

## INTERNAL MARKETING AND SERVICE QUALITY IN SELECTED INSURANCE FIRMS IN SOUTH - EAST, NIGERIA



### Original Research Article

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### ABSTRACT

This paper examined Internal Marketing and Service Quality in Selected Insurance Firms in South-East, Nigeria. The design for the study was the survey research and it covered a population of 109 members of staff of six selected insurance firms from the six states in the south-east zone of Nigeria. Using purposive sampling, the researchers selected 90 members of staff as the sampled unit but only 83 copies of the survey tool was validly filled and returned. The study gathered data from both primary and secondary sources, however, the major instrument for data collection was a five point likert scale questionnaire titled Internal Marketing and Service Quality Questionnaire (IMSQQ). The statistical tool used for data analysis in this study was the mean score. The data gathered was ranked as follows: SA= 5, A = 4, U = 3, D = 2, SD = 1. The study concluded that internal marketing holds a very significant and strong nexus with service quality delivery. It was therefore recommended that insurance firms in south-eastern zone of Nigeria should intensify their inter-functional coordination and integration and motivation while not compromising employees training.

### KEYWORDS :

Internal marketing, Motivation, Reliability, Responsiveness, Service quality, Training

## I. INTRODUCTION

Across the globe, there is a growing trend of seamless customer's access to market information and right. This may have been occasioned by the promotion of consumerism, information communication technology and enhanced customer protection by government regulatory agencies. The import of this is a reduction in the customer's switching cost which incidentally has intensified competition among firms. Organizations are therefore challenged to adopt and strategically implement marketing programmes that can guarantee the retention of their existing customers and acquisition of new customers. The essence of customer retention in a marketing program cannot be over emphasized as the ability of organizations to meet their financial and non-financial goals in both short and long-run is contingent on the satisfaction of their customer and their customer's loyalty through repeat purchase. Customer retention is therefore core in the operational and strategic goals of organizations. Consequent on this, the need for employees in the organization to derive satisfaction from the services they offer to and obtain from the organization becomes key. Internal marketing is a concept that tries to emphasize the need for the organization to see her employees not just those that are paid for their effort but customers who must derive sufficient value. This philosophy will drive employees to relate with their co-workers with a mindset that failure to satisfy one another may create clogs in the wheel of overall organizational performance. By so doing, the employees are at their best at all times and this can boost their commitment and productivity. According to Armstrong (2010), internal Marketing was said to be a function of giving basic orientations, some measure of empowerment and enough motivation to employees in order to facilitate team work that produces adequate customer satisfaction. Orientations such that carries and portrays the vision and mission of the company; strategies and objectives of the organization been inculcated into the workers of the organization all in the process to foster positive results, and as well as facilitating growth and development. Moreover, the beauty of Internal Marketing is to be able to equip the employees well enough in order to provide the services as been perceived outside the organization, and also to boost the public image of the organization in terms of the awareness and advertisement which the external customer expects to receive as promised in the cause of the marketing campaign.

The insurance sector in Nigeria over the years has witnessed a lot of changes (both market induced and regulation induced changes). While these changes may have brought about increasing awareness and inclusiveness in the insurance market, the percentage of the market yet to be served is still on the high. It is therefore incumbent on insurance firms to effectively leverage the skills of their employees to reach such unreached market. Furthermore, there is growing trend of employees of insurance firms easily migrating to the banking sector. This may not be unconnected with the widening gap between the compensation and welfare provided to bank employees and that of insurance firms. This may have resulted to the disenchantment and level of commitment among insurance workers.

### Statement of Problem

In the insurance sector, service quality (SQ) is an important issue because of its critical place as the nexus to customer satisfaction. In a country like Nigeria where there is little knowledge about insurance hence most citizens are averse to it, to market insurance policies successfully requires a lot of skill, tenacity, motivation and collaborative efforts among the employees. This gap if not checked can endanger both the process and outcome of service delivery thereby affecting the overall performance of insurance firms in Nigeria. This study is therefore challenged to x-ray the implications of internal marketing on the quality of service delivered by selected insurance firms.

### Objectives of the study

The general purpose of this study is to examine the effects internal marketing has on the service quality of insurance firms. The specific objectives of this study include;

- i. To examine the effect of inter-functional coordination and integration on the responsiveness of insurance firms.
- ii. To examine the effects of employees motivation on the reliability of the services of insurance firms.
- iii. To examine the effect of employees training on employees empathy in insurance firms.

