

# **INTERNAL MARKETING MOTIVATION AND EMPLOYEES' CHALLENGES: A STUDY OF SELECTED RURAL BANKS IN GHANA**

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## **Abstract**

*The purpose of this study was to get a better understanding of internal marketing motivation and challenges faced by employees of rural banks in Eastern Region of Ghana. The sample size for the study was 350 employees and was selected using convenience sampling technique. Questionnaire was the main instrument used for data collection. The data was analyzed using descriptive statistics based on frequencies and percentages. Results of the study showed that money was not the only incentive that motivated employees of rural banks to work very harder. The results also showed that employees of the rural banks lacked the logistics to enable them perform effectively. Furthermore, the study revealed that employees of rural banks have not been accorded the recognition they deserved by management. Moreover, the study indicated that sales target set for employees were very difficult to achieve. Hence, for employees to achieve sales target set, performance of staff must fully reflect rewards given to them to serve as a motivational tool. Also, management should provide the needed logistics and put in place a comprehensive plan for training and development of all staff to equip them with the necessary skills to perform effectively.*

*Keywords: Internal marketing motivation, Employees challenges, Rural banks, Ghana*

## INTRODUCTION

The competition in the Ghanaian banking sector has become fiercer than ever due to the economic liberalization and the fact that many foreign banks are entering the Ghanaian market to compete with the local banks. Additionally, because the products and services of the banking industry are similar in nature, customers need to be monitored and managed to maintain their loyalty with the banks. To prosper in this competitive environment, banks need to satisfy the customer and this can only be achieved if the employees are satisfied. Therefore, the logic of satisfying the needs and wants of internal employees place the business in a better position to deliver quality service to external customers (Palmatier *et al.*, 2006).

The concept of internal marketing has been well documented in literature. According to Coper and Cronin (2000) internal marketing educates, rewards and effectively manages human resources of an organization for quality service delivery to customers. Hence, motivation plays a key role by making employees committed. According to Anselmo (2008) organizations that are actually committed to making their employees feel highly delighted can enjoy the internal marketing strengths to satisfy external customers. A search through the literature indicates that “Internal Marketing Motivation and Challenges Faced by Employees in Ghanaian Rural Banks” has not been well researched. The need to address this research gap motivated the current study.

The study has two major objectives. (I) To identify internal marketing motivation of employees of rural banks. (II) To identify the challenges employees face in rural banks in Ghana. The rest of the paper will proceed as follows: The next part continues with a review of related literature on internal marketing motivation including the challenges faced by internal employees of Ghanaian banks. The next section deals with the methodology for the study. This is followed by the findings and discussions of the study. The final part concentrates on managerial implications, limitations and directions for future research.

## LITERATURE REVIEW

### Internal Marketing

According to Wood (2008) Internal Marketing is a concept aimed at marketing to managers and employees inside the organization for building internal relationships as a foundation for implementing marketing plan and satisfying customers. Lings (2002) mentions that internal marketing is similar in treating employees as internal customers. Vasconcelos (2004) on his part highlighted internal marketing as a vital mechanism in which one can build work environments where employees can find and enjoy unique job experiences to achieve set goals. Ballantyne (2003) noted that satisfaction of the internal customer is of critical importance because it will

eventually effect the satisfaction of the external market. Gilmore (2003) on the other hand sees internal marketing as commitment to improving the effectiveness of the services offered by organizations' resources. Therefore, internal marketing concept is not new in modern day marketing (Ahmed *et al.*, 2002).

### **Employees Motivation**

Motivation has been given a number of definitions and according to Gibson *et al.*, (2000) motivation is a concept used in describing the forces acting on or within an individual to initiate and direct behaviour. Thus, motivation energizes and guides the individual's behaviour toward reaching a particular goal (Sansone & Harackiewicz, 2000). Rudolf and Kleiner (1989) also define motivation as the development of a desire within an employee to perform a task to his greatest ability based on that individual's own initiative. Therefore, motivation is an internal strength that drives employees to achieve personal and organizational goals. In the words of Horwitz *et al.*, (2003) employees get high motivation through challenging work environment and support of the top management. Ahmed and Rafiq (2003) remark that motivation of employees is not enough in itself, as the customer orientation must be communicated into the external marketplace through employee action. Carlsen (2003) believes that a motivated workforce is essential, as the complete participation of employees will inevitably drive the profitability of every organization. Hence, reward given to employees is essential to make them perform and loyal to the organization. Rudolph and Kleiner (1989) outline extrinsic rewards as basic material requirements which management must meet for the employee to perform. Extrinsic rewards which are usually thought of in terms of money include tangibles such as pay, bonuses, fringe benefits, promotions and allowances.

