

The Impact of Internal Marketing on Employee Performance in the Insurance Industry of Ghana

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Abstract

The aim of this study is to investigate the impact of internal marketing on employee performance in the insurance industry of Ghana. The construct for measuring internal Marketing (IM) are retention policy, training, motivation, empowerment and communication. Out of six hundred (600) questionnaires distributed to the population, four hundred and thirteen (413) returned their questionnaire by using convenience sample. With the aid of Statistical Package for the Social Science (SPSS) Descriptive Statistics, reliability and validity and correlation analysis were used on the five main variables in the study. The result shows that retention policy, training, motivation, empowerment and communication have positive significant statistical relationship with internal marketing. The study suggested that service providing firms must develop internal marketing as a distinct field of marketing because satisfied customer can be achieved if employees are satisfied.

Keywords: *retention policy; training; motivation; empowerment; communication.*

1.0 Introduction

There are have been many definitions of internal marketing found in the past years with some authors viewing internal marketing as either a concept, a philosophy or a management practice (Lings, 2000). Internal marketing is defined as “The planned use of communication actions to systematically influence the knowledge, attitudes and behaviours of current employees” by Stauss and Hoffman (2000). According to Rafiq and Ahmed (2007) internal marketing is "a planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter-functionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer-orientated employees"

According to Kotler (2000), internal marketing should be as a priority to employers before external marketing. He stated that internal marketing is the task of successfully recruiting, educating and motivating employees so as to perfect customer service. He also opined that it is not logical to expect perfect services from an organization, whose employees are not ready to provide such services. Besides, satisfied customer can be achieved if the employees are satisfied (Schultz, 2002; and Kotler, 2000), satisfying our employees can be easily achieved through internal marketing.

Preston and Steel (2002) addressed issues related to internal marketing. They commented that recruiting; training, developing and motivating staff is integral components of internal marketing. Che Ha et al (2007) indicated that internal marketing as an important concept where firms apply marketing tools to attract and retain the best employees which enhance the business performance. They identified 12 constructs of internal marketing inter-functional coordination and integration, customer orientation, marketing like approach, job satisfaction, empowerment, and employee motivation, quality of service, employee development, and vision of the organization, strategic reward,

internal communication and senior leadership.

Sang et al (2009) establish that aspects of job satisfaction like reimburse, colleagues, supervisors, working conditions, job security, promotion aspects and the nature of work to be the most researched and stated that all these aspects are positively inter-correlated with job satisfaction.

Employees are regarded as corporate partners who assist with firms to provide products and services for external customers. Conduit and Mavondo (2001) divided internal marketing activities into five constructs based on the seven proposed by Gronroos (2000), with the five constructs related to one another as revealed in the results of a sample survey (Suzuki et al, 2006)

Ching and HsinHsin (2007) identified five dimensions of internal marketing: training, administrative support, internal communication, external communication, human resources management, communication, and training and development.

Problems of the study

The National Insurance Commission (NIC) is the sole institution that has been mandated to regulate and supervise

insurance activities in the country under the Insurance Act 724, 2006. The Act complies significantly with the International Association of Insurance Supervisors (IAIS) Core Principles and gives better regulatory powers to the National Insurance Commission Insurance firms in Ghana now fall into three categories: Life Insurance (includes life savings, accident indemnity, hospitalization Insurance and many others), Non-Life Insurance (includes fire, consequential loss, household policy, burglary, public liability policy and many others) and Composite Insurance (a combination of Life and Non-Life insurance). Intermediaries in the insurance industry in Ghana are brokers, loss adjusters, actuarial firms and agents.(Boadi K 2013).

The industry is dominated by Down well insurance company(DIC), Vanguard insurance company(VIC), Provident insurance company (PIC) Gemini life insurance company(GIC) and Quality insurance company (QIC).these companies perform and sell identical services; they can only distinguish based on the manner at which they deliver their services. Service delivery is basically depends on how employees go by the laid down process of the company. There is therefore the need to practice internal marketing in the

insurance industry with the intention that satisfied employee can easily satisfy clients who patronize their services. However little or no attention has been given to the impact of internal marketing on employee performance in the insurance industry in terms of research particular in developing countries like Ghana. Review of literature suggests that most of the study into internal marketing has been done in the health sector.

The focus of this research is to address this gap by determining the construct of internal marketing in the insurance industry in Ghana to help insurance firms gain competitive advantage. This study, therefore sought to find out the construct of internal marketing and its impact on employee job satisfaction.

