

The effect of training on internal and external customer orientation: The case of Ethiopia

Andinet Worku Gebreselassie¹

Despite the importance of customer orientation in implementing the marketing concept, few studies have examined its antecedents in the context of banks in a least developed country (LDC). This study replicates the research of [Conduit and Mavondo \(2001\)](#) by examining if it is possible to achieve internal and external customer orientations through employee training in the Ethiopian banking context. It also examines how internal customer orientation affects the relationship between training and external customer orientation. Based on a field survey of 104 employees working at a government owned bank in Ethiopia, this study found that organizations could benefit from training their employees due to its direct and positive effect on both internal and external customer orientations. In addition, the multiple hierarchical regression analyses showed that the relationship between training and external customer orientation is mediated by internal customer orientation. This study fills a void in the literature by showing that unlike in a developed country, where training has no direct effect on internal customer orientation, in an LDC, the effect of training on internal customer orientation is stronger and positive. The implications for marketing scholars and practitioners are delineated in this study.

Keywords: Training, internal customer orientation, external customer orientation, least developed countries, developed countries

Introduction

Customer orientation can be defined as employees' inclination to meet the needs of internal and external customers on – the - job context ([Brown, Mowen, Donovan, & Licata, 2002](#); [Halstead, Jones, Lesseig, & Smythe, 2008](#); [Kima & Qu, 2020](#)). The implementation of customer orientation leads to long term profitability and superior performance ([Hai, Nguyen, Truong, & Pham, 2021](#); [Halstead et al., 2008](#); [Singha & Ranchhodb, 2004](#); [Ziggers & Henseler, 2016](#)). This relationship between customer orientation and organizational success is not surprising given under the marketing concept profitability and having satisfied customers are the rewards of customer orientation ([Deshpande, Farley, & Webster, 1993](#)). The marketing concept argues that organizational success comes from knowing the needs and wants of *external* customers and delivering customer satisfaction better than competitors do ([Kotler & Armstrong, 2012](#)). In addition to focusing on external customers, under the marketing concept, organizations should also focus on *internal* customers ([Mohrw-Jackson, 1991](#)). By focusing on both internal and external customers organizations could implement one important pillar of the marketing concept- customer orientation. Because of its importance, researchers have examined the antecedents of customer orientation ([Templer, Kennedy, & Phang, 2020](#)). A frequently mentioned antecedent of customer orientation is training ([Pettijohn, Pettijohn, & Taylor, 2002](#)). Researchers have examined training as an antecedent of both internal customer orientation and external customer orientation. However, these studies which were mostly done in the context of developed countries have generated mixed findings ([Conduit & Mavondo, 2001](#); [Pettijohn et al., 2002](#)). For example, [Pettijohn, Pettijohn, and Taylor \(2009\)](#) found that training has an effect on external customer orientation, while [Conduit and Mavondo \(2001\)](#) found that training has no effect on internal customer orientation. Unfortunately, no study has

¹ Addis Ababa University School of Commerce, Addis Ababa, Ethiopia. Email Andinet.worku@aau.edu.et

examined training as an antecedent of internal customer orientation and external customer orientation in the context of least developed countries (LDCs) ([United Nations, 2020](#)). This is unfortunate because the effect of training on measures of performance can be different between a developed country and an LDC. For example, [Garavan et al. \(2021\)](#) have shown that the effect of training on organizational performance is stronger in developing countries than developed countries. Similarly, we can expect that the effect of training on internal customer orientation and external customer orientation would be stronger in an LDC than a developed country. This issue is important because it may show that in the context of an LDC, training can help in the successful implementation of the marketing concept via its effect on both external customer orientation and internal customer orientation ([Mohrw-Jackson, 1991](#)). Therefore, examining if training has an effect on not only external customer orientation - but also on internal customer orientation is a major objective that will guide this study.

Having customer-oriented employees is important in Ethiopia because of changes in the competitive environment. For example, out of the 20 banks in the country 42 percent of them were established in the last 10 years ([National Bank of Ethiopia, 2021](#)). In addition, the rise of digital technology has fostered competition from such sectors as telecommunication which are now offering services that are traditionally offered by banks (e.g., money transfer) ([OECD, 2020](#)). Thus, banks in Ethiopia should consider ways of implementing the marketing concept if they are to be competitive ([Kohli & Jaworski, 1990](#)). One important step in this regard is to have employees who are customer oriented. Through training, organizations in Ethiopia can equip their employees with the knowledge and the skills that they need in order to improve service to internal and external customers ([Pettijohn et al., 2002](#); [Pettijohn, Pettijohn, & Taylor, 2007](#); [Ruekert, 1992](#); [Sohaila & Jangb, 2017](#)).

Using an LDC as a context, this article builds on past work by showing that training has a positive effect- not only on external customer orientation - but also on internal customer orientation. In addition, the article will show that internal customer orientation mediates the relationship between training and external customer orientation. This later notion is supported by past studies which identify the role of internal customer orientation as an intervening variable (*cf.* [Conduit & Mavondo, 2001](#)). Examining the mediation effect of internal customer orientation will inform organizations the mechanism through which training may affect external customer orientation in the context of an LDC. In turn, knowing the antecedents of external customer orientation is fundamental since external customer orientation has a significant effect on business performance in the context of LDCs ([Sisay, Verhees, & Trijp, 2017](#)).

This article addresses two important questions that organizations may face: (1) does training affect internal/external customer orientations (at the level of the employee)² in the context of an LDC? And (2) is the effect of training on external customer orientation mediated by internal customer orientation in countries such as Ethiopia?

This article proceeds as follows. First the theoretical framework, hypotheses, methods and procedures and the findings of the study are presented. Afterward the article presents the

²A number of studies have measured market orientation at the organizational level (*cf.*, [Kirca, Jayachandran, & Bearden, 2005](#)). However, the construct must ultimately be implemented at the employee level and so measuring it at the individual level is practical ([Carr & Lopez, 2007](#)). Besides, the studies which measured market orientation at the firm level (e.g., [Kasim, Ekinici, Altinay, & Hussain, 2018](#)) used similar items to measure the construct (e.g., [Narver & Slater, 1990](#)) as those which measured it at the individual level (e.g., [Conduit, Matanda, & Mavondo, 2014](#)).

implications of the findings for research and practitioners. Finally, the limitations of the study are discussed and guidelines for future research are provided.