Rudolph and Kleiner (1989) see intrinsic rewards as psychological incentives such as input, thanks, job rotation, and job enlargement. The importance of intrinsic rewards is how they build a climate and environment of trust and co-operation among employees. Abiola and Ajila (2004) on the other hand see intrinsic rewards within the job itself such as satisfaction from completing a task successfully, appreciation from a boss, independence and others. Carraher *et al.*, (2006) also advocate effective reward system to retain employees who perform in an organization and rewards should therefore relate to employees productivity. Skinner (1969) points out that offering rewards in exchange for hard work, especially in service industries such as banks and other establishments in the hospitality sector, is very important when it comes to influencing the perceptions of employees. According to Chiang and Birtch (2009) managers need to understand the kind of role that the provision of rewards to employees' service quality orientation plays in fostering service excellence. The authors further believe that rewards that

are non-financial in nature, such as provision of an increase in holidays and increases in family benefits makes the employee perceive the organization as supportive and caring. Thus, rewards to service employees are very important to retain high performers within the banking sector to satisfy external customers (Carragher *et al.*, 2006). Darmon (1974) confirms that money or financial incentives are motivators that can be used to influence employees' behavior. Nelson (2003) believes that though money is a motivator, it is not as powerful as the recognition techniques for achieving organizational success. Thus, management should call employees into office and say "thanks", acknowledge employee achievements, create employee "hall of fame", photo collage of successful project and those who worked on it and posters as recognition of work of employees who have helped to achieve the organization's goals. Velnampy (2008) in his study on job attitude and employees performance believes that job satisfaction contains positive influence on the performance of the employees as it enhances job involvement and the higher performance also makes people feel more satisfied and committed to the organization. Therefore, motivation both extrinsic rewards and intrinsic rewards are critical tools to enable employees serve the external customers effectively and achieve the organizational objectives of survival, growth and increase in profitability.

### **Challenges faced by Employees of Rural Banks**

Like other employees in other sectors of the economy, bank employees also face challenges in their day to day activities as bankers. An investigation into the literature reveals that the major problems faced by employees of many banks are lack of recognition by management, inadequate logistics to work with, poor working conditions and environment, difficult targets to achieve and poor remuneration (Andrew & Kent, 2007; Cole, 2003; Nelson, 2003; Gilley *et al.*, 2002). According to Harris (2002) work constraints are the features of work environment that negatively affect job performance. Harris (2002) further outlines nine common work constraints that affect productivity and performance. These include insufficient information, inappropriate tools and equipment, missing materials or supplies, limited budget, insufficient support from others, insufficient task preparation, limited time, poor physical condition and poor scheduling. It could be deduced that these factors militate against effective performance and productivity of an organization's employees.

Nelson (2003) opines that employees who are able to experience and receive recognition for their work are able to have a better perception of their work, their workplace and the people they work for. Andrew and Kent (2007) further concede that commitment of employees is based on rewards and recognition. Gilley *et al.*, (2002) supports the view of Cole (2003) and states that performance standard is a target used to measure the quality of

employee performance outputs and efficiency. The study further indicates that employee performance and quality can be improved by first identifying performance standards and communicating them to employees. Gilley and Boughton (1996) postulate that performance standards offer an easy way for employees to monitor their outputs and evaluate their own performance. Harris (2002) in his view believe that effective performance depends on the knowledge, skills, attitude and other competencies that an employee brings on board to push the organization to the limelight. Smith (1998) asserts that attempts to improve performance over time rely on raising standards and extrinsic rewards (e.g. more pay) and punishment. Therefore, to ensure that the bulk of employees meet minimum performance standards, managers must put measures in place to ensure that this happens. Lawler (2003) further remarked that prosperity and survival of the organizations are determined through how they treat their human resource. Therefore, human resource is an asset of every organization and any factor that militates negatively on them will inversely affect their performance and the performance of the organization.