2.0 Material and methods

Based on the reviewed literature the study identified five dimensions of internal marketing factors: Retention policy, Training, Motivation, Empowerment and Communication (Gronroos 2000; Conduit & Mavondo 2001). These dimensions are studied in the insurance industry in Ghana to establish the relationship between internal marketing and employee's satisfaction.

2.2.1 Training

Ballot, et al. (2001) found that training have positive effects on productivity (value added per worker), Ghebregiorgis and Karsten (2007), indicated that training had a strong effect on absenteeism rate reduction. Aragon- Sanchez, Barba-Aragon and Sanz-Valle (2003), and Katou and Budhwar (2007) found that training has a positive effect on quality, whereas Ely (2004) reported that training has a significant and positive effect on customer satisfaction

2.2.2 Empowerment

More recently, Petter et al (2002) suggested that there were seven dimensions of employee empowerment and that included power, decision making, information, autonomy, initiative and creativity, knowledge and skills, and responsibility. Hage and Lorensen(2005) label empowerment as an „enabling process“ or an object occurs from a joint allocation of possessions and prospects which boost „decision making“ to accomplish change.

2.2.3 Motivation

According to Broussard and Garrison (2004) motivation is “the attribute that moves us to do or not to do something” (p.

106). According to Lockley (2012) offering training and development programs that effectively contributes to personal and professional growth of individuals is another effective employee motivation strategy. At the same time, Lockley (2012) warns that in order for motivational aspects of training and development initiatives to be increased, ideally they need to be devised and implemented by a third party with relevant competency and experience. Alternative working patterns such as job-rotating, job-sharing, and flexible working have been branded as effective motivational tools by Llopis (2012). Moreover, Llopis (2012) argues that motivational aspects of alternative working patterns along with its other benefits are being appreciated by increasing numbers of organisations, however, at the same time; many organisations are left behind from benefiting from such opportunities

2.2.4 Communication

According to Naude et al. (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” as cited by Tourani et al. 2012.

2.2.5 Job satisfaction

Job satisfaction is directly related with the positive job performance. Different researchers have different approaches towards defining job satisfaction, below are some of the working definitions. (Statt, 2004; Armstrong, 2006) defined job satisfaction and dissatisfaction as “that job satisfaction is the pleasurable emotional state resulting from the appraisal of one’s job as achieving or facilitating one’s job values”. Shimizu et al, (2005); Suzuki et al. (2006) refers to job satisfaction as a joyful or positive emotional state regarding work or the work experience. For other authors job satisfaction refers to a joyful or positive emotional state regarding work or work experience Shimizu, et al(2005).The higher the job satisfaction is the better the employee's behavior Castle, Engberg , Anderson (2007).

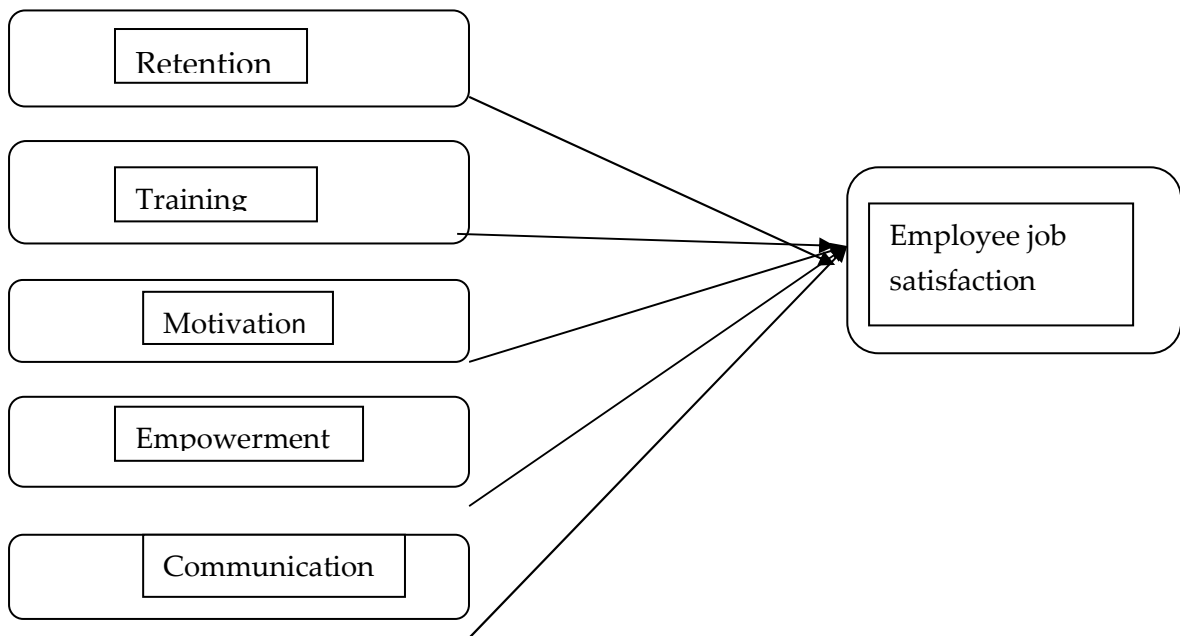
2.3 Relationship between internal marketing and employee satisfaction