Theoretical framework

This section presents the theoretical foundations for the constructs of the study, namely, customer orientation and training.

Customer orientation

It is important that employees behave in a customer oriented manner since external customers' perception of service quality is affected by the behavior of employees ([Hennig-Thurau, 2004](#)). Research shows that such behaviors as anticipating customer requests and providing individualized information are positively related to external customers' perception of good service quality ([Rafaeli, Ziklik, & Doucet, 2008](#)). Providing better service quality in turn leads to customer satisfaction and greater re-purchase intention ([Kuo, Chen, & Cheng, 2016](#)). Thus, employees' external customer orientation plays a critical role in affecting the success of service organizations ([Bove & Johnson, 2000](#)). Indeed, [Narver and Slater \(1990\)](#) have indicated that organizations which behave in a customer oriented way will reap great economic benefit ([Al-Hawari, 2006](#)).

Implicit in customer orientation is the notion that employees' inclination to serve internal customers (i.e., other employees) has an effect on external customer orientation ([Conduit & Mavondo, 2001](#); [Mohrw-Jackson, 1991](#)). Indeed, to provide high quality product to external customers, employees must receive the best possible quality product from those upstream in the chain of production ([Lukas & Maignan, 1996](#)). Thus, the provision of quality service to external customers is dependent on the quality of the inputs that employees get from each previous employee ([Conduit & Mavondo, 2001](#)).

[Conduit and Mavondo \(2001\)](#) examined if through training programs organizations could improve employees' internal customer orientation with the aim of enhancing market orientation (i.e., customer orientation, competitor orientation and inter-functional coordination) ([Hai et al., 2021](#); [Mahmoud, Kastner, & Akyea, 2011](#); [Narver & Slater, 1990](#)). The authors found that training has no effect on internal customer orientation. As a result, they did not find one important condition for a mediation effect, i.e., the independent variable (in this case training) is positively related to the mediating variable (in this case internal customer orientation) ([Baron & Kenny, 1986](#)). But there is evidence that the quality and impact of training has improved because of advancement in training practice ([Garavan et al., 2021](#); [Kraiger, 2014](#)). In fact, [Garavan et al. \(2021\)](#) found that the strength of the relationship between training and measures of performance has improved over the years. Such changes in the effect of training provide a reason to re-examine the relationship between training and internal customer orientation ([Kraiger, 2014](#)). Next, the study will present the theoretical foundation that is related to training.

Training

[Filippetti, Guy, and Iammarino \(2019, p. 1\)](#) defined training as "relatively short-term instruction in some well-defined set of employment-related skills". Training improves employees' ability to provide quality service through improving their mastery of their jobs ([Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994](#)). Being upbeat or having positive attitude towards one's job is not enough to provide quality service ([Tsai & Tang, 2008](#)). The quality of the service given to customers depend on not only the willingness of employees but also on their skill and knowledge ([Homburg, Wieseke, & Bornemann, 2009](#); [Tsai & Tang, 2008](#)). The greater the ability that employees have the higher the quality of service they can provide ([Yoo & Park, 2007](#)). Thus, [Dhar \(2015\)](#) found a strong relationship between employee training and the quality of service offered by employees.

Furthermore, being skilled at one's job could make employees happy ([Heskett et al., 1994](#)). Since satisfied employees because of their positive mood tend to be more pro-social, they

are more likely to be sensitive, aware, and concerned about the needs and feelings of both internal and external customers ([Choi & Joung, 2017](#); [Douglas & Ingram, 1992](#)).

Despite the above arguments, researchers have found ambiguous findings on the relationship between training and customer orientation ([Conduit & Mavondo, 2001](#); [Pettijohn et al., 2009](#)). But as argued earlier, in this study we can expect that training will have a positive relationship with both internal and external customer orientation. Next, the study will present the research model and hypotheses.

Research model and hypotheses

This section presents the conceptual framework and hypotheses of the study. It also presents the relationship between the variables which are examined in this study. The conceptual framework of the study is depicted in Figure 1.

Training and customer orientation

Training could positively affect outcome variables ([Albassami, Al-Meshal, & Bailey, 2015](#)). The positive effect of training on such outcome variables as *external* customer orientation is supported by past studies ([Pettijohn et al., 2009](#); [Sergio, Ruiz, & Munuera, 2002](#)). For example, [Sergio et al. \(2002\)](#) have suggested that the successful implementation of customer orientation requires organizations to provide employees with skills and knowledge on effective listening, on how to understand customers problems, and on how to tailor products/services to meet customers' needs ([Saxe & Weitz, 1982](#)). However, while the above mentioned authors have suggested that organizations provide training to improve employees' *external* customer orientation ([Homburg et al., 2009](#)), others have not found training to have a direct effect on *internal* customer orientation ([Conduit & Mavondo, 2001](#)).

In their meta-analysis which examined the moderating effect of country labor cost on the relationship between training and organizational performance, [Garavan et al. \(2021\)](#) found that the effect of training on organizational performance is stronger in developing countries compared to developed countries. This is because in developing countries, the lack of education can be supplemented by training ([Budría & Pereira, 2007](#)). Thus, organizations in developing countries which provide training to employees could see the positive effect of training on both internal and external customer orientations.

In addition, [Garavan et al. \(2021\)](#) have also shown that the effect of training on organizational performance is weaker in high performance – oriented cultures than low performance oriented cultures. Performance orientation is “the degree to which a society encourages and rewards group members for performance improvement and excellence” ([Javidan & House, 2001, p. 300](#)). [Garavan et al. \(2021\)](#) argue that in low performance – oriented cultures, employees may be performing at a lower level than those in high performance cultures. As a result, organizations will attain better performance gains through training in the former countries than the latter ([Garavan et al., 2021](#)). African countries such as Ethiopia are considered as low - performance oriented cultures ([Garavan et al., 2021](#)). Thus, we could expect that unlike in high performance cultures training will have an effect not only on *external* customer orientations but also on *internal* customer orientation.

On the basis of the above discussion, the following hypotheses are formulated.