## **METHODOLOGY**

The population of this survey includes all staff of rural banks in the Eastern Region of Ghana. The sample size consisted of 350 employees from selected rural banks in Eastern Region. According to Kreicie and Morgan (1970) for a population size (N) of 1600 the sample size must be 310. The researchers further state however, that larger samples are in general better than smaller samples but very large samples can lead to erroneous conclusions. This view is shared by Rugg and Petre (2004) who found in their study that a bigger sample is always not better in a survey. In this view, a sample size of 350 respondents might be considered adequate for this study. The study further relied on convenience sample in selecting the respondents. Convenience sampling technique is probably the most appropriate technique to use because of the by and large homogeneous nature of the population.

The study further elicits the views of respondents using questionnaire. Obasi (1992) opines that a questionnaire enables researchers to collect data while providing more response than an interview (Ndagi, 1999). The data was analyzed using frequencies and simple percentages.

Reliability analysis of the variables in this study was conducted. According Nunnally and Bernstein (1994), scales with reliability values within the threshold of 0.70 are acceptable for statistical analysis. The alpha coefficients for the variables in the study were between 0.78 (motivation) and 0.83 (challenges). Thus, all scales used in the analysis of the study yielded acceptable reliability coefficients (i.e., alpha values).

## RESEARCH FINDINGS AND DISCUSSIONS

### Motivation of Employees of Rural Banks

Managers and staff of rural banks in Eastern Region answered the questionnaires. From employees' responses, it could be summed up that all the respondents agreed that motivation has impact on organizational performance representing (100%). This supports the argument in the literature that motivated workforce is essential and will inevitably drive the profitability of the organization (Carlsen, 2003). On the issue of how bank motivates employees, managers state that the bank uses "incentives, annual bonus, promotion and allowance as motivational tools". This finding is also consistent with a study conducted by Rudolph and Kleiner (1989) that extrinsic rewards such as pay, bonuses, fringe benefits, promotions and allowances are basic material requirements that management must meet for employees to perform.

Table 1: Internal Marketing Motivation/Challenges Faced by Employees' of Rural Banks

Question	Frequency		Percentage (%)	
	YES	NO	YES	NO
Does motivation has any impact on organizational performance?	350	-	100	-
Do employees' performance on the job reflect rewards or pay of employees?	245	105	70	30
Does effective appraisal system serve as a motivating tool for hard work?	119	231	34	66
Does sales target set motivate you to work hard?	287	63	82	18
Do you see monetary rewards as the best tool for achieving targeted results?	147	203	42	58
<b>Challenges Faced by Employees' of Rural Banks</b>				
Does inadequate logistics pose a challenge to your work?	315	35	90	10
Does poor working environment and condition pose a challenge to your work?	238	112	68	32
Does lack of recognition by management pose a challenge to your work?	287	63	82	18
Does difficult sales target to achieve pose a challenge to your work?	329	21	94	6

Another important finding was that (70%) of the respondents agreed that performance on the job reflects employees' rewards. Thus, providing employees with as much rewards as possible in proportion to their work efforts enables employees to function more efficiently (Johnson *et al.*, 1986). This study also supports the literature that reward is used for exchange for hard work in service industries such as banks (Skinner, 1969).

It was also observed that (66%) of the respondents disagree and state that appraisal system in the bank is not clear and effective and does not motivate them to work hard. Thus, ineffective appraisal systems in place in the bank affect the ability of employees of the bank to perform. Therefore, poor appraisal system will affect prosperity, survival and treatment of its human resource of organization (Lawler, 2003).

Also, more than half (82%) of the respondents of the banks support the literature that performance standard is a target used to measure the quality of employee performance outputs and efficiency (Cole, 2003; Gilley *et al.*, 2002). Gilley *et al.*, (2002) supports the view of Cole (2003) and states that performance standard is a target used to measure the quality of employee performance outputs and efficiency. Managers stated that though setting performance standard for employees is good, however, lack of logistics makes it ineffective to achieve.