Breslau, Novack and Wolf(2001) on the topic ‘Work settings and job satisfaction: A study of primary care physicians and paramedical personnel found that doctors tend to be more satisfied with their job in contrast to the nurses in the same hospitals. It seems that the nature of a doctor's job helps them to be more satisfied. Breslau et al concluded that there was no significant difference in job satisfaction between doctors and paramedic personnel. They only found a slight difference in terms of doctors being more satisfied with their salary.

2.4 Research Framework

Figure 1, was proposed to demonstrate the relationships between independent and dependent variables.

Figure;1 Theoretical Model (2013)



Based on literature reviewed and research frame work, the following research hypotheses were developed.

2.5 Research Hypotheses

H1. There is a significant correlation between retention and job performance.

H2. There is a significant correlation between training and job performance.

H3. There is a significant correlation between motivation and job performance.

H4. There is a significant correlation between empowerment and job performance.

H5. There is a significant correlation between communication and job performance

2.6 Study Objectives

The general objective of the study is to investigate the effect of internal marketing on employee job performance in the insurance industry of Ghana. The specific research objectives of the study are;

To evaluate the relationship between retention and job performance

To access the association between training and job performance

To investigate the relationship between motivation and job performance

To access the relationship between empowerment and job performance

To access the relationship between communication and job performance

2.7 Methodology

In this section, includes discuss measures, sample and data collection as well as the statistical tests used to evaluate the hypotheses

2.7.1 Population and Sample

The target population of this study was employees of insurance workers in the Tema metropolis of Ghana who had worked with their respective company for a minimum of two years. Convenient sampling method was employed because of time and budget constraint .600 questionnaires were sent out to employees of various insurance companies in Tema of which 413 questionnaires were returned.

2.7.2 Measures

The constructs in this study were developed by using measurement scales adopted from prior studies. the constructs were measured using five-point Likert scales with anchors strongly disagree (1)

and strongly agree(5). Questionnaires were used as primary data collection method. Various items were used to assess their measurement properties (reliability and validity), with regards to the available literature scale selected as dependent variable were direct measures of job satisfaction with regards to internal marketing factors as independent variables.

Once the data is collected and entered to computer using SPSS. The following statistics were used: descriptive statistics in order to have clear picture of study variables. Pearson correlation (r) to determine the relationship between internal marketing and employee satisfaction. According to Sekaran (2003) the correlation between two variables is considered a perfect positive correlation when it is close to +1, or perfect negative correlation when it close to -1. Pearson correlation only shows the strength and direction of relationship

Table 2. Supporting literature for measurement scales.

Construct	Supporting literature for measurement scales
Retention policy	[48,59]
Training(T)	[47,46]
Motivation (M)	[45,57]
Empowerment (E)	[44,59]
Communication (C)	[44,56]

All of the measurement scales used, as indicated in **Table 2**, were based on previous research. Assuring the validity and reliability of the measures required supporting literature to validate the scales which were used in the research constructs. The competitive advantage construct was measured using the scales and indices included in the work of (Gronroos 2000; Conduit & Mavondo 2001) who used the following variables to determine level of competitiveness: : training, administrative support, internal

communication, external communication, human resources management, communication, and training and development Retention policy, Training, Motivation, Empowerment. As shown in **Table 2**, internal marketing construct were measurement scales adapted from previous studies.

3.0 Result and discussions

Following the guidelines indicated in the research methodology section, the researcher collected data in 2013.