H1a: Training has an effect on *internal* customer orientation in LDCs such as Ethiopia

H1b: Training has an effect on *external* customer orientations in LDCs such as Ethiopia

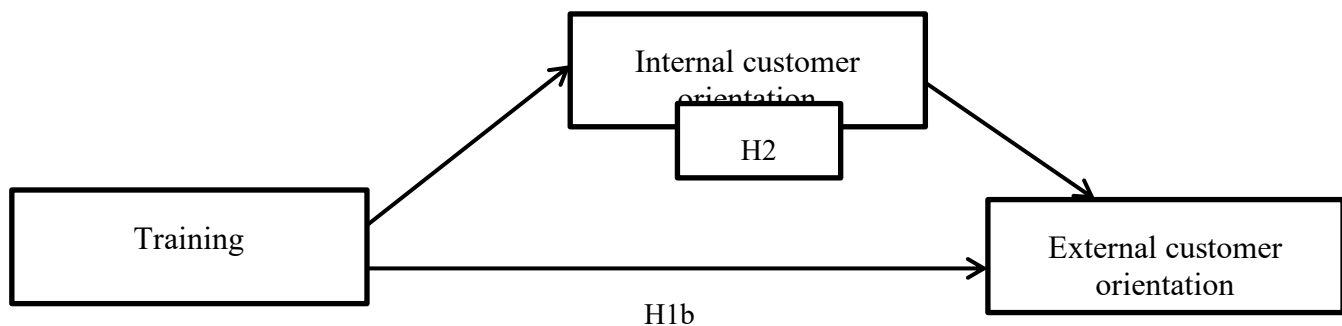
As already indicated, there is a relationship between internal customer orientation and external customer orientation ([Mohrw-Jackson, 1991](#)). This is based on the fact that the quality of external customer service is dependent on the quality of the inputs used to provide these services ([Lukas & Maignan, 1996](#)). For example, the quality of training given

depends on - not only on the ability of the trainer - but also on the quality of the training materials, such as, the visual aids. The quality of the training aids, in turn, is dependent on how well these are maintained by the employee who supports the trainer. In fact, internal customer orientation must precede external customer orientation (Kotler & Armstrong, 2012).

On the basis of the above discussion, the following hypothesis is formulated.

H2: The effect of training on external customer orientation is mediated by internal customer orientation

Figure 1: Conceptual framework of the study



Methods

Research setting and participants

For this study, the research setting was a government owned bank in Ethiopia (i.e., the Commercial Bank of Ethiopia (CBE)). Data was gathered from the employees of this bank.

Sample and data collection procedure

Data was collected from 148 employees. This sample size is determined using the formula for calculating sample size when the population is greater than 10,000.

$z^2 * p(1 - p) / e^2$; where z = z-score (this score is based on a 77.8%) confidence level because the research is exploratory in nature, with the goal of developing a basic sense of the effect of training on customer orientation in an LDC, and as a result precision may not be considered as critical; e = margin of error, which is $\pm 5\%$; and p = standard of deviation, the value of which is based on the very conservative estimate of 0.5 (McDaniel & Roger, 1999).

A total of 148 questionnaires were physically distributed to respondents but 45 questionnaires were unusable and therefore the study is based on the 104 completed responses, representing a response rate of 70.27%. This compares very favorably to other self-administered questionnaires (Baruch, 1999). 43.4% of the participants were women. The mean age of the participants is 35.91 years. On average, the participants have worked for the CBE for 9.44 years.

At the beginning of each questionnaire, the participants were informed that their responses would be processed anonymously for academic purposes only. They were also informed that there is no right or wrong answer and that the researchers are interested in their personal opinion. This was done in order to mitigate the problems caused by common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Podsakoff, MacKenzie, & Podsakoff, 2012).

To select the 148 employees, the following steps were taken. First, it was decided that data will be collected from employees of the bank stationed in Addis Ababa because most businesses in Ethiopia are concentrated in Addis Ababa. Second, three branches of the bank in Addis Ababa were selected based on convenience and accessibility. The participants who completed the survey are from these three branches. The participants were approached at the branches where they work and asked to complete the survey.

Measures

The items used to measure the independent and dependent variables of the study were adapted from instruments that were developed and tested in existing studies (see appendix 1). The constructs examined in this study were measured on a scale of 1 (Not at all) to 7 (To a great extent).

Items used for measuring the independent variables

The 4 items used to measure internal customer orientation were obtained from [Conduit and Mavondo \(2001\)](#), while the 7 items which were used to measure external customer orientation were adapted from [Narver and Slater \(1990\)](#). This article will use the measure of [Narver and Slater \(1990\)](#) for external customer orientation as it is the most reliable measurement tool ([Ahmed, Rafiq, & Saad, 2003](#)). Finally, [Lux, Jex, and Hansen \(1996\)](#) are the sources of the 7 items used for measuring training.

Covariates

To control for the effect of covariates on the relationship between the constructs in the study; age, gender and work experience were considered as covariates. This is because these variables may have an effect on customer orientation ([Franke & Park, 2006](#); [Kwan, Yim, & Zhou, 2015](#)). As a result, the participants of the study were asked to indicate their age, gender as well as the total number of their work experience (in years) at the end of the questionnaire.

Data analysis

The following steps were taken for data analysis. First, exploratory and confirmatory analyses for the constructs in the study were performed. Second, regression analyses were undertaken to test the proposed hypotheses regarding the relationships among training and internal customer orientation as independent variables and external customer orientation as a dependent variable. Next, the research investigated the mediating effect of internal customer orientation on the relationship between training and external customer orientation. To test the mediated relationship, a four-step method initially designed by [Baron and Kenny \(1986\)](#) and summarized by [Hayes \(2013\)](#) was employed. Firstly, training (i.e., independent variable) must be related to the dependent variable (i.e. external customer orientation). Secondly, the independent variable – must be related to the mediator variable, i.e., internal customer orientation. Thirdly, the mediator variable – must significantly relate to external customer orientation. Finally, when the mediator variable is controlled for, the relationship (i.e. the coefficient) between training and external customer orientation should be either no longer significant (full mediation) or substantially reduced (partial mediation). The last two steps in the hierarchical regression analysis were performed simultaneously.