### Research Questions

- i. What is the extent of inter-functional coordination and integration effect on the responsiveness of insurance firms.
- ii. What is the extent of employees motivation effect on the reliability of the services of insurance firms.
- iii. What is the extent of employees training effect on employees empathy in insurance firms.

### Statement of Hypotheses

**H<sub>01</sub>:** Inter-functional coordination and integration does not have significant effect on the responsiveness of insurance firms.

**H<sub>02</sub>:** Employees motivation does not have significant effect on the reliability of the services of insurance firms.

**H<sub>03</sub>:** Employees training does not have significant effect on employees empathy in insurance firms.

## II. REVIEW OF LITERATURES

Sudhir & Sangitta (2010), viewed internal marketing as a strategy whereby an organization designs its jobs and markets itself to its employees as though the employees were the firm's (internal) customers. The use of marketing in the context of internal marketing (IM) suggests that Internal marketing as a concept evolved from the simple idea that employees constitute an internal market within the organization, which need to be recognized, informed, trained and re-trained, motivated and rewarded in meeting the needs of the external customers and expectations (Varey & Lewis, 2000). Ha, Bakar & Jaffar (2007), viewed internal marketing as an important concept where firms apply marketing tools to attract and retain the best employees which ultimately enhance the business performance because of the believe that the satisfied employees are the biggest assets to an organization whereas the biggest liability is dissatisfied employees. To Salomao (2010), IM simply means viewing employees as internal customers, jobs as internal products, and endeavoring to design these products to meet the needs of those customers better i.e applying the philosophy and practices of marketing to the people who serve the external customers so that the best possible people can be employed and retained and they will do best work possible

### Benefits of Internal Marketing

Olabode (2014) discussed the followings as the benefits accruable to organizations when they practice internal marketing;

- ❖ Internal marketing leads to a better employee performance through the process of empowering them; thereby giving them adequate level of self accountability and responsibility.
- ❖ Internal marketing leads to a better market orientation (the ability to be customer focused).

- ❖ Internal marketing leads to successful implementation of strategies by the employees of the organization on the external market due to the clear understanding of the business ethics and principles.
- ❖ Internal marketing has been proven to lead to customer satisfaction due to the brilliant customer service that is given from the employees.
- ❖ Internal Marketing is also beneficial in the business unit coordination and fascinating cooperation among employees.
- ❖ Internal marketing has shown to lead to customer retention as a result of level of satisfaction that is derived.
- ❖ Internal marketing brings together a judicious vision and mission of the organization, an excellent business culture, and outstanding human resource management process within the organization locally and internationally.

**Components or Measures of Effective Internal Marketing**

There are diverse opinions about what actually are the constituents or dimensions of internal marketing. While a review of most literatures shows that certain common variables are found in all, different authors has expanded the list at different times by increasing the number of vsvariables. In the view of Broady-Preston and Steel (2002), internal marketing can be deconstructed into recruiting; training, developing and motivating staff, thus they believed it is the external marketing impact of each member of the staff that is the essential focus of an internal marketing strategy. Ha *et al.* (2007), identified 12 constructs of internal marketing which include: 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. Similarly, Bansal et al (2001) identify the main elements of internal marketing as employment or job security, extensive training, salary and pay, sharing of information, employee empowerment and reduction of employee status distinctions. Pervaiz and Rafiq (2003) proposed a new internal marketing components which include internal communication; training and development; strategic rewards; organizational structure; senior leadership; physical environment; staffing, selection and successions; interfunctional coordination; incentives systems; empowerment, and operational/process changes. To Martel (2012) internal marketing components or practices include – training and development; reward and recognition; internal communication and empowerment.

**Service Quality**

Ganguli, and Roy (2011) defined service quality in terms of key dimensions that customers use while evaluating the service provided. Consequently, service quality could be widely regarded as a driver of corporate marketing and financial performance. It can be inferred from these that service quality is commonly noted as a critical prerequisite and determining force in competitiveness and for establishing and sustaining satisfying relationship with customers since it is an important indicator of customer satisfaction. In defining service quality, Looy, Gemmel and Van (2003) posit that service quality is a form of attitude representing a long run, overall evaluation of the service received. Arising from the perspective that the service quality perceived by the customer maybe different from the quality of service actually delivered by the service provider as studies have shown is always the case. Sureshchander and Chandrasekharan (2002) describe service quality as the degree of discrepancy between the customers’ normative expectations

the service and their perceptions of the service performance. Grönroos (2001) argues that because of the complexity of the characteristics of most services, their quality has to be complex too, as compared to the quality of goods, which is traditionally related to the technical specifications of the goods. In the case of goods, the outcome or end result of the process is transferred to the customer while, in services whether ranging from high-tech to high-touch or from discretely used to continuous services, the way the service employees perform their tasks, what they say, and how they do it also influence the customers view of the service and their experience of it.