Demographic information

Table 3 Demographic information

Variables	Frequency	Percentage
Age		
18-30	276	66.7
31- 40	124	30.1
41-60	13	3.2
Total	413	100.0
Insurance companies		
SIC	103	24.9
QIC	79	19.1
DIC	41	9.9
VIC	57	39.8
PIC	52	12.5
GIC	81	19.6
Total	413	100.0
No. of years with employer		

Below 5 years	231	56
Between 6 to 15	141	34
More than 15	41	10
Total	413	100

Gender

Female	130	42.2
Male	283	57.8
Total	413	100.0

Survey results, 2013

A detailed demographic analysis of respondents is presented in Table 3. Personal and face-to-face interviews of employees of insurance companies in Tema were conducted at their various offices at lunch time. Questionnaires were distributed to employees who had been with their companies for at least 2 years. 413 completed questionnaires were collected from the respondents. Among the sample data 42.2% respondents are female while 57.8 are male. Besides, 66.7% 30.1% and 3.2% are in the 18 – 30, 31-40 and 41-60 years respectively. Also the

respondents from the companies are 24.9%, 19.1%, 9.9%, 39.8%, 12.5% and 19.6% SIC, QIC, DIC, VIC, PIC, and GIC respectively. In relation to number of years employees have been with respective companies 56% has worked below 5 years 34% had work between 6 to 15 years and 10% had worked more than 15 years. This indicates that majority of the respondent are male, modal age is between 18 and 30 years, modal company respondent is VIC and majority of the respondent has work below 5 years.

Table 4; Values of Cronbach’s alpha for the research construct

construct	Cronach’s alpha
Retention policy(RP)	0,758
Training(T)	0,757
Motivation (M)	0,776
Empowerment (E)	0.767

Communication (C)	0.756
Employee Job satisfaction(EJS)	0.778

(Source field work, 2013)

A reliability test was carried out using Cronbach’s alpha, which measures the internal consistency of a construct. The recommended minimum acceptable limit

of reliability measure, as reported by (Sekaran, 2003) is 0.60. As shown in Table 4, all the constructs passed the reliability test.

Table 5. Descending means of the constructs

Construct	Mean	Standard deviation
Retention policy	4.125	0.5461
Training	4.231	0.6531
Motivation	4.054	0.5437
Empowerment	4.002	0.846
Communication	4.923	0.9451

(Source field work, 2013)

The result shown in Table 5 indicates frequency and descriptive statistics used to determine the relative importance of each of the constructs. The construct shown in

Table 5 have a mean above 4. Therefore it concludes that all of constructs are of significant importance to the study.

Table 6. Skewness and Kurtosis for research constructs. Variable

Variable	Skewness	Kurtosis
Retention policy	-0.292	-0.523
Training	-0.245	-0.112
Motivation	-0.534	-0.652
Empowerment	-0.7451	0.321
Communication	0.561	0.634

From Table 6, Kurtosis and Skewness values were used to check the normality of each variable used in the research. Skewness values larger than (+1) or smaller than (-1), as suggested by Hair.J, Babin, B, Money. A and Samouel.P (2003) indicate a substantially skewed distribution.

Besides according to Hair.J, Anderson.R, Tatham.R and Black .W (1998) added that

a curve is too peaked when the Kurtosis exceeds (+3) and is too flat when it is below (-3). This means Skewness values within the range of (-1) to (+1) and Kurtosis values within the range of (-3) to (+3) indicate an acceptable range. As shown in Table 6, the values of Skewness and Kurtosis for each variable indicate that the research constructs fell within the acceptable range.

Table 7; Correlations analysis

	RP	T	M	E	C	EJS
RP	1	.314(.002)	.328(**).000	.303(.001)	.326(**).002	.313(**).002
T	.314(.002)	1	.399(*).004	.313(.003)	.343(**).001	.300(**).004
M	.328(**).000	.399(*).004	1	.320(.002)	.370(.002)	.304(**).004
E	.303(.001)	.313(.003)	.320(.002)	1	.342(.001)	.301(**).002
C	.326(**).002	.343(**).001	.370(.002)	.342(.001)	1	.345(**).002
EJS	.313(**).002	.300(**).004	.304(**).004	3.01(**).002	.345(**).002	1

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

Relationship between Retention policy and employee job satisfaction

The Pearson correlation in Table 7 shows that there is a positive and significant relationship between retention policy and employee satisfaction $r = 0.02, p < .01$). Therefore, the research hypothesis 1 is accepted and proven to be true. That's mean any increase rate of retention will be followed by increase in employee satisfaction.