Furthermore, in order to mitigate the problems caused by common method bias, besides the previously mentioned procedural remedy ([Podsakoff et al., 2012](#)), the research also checked for possible common method bias using Harman's single factor test. And it found that the items of the study did not load significantly on a single factor (27 percent). Thus, common method bias may not be an issue in this study.

Finally, in order to reduce the effect of multicollinearity as well as to make interpretation of results meaningful, the independent variables were mean-centered ([Dawson, 2014](#)).

Results

The results of the analysis are presented in the sequence in which they are performed. First, the results of the validity and reliability tests are presented. Second, the regression analysis for the main effect of training on external customer orientation and internal customer orientation are presented. Third, the results of the four-stage mediation analysis are presented.

Validity and reliability analyses

For the *internal customer orientation* measure, an exploratory Principal Components Factor Analysis (PCFA) was performed to investigate the structure of the data. This analysis resulted in a one-factor model accounting for 67.83% of the total variance. All items have factor loading of greater than 0.5. Consequently, these 7 items were averaged to form a single index of internal customer orientations (Cronbach alpha= 0.919).

For the measure of *external customer orientation*, 8 items were used ([Narver & Slater, 1990](#)). The PCFA resulted in a one-factor model accounting for 71.89% of the total variance. All the 8 items were found to have high loadings, above 0.5. Thus, these 8 items were averaged to form a single index of external customer orientations (Cronbach alpha= 0.941).

For the measure of training, 11 items adapted from [Lux et al. \(1996\)](#) were used. Since the research does not have any a priori assumption that the three components of training would differentially affect either internal customer orientations or external customer orientation, these 11 items were considered as one construct (appendix 1). However, two items did not load well with the construct training (see appendix 1). As a result, they were dropped from further analysis. The PCFA resulted in a one-factor model accounting for 68.57% of the total variance. Thus, the remaining 9 items which were found to have high loadings, above 0.5, were averaged to form a single index of training (Cronbach alpha= 0.942).

Next, confirmatory analysis was performed to test how well the measured variables represent the constructs. Following the procedures recommended by Hair, Black, Babin, and Anderson (2010) to test for discriminant validity, first, the research performed Promax oblique rotation for the three core variables of this study – namely, training, internal customer orientation, and external customer orientation – on a pair-wise basis. Then the Average Variance Extracted (AVE) for each of the constructs in a pair (in this case, training with external customer orientation; training with internal customer orientation; and internal customer orientation with external customer orientation) was calculated. Based on the discriminant validity exercise, because of cross loadings to internal customer orientation and external customer orientation two items were dropped from training (see appendix 2). Three items which cross loaded to external customer orientation and training were dropped from internal customer orientation. One item which cross-loaded to training from external customer orientation was dropped (appendix 2).

Next, the AVEs were compared with the squared correlations for each pair of factors. The research established discriminant validity because in all cases, the AVE was greater than the correlation squared (compare Table 2 and appendix 2). The examination of internal consistency of the items measuring the constructs also showed good results (see Table 1).

Table 1 shows the revised number of items, the Cronbach's alphas, and the means and standard deviations for the three core composite constructs used in this study.

Table I: Number of items measuring the main constructs, Cronbach's alpha, means, and Standard deviation

Concept	Number of items	Cronbach's alpha	Mean	SD
Training	7	.945	5.103	.1612
External customer orientation	7	.945	5.419	.0547
Internal customer orientation	4	.900	5.142	.1095

All of the Cronbach's alpha values for the concepts are above 0.85, indicating a high degree of internal homogeneity in the responses. Table 2 presents inter-correlations among the variables. As expected, significant and positive correlations exist among training, internal customer orientation, and external customer orientation. Training and internal customer orientation were significantly correlated ($r = 0.713$, $p < .001$); training and external customer orientation were also significantly correlated ($r = 0.685$, $p < .001$); and external customer orientation and internal customer orientation were also significantly correlated ($r = .763$ $p < .001$).

Table II: Correlations of study variables

	1	2	3	4	5	6
1. Training	1					
2. Internal customer orientation	0.713**	1				
3. External customer orientation	0.685**	0.763**	1			
4. Work experience	0.512**	0.346**	0.438**	1		
5. Age	0.106	0.174	0.088	0.264**	1	
6. Gender	0.015	-0.026	0.064	0.084	0.039	1

** . Correlation is significant at the 0.01 level (2-tailed), * . Correlation is significant at the 0.05 level (2-tailed).

4.5 Hypotheses testing

In order to test hypothesis 1a, i.e., if training has an effect on *internal* customer orientation, a hierarchical regression analysis was performed (see Table 3). First, the covariates- age, gender, and work experience were included in the model (see column 1 Table 3). The result indicates that work experience has a significant and positive relationship with internal customer orientation ($B = 0.078$, $P < 0.01$) explaining 13.0% of the variance in internal customer orientation. However, the other covariates did not have a significant effect on internal customer orientation. Next, training was added to the

model in column 1 of Table 3, the result of the analysis revealed that none of the covariates have a significant effect on training. However, training has a significant effect on internal customer orientation ($B = 0.746$, $P < 0.001$). This provides support to hypothesis 1a (see Table 3, column 2).

Table III: The main effect of training on customer orientation

Variables	Internal customer orientation	Internal customer orientation	External customer orientation	External customer orientation
Constant	4.320 (.261)***	5.142 (.216)***	4.514 (.227)	5.152 (.203)***
Age	.003 (.003)	.004 (.002)	-.001 (.003)	.000 (.002)
Gender	-.068 (.116)	-.045 (.087)	.034 (.101)	.052 (.082)
Work experience (years)	.078 (.023)**	-.012 (.020)	.096 (.020)***	.026 (.019)
Training		.746 (.084)***		.580 (.079)***
N	103	103	103	103
R ²	.130	.516	.193	.478

Notes: The columns are linear regression estimation; The dependent variables are internal customer orientation and external customer orientations; Standard errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

To test hypothesis 1b, i.e., if training has an effect on external customer orientations, a hierarchical regression analysis was performed. First, the covariates were added to the model in column 3 of Table 3. As can be seen in Table 3 column 3, only the covariate work experience has a significant effect on external customer orientation ($B = 0.096$, $P < 0.001$). Next, training was added to the model in column 3, the result indicates that training has a significant effect on external customer orientation ($B = .580$, $P < .001$) explaining 47.8% of the variance in external customer orientation. However, none of the covariates had a significant effect on external customer orientation. Therefore, hypothesis 1b is supported.