**A Brief on the Dimensions of Service Quality**

Diverse studies on service quality by different has given rise to a plethora of models. This study however focused on some of the elements of the SERVQUAL model. Grönroos (2005), posit that as a result of later study 10 determinants of service quality were decreased to the following five:

1. **Tangibles.** This determinant is related to the appeal of facilities, equipment and material used by a service firm as well as to the appearance of service employees.
2. **Reliability.** This means that the service firm provides its customers with accurate service the first time without making any mistakes and delivers what it has promised to do by the time that has been agreed upon.
3. **Responsiveness.** This means that the employees of a service firm are willing to help customers and respond to their requests a well as to in-form customers when service will be provided, and then give prompt ser-vice.
4. **Assurance.** This means that employees’ behavior will give customers confidence in the firm and that the firm makes customers feel safe. It also means that the employees are always courteous and have the necessary knowledge to respond to customers’ questions.
5. **Empathy.** This means that the firm understands customers’ problems and performs in their best interests as well as giving customers individual personal attention and having convenient operating hour.

**III. METHODOLOGY**

The design for this study is the survey research and it covered population of 109 members of staff of six selected insurance firms from the six states in the south-east zone of Nigeria. Using purposive sampling, the researchers selected 90 members of staff as the sampled unit but only 83 copies of the survey tool was validly filled and returned. The study gathered data from both primary and secondary sources. However, the major instrument for data collection was a five point likert scale questionnaire titled Internal Marketing and Service Quality Questionnaire (IMSQQ). The statistical tool used for data analysis in this study is the mean score. The data gathered were ranked as follows: SA= 5, A = 4, U = 3, D = 2, SD = 1. The mean score is mathematically expressed as:

$$\bar{X} = \frac{\sum_{i=1}^n X_i}{N}$$

Where  $\bar{X}$  = the mean,  $\sum_{i=1}^n$  = summation,

X = the scores and N= number of scores. The decision rule is to accept results with a mean score of 2.5 and above while rejecting those with a mean score below 2.5

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**IV. RESULTS AND DISCUSSIONS**

S/NO	OPTIONS							
	SA	A	U	D	SD	FX	X	REMARK
1	14	35	21	11	2	257	2.89	ACCEPT
2.	6	19	16	28	14	239	2.68	ACCEPT
3.	11	26	19	15	3	263	2.96	ACCEPT
4.	13	28	12	21	9	284	3.19	ACCEPT
5.	4	9	15	32	23	175	2.60	ACCEPT
6	10	18	25	15	15	257	2.89	ACCEPT
7	12	29	26	16	-	338	3.8	ACCEPT
8	4	10	14	25	31	200	2.25	REJECT
9	5	7	10	30	31	196	2.2	REJECT

**Discussion of Findings**

The overall finding in this study shows that inter-functional coordination and integration and motivation are the dominating factor that drives the service quality in Nigerian insurance firms. This can be seen in the response pattern as the mean score in questionnaire item 1-6 was higher than the decision point (i.e 2.89, 2.68, 2.96, 3.19, 2.60 and 2.89 > 2.5 respectively). In research question three, the mean of questionnaire item 8 9 were negatives i.e their mean score were lesser than the 2.5 decision point. This suggests that employees training alone cannot drive improved quality service delivery. Questionnaire item 7 in research question three however posted a positive mean (3.8>2.5). This suggest that employees training is needful but must be complemented with adequate inter-functional coordination and integration with sufficient employees’ motivation if the insurance firms are to achieve effective quality service delivery.

**V. CONCLUSION AND RECOMMENDATIONS**

Delivering service quality has become a sine qua non in a growing and competitive insurance industry in Nigeria. The service gaps created by intensive competitions and technological innovation in the industry can therefore only be bridged by marketing managers and strategist through a conscientious marketing and management model that Gives the employees the confidence and sense of ownership and spur them to enhanced service delivery. This study therefore concludes that internal marketing holds a very significant strong nexus with service quality delivery. It is therefore the principal recommendation of this study that insurance firms in south-eastern zone of Nigeria should intensify their inter-functional coordination and integration and motivation while not compromising employees training

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