Relationship between Training and employee job satisfaction

The Pearson correlation in Table 5 shows that there is a positive and significant

relationship between training and employee satisfaction $r = 0.04, p < .01$). Therefore, the research hypothesis 2 is accepted and proven to be true. That's mean any increase in the number of training programmes will be followed by increase in employee satisfaction.

Relationship between Motivation and employee job satisfaction

The Pearson correlation in Table 5 shows that there is a positive and significant relationship between motivation and employee satisfaction $r = 0.04, p < .01$). Therefore, the research hypothesis 3 is accepted and proven to be true. That's

mean any increase in motivation programme will be followed by increase in employee satisfaction.

Relationship between Empowerment and employee job satisfaction

The Pearson correlation in Table 5 shows that there is a positive and significant relationship between empowerment and employee satisfaction $r = 0.02$, $p < .01$). Therefore, the research hypothesis 4 is accepted and proven to be true. That's mean any increase in empowerment opportunities will be followed by increase in customer satisfaction.

Relationship between Communication and employee job satisfaction

The Pearson correlation in Table 5 shows that there is a positive and significant relationship between communication and employee satisfaction $r = 0.103$, $p < .01$). Therefore, the research hypothesis 5 is accepted and proven to be true. That's mean any increase in communication will be followed by increase in employee satisfaction.

3.1 Discussions

Hypotheses H1, H2, H3, H4 and H5 were confirmed. Internal marketing among sampled insurance companies in Tema has a positive significant effect on employee's

job satisfaction. The relationship between internal marketing and job satisfaction has been confirmed by many researchers such as (Al-Hawary et al 2013). Any organization that implements internal marketing enhances employee's satisfaction (Tansuhaj et al. 1991; Rafiq & Ahmed, 2000; Conduit and Mavondo, 2001). An empirical study conducted Rajyalakshmi and Kameswari (2009) on the impact of internal marketing factors on job motivation and employee job satisfaction in the retail stores revealed that the working conditions and hours, hygiene & sanitation, rest rooms, support from superior, and attitude of colleagues have highest influence on job satisfaction and motivation.

In a study by Iliopoulos and Pripora (2011) on the topic 'the effect of internal marketing on job satisfaction in health services: a pilot study in public hospitals in northern Greece' concluded that internal marketing has a positive effect on the job satisfaction of hospital staff in Northern Greece. In a study by Al-Borie (2012) who examined the impact of internal marketing on job satisfaction and organizational commitment of a teaching hospitals in Kingdom of Saudi Arabia. The independent variables were; selection and appointment, training and

development, organizational and concluded that there is a significant positive relationship between internal marketing and employee satisfaction.

3.3 Conclusion

Insurance companies must satisfy clients at first encounter this is because the industry is stiffly contested by many firms who provides the same product at the sample range of prices. Well motivated, trained and endowed employees would pass on job satisfaction to customers.

Management is advised to segment employee's motivational needs.

Motivational needs are not the same, different people are motivated by different programmes. There is no need to use one method on all staff at the same time.

Management should empower staff to control day to day or routine activities. In this era of globalization employees' empowerment is the solution to quick and demanding environment. Management must create an atmosphere where employees are able or prepared to communicate with each other, inter-departmental or inter functional coordination exists when staff are prepared

to communicate. Service providing firms must develop internal marketing as a distinct field of marketing because the services generated by the organization are produced by employees who direct it to clients.

Well performing field marketing employees should be called back to work in newly opened branch offices. This retention policy would enhance job satisfaction since it was clear that field work is concerned tedious by salesmen. Training programme both on- the job training and off- the job-training for employees to sharpen their skill and be informed on new ways of handling customers should be organized for all employees as and when needed. From the literature review and data collected and analyzed indicates a significant positive relationship between internal marketing variable; training, empowerment; communication and retention policy with employee job satisfaction exist in the insurance industry in Ghana.

Limitations of the study

The decision about the size of the sample was taken considering time and cost, the need of precision and a variety of further considerations. Due to the limit of time and costs, the population was narrowed to

employees of insurance companies in Tema. The sample was determined by convinces sampling. The construct of internal marketing was narrowed to only five variables.

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