Most of the employees questioned (58%) agreed that money is not the only motivational tool to influence employees to give of their best but other non financial rewards also motivate. This finding is consistent with the study by Nelson (2003) who believes that though money is a motivator, it is not as powerful as the recognition techniques for achieving organizational success. Thus, when banks want staff to perform extra duties, monetary rewards should not be seen as a way to influence employees to serve external customers effectively but other motivational techniques such as calling employees into office and saying 'thank you', acknowledging staff achievements and making photo album of employees who complete a task successfully motivates employees to achieve organizational goals.

### **Challenges Faced by Employees of Rural Banks**

The aim of all organizations is to maximize profit and minimize cost. To achieve this, productivity must increase. It is evidenced that (90%) of the employees questioned responded that inadequate logistics to work with is a challenge faced by staff of the banks. Thus, availability of resources serves as a booster for employees' to meet targeted result. Therefore, commitment to improving the effectiveness of the services offered by organizations' resources is key to organisational success (Gilmore, 2003).



On the issue of poor working environment and condition as a challenge to employees, (68%) respondents believe that poor working environment and condition are a challenge to employees to perform. According to Vasconcelos (2004) internal marketing is a vital mechanism in which an organization builds work environments where employees can find and enjoy unique job experiences to achieve set goals. This means that common work constraints affect productivity and performance and serve as a disincentive to workers in rural banks (Harris, 2002).

Also, more than half (82%) of the respondents agreed that management does not recognize their hard work, hence they are not motivated. Andrew & Kent (2007) concede that commitment of employees is based on rewards and recognition. Nelson (2003) also opines that employees who are able to experience and receive recognition for their work are able to have a better perception of their work, their workplace and the people they work for. Thus, recognition of achievement is essential since it serves as a motivational tool for hard work by employees.

Finally, a greater number of employees (94%) quizzed stated that it was difficult to achieve sales target set by management of the banks. Thus, difficult sales target to achieve serves as the biggest challenge to employees to perform. Gilley *et al.*, (2002) on the other hand believe that performance target is used to measure the quality of employee performance outputs and efficiency and must be achievable. Thus, difficult sales target to achieve will affect employees' job satisfaction.

## **MANAGERIAL IMPLICATIONS**

The study revealed that employees of the rural banks lack the resources to perform their operations and functions effectively. Therefore, the rural banks need to mobilize enough resources (Gilmore, 2003) to increase employment of sales executives and prospect for more clients to increase profit. Additionally, employees get high motivation through challenging work environment and support of top management (Horwitz *et al.*, 2003). Thus, Employees of rural banks should be given the needed resources by management to enable them perform effectively and efficiently and increase the bank's profit level.

Secondly, the study showed that employees of the rural banks have not been accorded the recognition they deserved. It must be emphasized that the employees of the rural banks represent the face of their banks outside and create the environment that attracts clients to the banks. It is important, therefore, for the management of the rural banks to give employees the recognition needed to serve as a motivational tool.

Moreover, since training and development are integral part of internal marketing, management of the rural banks should put in place a comprehensive plan for training and development of all staff. Workshops on customer care should also be organized on regular



basis for staff to improve their knowledge on product and service qualities which will lead to improvement in performance (Harris, 2002).

Finally, performance of staff of the banks must fully reflect rewards given to them. Though monetary reward is a motivator (Nelson, 2003), it is not the only variable that has effect on performance of employees. Therefore, management should ensure that other non financial motivational tools such as calling employees into office and saying “thank you”, giving family benefits and placing photo album of well performed employees at the bank’s premises will make them perceive the bank as supportive and caring (Chiang & Birtch, 2009; Abiola & Ajila, 2004; Rudolph & Kleiner, 1989).

## LIMITATIONS & FUTURE RESEARCH

The study has some limitations. The study was carried out in only rural banks in Eastern Region of Ghana. The views of other rural banks in Ghana have not been captured. Future researchers should extend the study to other rural banks in Ghana so that the findings could be generalized. Also, since the study is predominantly quantitative, it is recommended that further studies should be conducted using a qualitative approach to give the study a broader perspective. Additionally, future researchers interested in this area should also look at how rural banks are building relationships with existing and potential customers in Ghana.

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