In order to test hypothesis 2, i.e., if the effect of training on external customer orientation is mediated by internal customer orientation, the following four-step approach recommended by [Baron and Kenny \(1986\)](#) were followed (see Table 4). First, as already shown in column 4 of Table 3, training has a positive and significant influence on external customer orientation ($B = .580$, $P < 0.001$). Thus, the first step in the mediational analysis is met. In addition, column 2 of Table 3 shows that training is positively and significantly correlated with internal customer orientation, i.e., the mediator ($B = 0.746$, $p < 0.001$), so the second condition for mediation is met. Column 3 of Table 4 presents the hierarchical regression analysis by using both the independent variable (training) and the

mediator (internal customer orientation) as possible predictors of external customer orientation. The results show that internal customer orientation is a significant predictor of external customer orientation ($B = .526$, $SE = 0.078$, $P < 0.001$). What is more, the effect of training on external customer orientation decreased from ($B = .580$, $P < 0.001$) to ($B = .187$, $P < 0.05$) after controlling for the mediator. Therefore, hypothesis 4 is supported. The results show that internal customer orientation partially mediates the effect of training on external customer orientation.

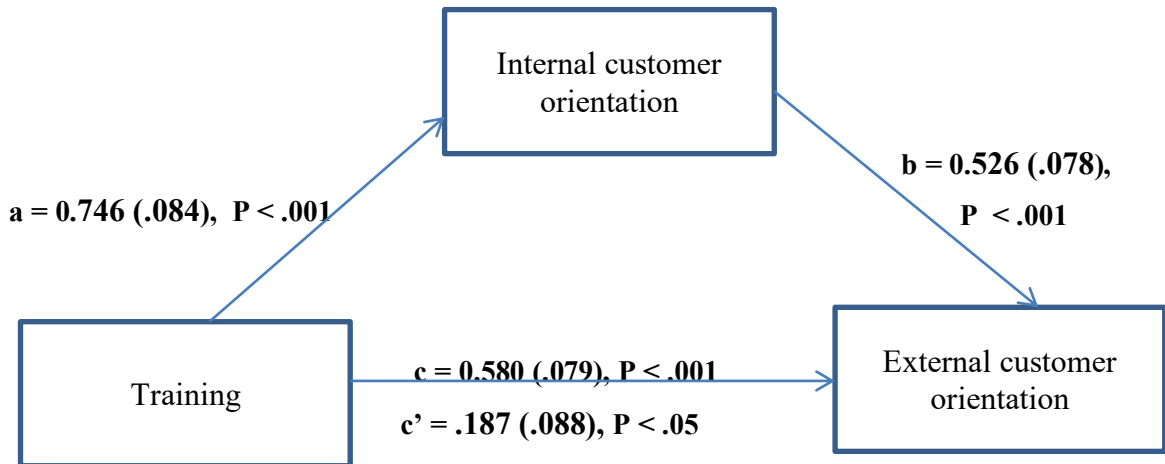
Table IV: The mediation effect of internal customer orientation on the relationship between external customer orientation and training

Variables	External customer orientation (path c)	Internal customer orientation (path a)	External customer orientation (paths b & c')
Constant	5.152 (.203)***	5.142 (.216)***	5.152 (.169)***
Age	.000 (.002)	.004 (.002)	-.002 (.002)
Gender	.052 (.082)	-.045 (.087)	.076 (.068)
Total number of work experience (years)	.026 (.019)	-.012 (.020)	.032 (.016)*
Internal customer orientation			.526 (.078)***
Training	.580 (.079)***	.746 (.084)***	.187 (.088)*
N	103	103	.642
R ²	.478	.516	103

Notes: The columns are linear regression estimation; The dependent variables are internal customer orientation and external customer orientations; Standard errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

To summarize the results of the mediation analysis, Figure 2 shows the outputs from the regression analysis by taking mean-centered unstandardized regression coefficients and the standard errors for the four- steps: (1) Training was positively correlated to external customer orientation ($b = .580$, $p < 0.001$), (2) Training was positively correlated to internal customer orientation ($b = .746$, $p < 0.001$), and (c) when both training and internal customer orientation are included into the regression, the estimate of training decreased to ($B = .187$, $P < .05$) and internal customer orientation is significant ($b = .526$, $p < 0.001$).

Figure 2: Unstandardized beta coefficients and standard errors showing the test for the mediation effect of internal customer orientation



To further test the mediation effect of internal customer orientation on the relationship between training and external customer orientation a Sobel test was carried out. The result (Sobel's test statistic = 5.701, SE = .073, $P < .001$) indicate that the effect of training on external customer orientation is mediated by internal customer orientation. This provides support to hypothesis 2.

General discussion

This study had two objectives. First, it sought to examine if training has an effect on both internal and external customer orientations. Second, it analyzed if the effect of training on external customer orientation is mediated by internal customer orientation. This section discusses these findings starting from the first one.

The first finding extends existing research by showing that training has a significant and positive effect on not only external customer orientation but also on internal customer orientation. While previous studies have found that training has no significant effect on internal customer orientation (Conduit & Mavondo, 2001), according to the participants of this study, the effect of training on internal customer orientation is significant and positive. This finding substantiates studies which indicate that the effect of training on measures of performance varies between low-labor cost countries and high-labor cost countries (Garavan et al., 2021). In this study, the case of an LDC was taken, the results provide further evidence that training programs could supplement educational shortage (Budría & Pereira, 2007). Consequently, in low-labor cost countries where there is educational shortage, organizations could benefit from training more than those organizations in high – labor cost countries. Thus, in the context of an LDC, the implementation of the marketing concept can be facilitated through training because of its effect on both internal and external customer orientations (Mohrw-Jackson, 1991; Papasolomou-Doukakis, 2002).

In addition, this article has shown that the effect of training on external customer orientation is partially mediated by internal customer orientation. This finding informs organizations the mechanism through which training affects external customer orientation. According to the participants of this study, organizations could improve their external customer orientation either directly through training or through the mediating effect of internal customer orientation.

