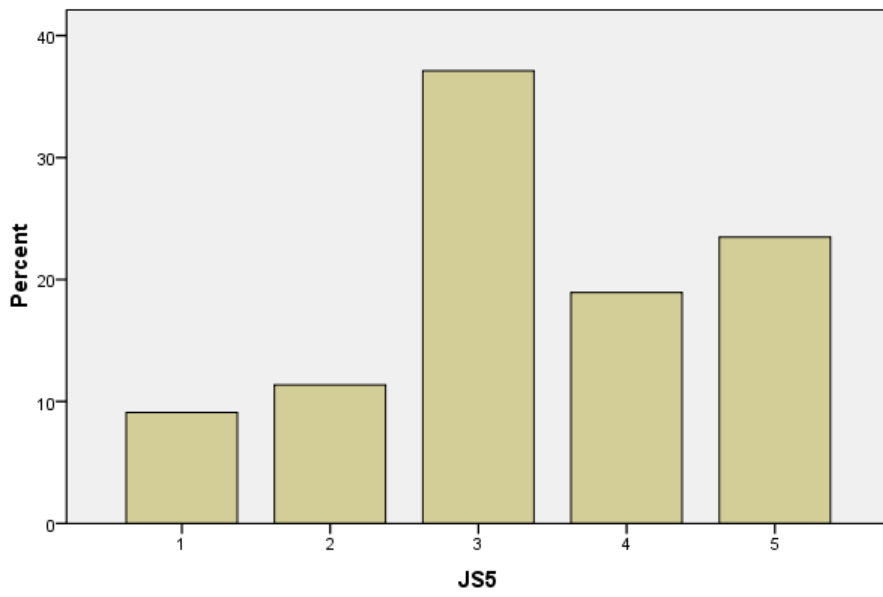
JS3



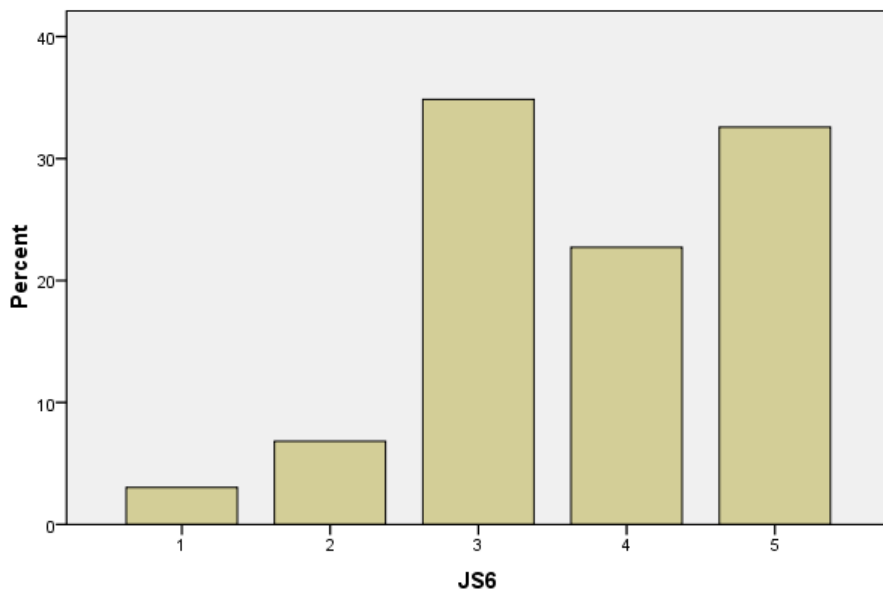
JS4



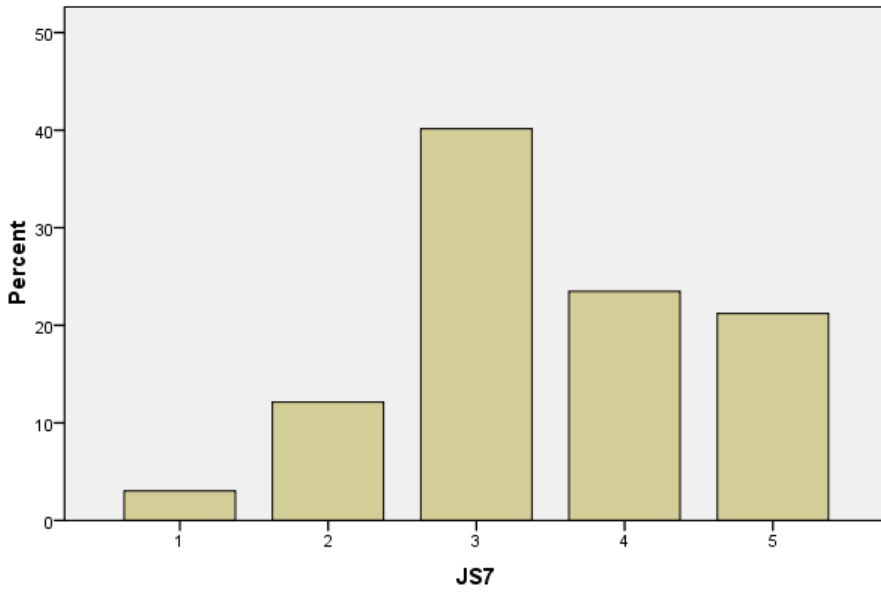
JS5



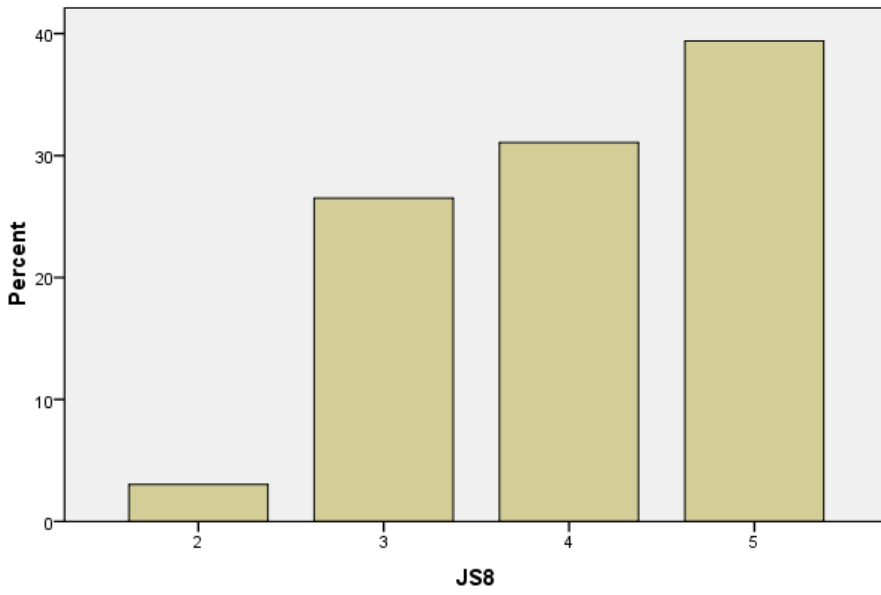
JS6



JS7



JS8



JS9