Theoretical implications

In developed countries training may not have a direct effect on internal customer orientation. However, in such countries training could indirectly impact internal customer orientation, for example, through intelligence dissemination ([Conduit & Mavondo, 2001](#)). In contrast, in an LDC, organizations may benefit from the direct effect of training on internal customer orientation. In addition, in the context of an LDC, the effect of training on external customer orientation is enhanced via internal customer orientation. This finding shows the importance of internal customer orientation in creating employees who are external customer oriented. Together both of these findings add to a line of research which shows that the relationship between training and outcome variables is stronger in less economically developed countries compared to more economically developed countries ([Garavan et al., 2021](#)).

Implications for practice

The study has a number of important recommendations for organizations in an LDC. First, the study has shown that training is effective in influencing both internal and external customer orientations. This finding is important because according to the participants of this study, the successful implementation of the cornerstone of the marketing discipline is possible through training. This is strongly supported by the regression equations which show that training affects one important pillar of the marketing concept (i.e., focus on both internal and external customers). Thus, organizations in an LDC would benefit in having employees who are customer orientated via training. Second, organizations in an LDC should focus on internal customer orientation when providing training because it is through it that training affects external customer orientation.

Limitations and directions for future research

One avenue for future research could be related to the argument that the effect of training on measures of performance has improved over the years because of improvement in the quality and impact of training ([Garavan et al., 2021](#); [Kraiger, 2014](#)). It has been over twenty years since [Conduit and Mavondo \(2001\)](#) have conducted their study. Thus, future research could test this argument by re-examining the relationship between training and internal customer orientation in the context of a developed country. In addition, future research could also examine if training has an effect on market orientation and if this effect is mediated by internal customer orientation in the context of an LDC.

Appendix 1

Summary of scale development results

* indicates item deleted from final scale measure

1.1. *Internal customer orientation* (Cronbach $\alpha = 0.900$)

(a*) My company systematically measures how satisfied employees are. (b) In interdepartmental dealings, we treat each department as a customer. (c) We constantly seek to increase the value of products and services (or lower costs) we provide to sister departments. (d) We collaborate with sister departments to ensure we understand their on-going requirements. (e) Our company stresses the importance of treating other sections as customers. (f*) We charge our sister departments the true value of our goods and services. (g*) Our sister departments systematically evaluate the quality of products and services we offer them.

1.2. *External customer orientation* (Cronbach $\alpha = .945$)

(a) Our company vision stresses the importance of customer satisfaction. (b) We base our competitive advantage on understanding customer needs. (c) We systematically and frequently measure customer satisfaction. (d) We pay close attention to after-sales service. (e) We constantly seek to increase benefits or reduce costs to the customers. (f) We gather information to understand customers' present and future needs. (g*) The company rewards those employees who provide excellent customer service. (h) We use our customers as important sources of new product ideas.

1.3. *Training*

Extent of training ($\alpha = 0.945$): (a) My company encourages me to undertake a considerable amount of training. (b) My company provides opportunities for me to undertake on-going training. (c*) There is not enough on-going training in this company (negative). *Value of training* ($\alpha = 0.907$): (a) My company reimburses employees for training they undertake. (b) My company considers formal training to be very valuable. (c*) In my company, most formal training is seen as a waste of time and money (negative). (d) My company places high importance on broad employee training. *Emphasis of training* $\alpha = 0.853$): (a) My company believes technical training is more important than general training. (b) After most training sessions, I feel I have an increased understanding of the reason for my company's existence. (c*) Training sessions help me to understand current and future customer needs. (d*) My company believes all employees should be trained in customer awareness.

Appendix 2: Assessment of factor loadings using oblique rotation by pattern matrix^a

	Components		
	Training	External customer orientation	Internal customer orientation
Training 1	.902		
Training 2	.891		
Training 3	.869		
Training 4	.838		
Training 5	.815		
Training 6	.782		
Training 7	.728		
External customer orientation 1		.891	
External customer orientation 2		.880	
External customer orientation 3		.832	
External customer orientation 4		.811	
External customer orientation 5		.791	
External customer orientation 6		.727	
External customer orientation 7		.584	
Internal customer orientation 1			.901
Internal customer orientation 2			.729
Internal customer orientation 3			.714
Internal customer orientation 4			.697

Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization.

^a Rotation converged in 6 iterations.

References

- Ahmed, P., Rafiq, M., & Saad, N. (2003). Internal marketing and the mediating role of organisational competencies. *European Journal of Marketing*, Vol. 37 No. 9,(9), pp. 1221-1241. doi: 10.1108/03090560310486960
- Al-Hawari, M. (2006). The effect of automated service quality on bank financial performance and the mediating role of customer retention. *Journal of Financial Services Marketing*, Vol. 10 No. 3,(3), pp. 228-243.
- Albassami, F. A., Al-Meshal, S., & Bailey, A. A. (2015). An investigation of internal marketing and its effects on employees in the banking sector in Saudi Arabia. *Journal of Financial Services Marketing*, Vol. 20 No. 3,(3), pp. 176-190. doi: 10.1057/fsm.2015.11
- Baron, R., & Kenny, D. (1986). The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, Vol. 51 No. 6,(6), pp. 1173-1182.
- Baruch, Y. (1999). Response rate in academic studies- a comparative analysis. *Human Relations*, Vol. 52 No. 4,(4), pp. 421-438. doi: org/10.1177/001872679905200401
- Bove, L., & Johnson, L. (2000). A customer-service worker relationship model. *International Journal of Service Industry Management*, Vol. 11 No. 5,(5), pp. 491-511. doi: org/10.1108/09564230010360191
- Brown, T., Mowen, J., Donavan, T., & Licata, J. (2002). The customer orientation of service workers: personality trait effects on self-and supervisor performance ratings. *Journal of Marketing Research*, Vol. 39 No. 1,(1), pp. 110-119. doi: org/10.1509/jmkr.39.1.110.18928
- Budría, S., & Pereira, P. T. (2007). The wage effects of training in Portugal: differences across skill groups, genders, sectors and training types. *Applied Economics*, Vol. 39 No. 6,(6), pp. 787-807. doi: org/10.1080/00036840500447757
- Carr, J. C., & Lopez, T. B. (2007). Examining market orientation as both culture and conduct: Modeling the relationships between market orientation and employee responses. *Journal of Marketing Theory and Practice*, 15(2), 113-125. doi: org/10.2753/MTP1069-6679150202
- Choi, E.-K., & Joung, H.-W. (2017). Employee job satisfaction and customer-oriented behavior: a study of frontline employees in the foodservice industry. *Journal of Human Resources in Hospitality & Tourism*, Vol. 16 No. 3, (3), pp. 235-251. doi: 10.1080/15332845.2017.1253428
- Conduit, J., Matanda, M., & Mavondo, F. (2014). Balancing the act: The implications of jointly pursuing internal customer orientation and external customer orientation. *Journal of Marketing Management*, 30(13-14), 1320-1352. doi: org/10.1080/0267257X.2014.909513
- Conduit, J., & Mavondo, F. (2001). How critical is internal customer orientation to market orientation. *Journal of Business Research*, Vol. 51 No. 1,(1), pp. 11-24. doi: org/10.1016/S0148-2963(99)00044-2
- Dawson, J. (2014). Moderation in management research: what, why, when, and how. *Journal of Business and Psychology*, Vol. 29 No. 1,(1), pp. 1-19. doi: 10.1007/s10869-013-9308-7
- Deshpande, R., Farley, J., & Webster, F. (1993). Corporate culture, customer orientation, and innovativeness in Japanese firms: a quadrad analysis. *Journal of Marketing*, Vol. 57 No. 1,(1), pp. 23-27.

- Dhar, R. L. (2015). Service quality and the training of employees: the mediating role of organizational commitment. *Tourism Management*, Vol. 46,, pp. 419-430. doi: org/10.1016/j.tourman.2014.08.001
- Douglas, H., & Ingram, T. (1992). Service provider job satisfaction and customer. *Journal of Services Marketing*, Vol. 6 No. 2,(2), pp. 68-78. doi: org/10.1108/08876049210035872
- Filippetti, A., Guy, F., & Iammarino, S. (2019). Regional disparities in the effect of training on employment. *Regional Studies*, Vol. 53 No. 2,(2), pp. 217-230. doi: org/10.1080/00343404.2018.1455177
- Franke, G., & Park, J.-E. (2006). Salesperson adaptive selling behavior and customer orientation: a meta-analysis. *Journal of Marketing Research*, Vol. 43 No. 4, (4), pp. 693-702. doi: org/10.1509/jmkr.43.4.693
- Garavan, T., McCarthy, A., Lai, Y., Murphy, K., Sheehan, M., & Carbery, R. (2021). Training and organisational performance: a meta-analysis of temporal, institutional and organisational context moderators. *Human Resource Management Journal*, Vol. 31 No. 1,(1), pp. 93-119. doi: org/10.1111/1748-8583.12284
- Hai, H., Nguyen, X., Truong, T., & Pham, H. (2021). The effects of strategy and market orientation on the performance of Vietnamese startups. *Management Science Letters*, Vol. 11 No. 4,(4), pp. 1357-1366. doi: 10.5267/j.msl.2020.11.004
- Halstead, D., Jones, M., Lesseig, V., & Smythe, T. (2008). The customer orientation of financial advisers. *Journal of Financial Services Marketing*, Vol. 13 No. 3,(3), pp. 183-192 doi: 10.1057/fsm.2008.12
- Hayes, A. (2013). *Introduction to mediation, moderation, and conditional process analysis: A regression-based approach*. Guilford Press: New York.
- Hennig-Thurau, T. (2004). Customer orientation of service employees. *International Journal of Service Industry Management*, Vol. 15 No. 5,(5), pp. 460-478. doi: 10.1108/09564230410564939
- Heskett, J., Jones, T., Loveman, G., Sasser, E., & Schlesinger, L. (1994). Putting the service-profit chain to work. *Harvard Business Review*, Vol. 72 No. 2,(2), pp. 164-174.
- Homburg, C., Wieseke, J., & Bornemann, T. (2009). Implementing the marketing concept at the employee-customer interface: the role of customer need knowledge. *Journal of Marketing*, Vol. 73 No. 4,(4), pp. 64-81. doi: org/10.1509/jmkg.73.4.064
- Javidan, M., & House, R. (2001). Cultural acumen for the global manager: lessons from project GLOBE. *Organizational Dynamics*, Vol. 29 No. 4,(4), pp. 289-305.
- Kasim, A., Ekinci, Y., Altinay, L., & Hussain, K. (2018). Impact of market orientation, organizational learning and market conditions on small and medium-size hospitality enterprises. *Journal of Hospitality Marketing & Management*, 27(7), 855-875. doi: org/10.1080/19368623.2018.1438955
- Kima, H., & Qu, H. (2020). Effects of employees' social exchange and the mediating role of customer orientation in the restaurant industry. *International Journal of Hospitality Management*, Vol. 89,, pp. 1-8. doi: org/10.1016/j.ijhm.2020.102577
- Kirca, A. H., Jayachandran, S., & Bearden, W. (2005). Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance. *Journal of Marketing*, 69(2), 24-41. doi: org/10.1509/jmkg.69.2.24.60
- Kohli, A., & Jaworski, B. (1990). Market orientation: the construct, research propositions, and managerial implications. *Journal of Marketing*, Vol. 54 No. 2,(2), pp. 1-18. doi: org/10.1177/002224299005400201
- Kotler, P., & Armstrong, G. (2012). *Principles of marketing*. Pearson Education: Upper Saddle River, NJ.

- Kraiger, K. (2014). Looking back and looking forward: trends in training and development research. *Human Resource Development Quarterly*, Vol. 25 No. 4,(4), pp. 401-408.
- Kuo, T., Chen, C. T., & Cheng, W. J. (2016). Service quality evaluation: moderating influences of first-time and revisiting customers. *Total Quality Management & Business Excellence*, pp. 1-12. doi: 10.1080/14783363.2016.1209405
- Kwan, H. K., Yim, F. H. k., & Zhou, X. (2015). Effects of mentoring on customer orientation: the moderating role of gender. *Asia Pacific Journal of Human Resources*, Vol. 53 No. 1,(1), pp. 124-140. doi: org/10.1111/1744-7941.12029
- Lukas, B., & Maignan, I. (1996). Striving for quality: the key role of internal and external customers. *Journal of Market-Focused Management*, Vol. 1 No. 2,(2), pp. 175-187.
- Lux, D., Jex, S., & Hansen, C. (1996). Factors influencing employee perceptions of customer service climate. *Journal of Market-Focused Management*, Vol. 1 No. 1,(1), pp. 65-86.
- Mahmoud, M. A., Kastner, A. N. A., & Akyea, K. S. (2011). Market orientation as a competitive tool: empirical evidence from 'quartile one' banks in Ghana. *Journal of Financial Services Marketing*, Vol. 16 No. 3,(3), pp. 316-334. doi: 10.1057/fsm.2011.26
- McDaniel, C., & Roger, G. (1999). *Contemporary marketing research*. South-Western College Publishing: Cincinnati, OH.
- Mohr-w-Jackson, I. (1991). Broadening the market orientation: an added focus on internal customers. *Human Resource Management*, Vol. 30 No. 4,, pp. 455-467. doi: doi.org/10.1002/hrm.3930300403
- Narver, J., & Slater, S. (1990). The effect of a market orientation on business profitability. *Journal of Marketing*, Vol. 54 No. 4,(4), pp. 20-35.
- National Bank of Ethiopia. (2021). "Banks - National Bank". Retrieved 30-4-2021, from <https://nbebank.com/banks/>
- OECD. (2020). "Digital disruption in banking and its impact on competition". from <https://www.oecd.org/daf/competition/digital-disruption-in-financial-markets.htm>
- Papasolomou-Doukakis, I. (2002). Internal marketing: a means for creating a sales or marketing orientation? the case of UK retail banks. *Journal of Marketing Communications*, Vol. 2 No. 8,(8), pp. 87-100. doi: 10.1080/13527260210142338
- Pettijohn, C., Pettijohn, L., & Taylor, A. (2002). The influence of salesperson skill, motivation, and training on the practice of customer oriented selling. *Psychology & Marketing*, Vol. 19 No. 9,(9), pp. 743-757. doi: 10.1002/mar.10033
- Pettijohn, C., Pettijohn, L., & Taylor, A. (2007). Does salesperson perception of the importance of sales skills improve sales performance, customer orientation, job satisfaction, and organizational commitment, and reduce turnover? *Journal of Personal Selling & Sales Management*, Vol. 27 No. 1,(1), pp. 75-88. doi: org/10.2753/PSS0885-3134270105
- Pettijohn, C., Pettijohn, L., & Taylor, A. (2009). Retail sales training: activities and effects on job satisfaction, organizational commitment, turnover and customer-orientation. *Marketing Management Journal*, Vol. 19 No. 1,(1), pp. 46-57.
- Podsakoff, P., MacKenzie, S., Lee, J.-Y., & Podsakoff, N. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology*, Vol. 88 No. 5(5), pp. 879-903. doi: 10.1037/0021-9010.88.5.879
- Podsakoff, P., MacKenzie, S., & Podsakoff, N. (2012). Sources of method bias in social science research and recommendations on how to control it. *Annual Review of Psychology*, Vol. 63,, pp. 539-569. doi: 10.1146/annurev-psych-120710-100452

- Rafaëli, A., Ziklik, L., & Doucet, L. (2008). The impact of call center employees' customer orientation behaviors on service quality. *Journal of Service Research*, Vol. 10 No. 3,(3), pp. 239-255. doi: 10.1177/1094670507306685
- Ruekert, R. (1992). Developing a market orientation: an organizational strategy perspective. *International Journal of Research in Marketing*, Vol. 9 No. 3,(3), pp. 225-245. doi: org/10.1016/0167-8116(92)90019-H
- Saxe, R., & Weitz, B. (1982). The SOCO scale: a measure of the customer orientation of salespeople. *Journal of Marketing Research*, Vol. 19 No. 3,(3), pp. 343-351.
- Sergio, R., Ruiz, S., & Munuera, J. L. (2002). The effects of sales training on sales force activity. *European Journal of Marketing*, Vol. 36 Nos 11/12, (11/12), pp. 1344-1366. doi: 10.1108/03090560210445218
- Singha, S., & Ranchhodb, A. (2004). Market orientation and customer satisfaction: evidence from British machine tool industry. *Industrial Marketing Management*, Vol. 33,, pp. 135 - 144. doi: 10.1016/S0019-8501(03)00056-7
- Sisay, D., Verhees, F., & Trijp, H. C. M. v. (2017). The influence of market orientation on firm performance and members' livelihood in Ethiopian seed producer cooperatives. *Agrekon*, Vol. 56 No. 4,(4), pp. 366-382. doi: 10.1080/03031853.2017.1409126
- Sohaila, S., & Jangb, J. (2017). Understanding the relationships among internal marketing practices, job satisfaction, service quality and customer satisfaction: an empirical investigation of Saudi Arabia's service employees. *International Journal of Tourism Sciences*, Vol. 17 No. 2,(2), pp. 67-85. doi: org/10.1080/15980634.2017.1294343
- Templer, K., Kennedy, J., & Phang, R. (2020). Customer orientation: the interactive effect of role clarity and learning goal orientation. *Journal of Asian Business and Economic Studies*, Vol. 27 No. 3(3), pp. 303-314. doi: 10.1108/JABES-12-2019-012
- Tsai, Y., & Tang, T.-W. (2008). How to improve service quality: internal marketing as a determining factor. *Total Quality Management & Business Excellence*, Vol. 19 No. 11,(11), pp. 1117-1126. doi: 10.1080/14783360802323479
- United Nations. (2020). "List of least developed countries". from https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/ldc_list.pdf
- Yoo, D. K., & Park, J. A. (2007). Perceived service quality: analyzing relationships among employees, customers, and financial performance. *International Journal of Quality & Reliability Management*, Vol. 24 No. 9,(9), pp. 908-926. doi: org/10.1108/02656710710826180
- Ziggers, G. W., & Henseler, J. (2016). The reinforcing effect of a firm's customer orientation and supply-base orientation on performance. *Industrial Marketing Management*, Vol. 52,, pp. 18-26. doi: org/10.1016/j.indmarman.2015.07.011