INTERNAL MARKETING, SALESFORCE PERFORMANCE AND SERVICE DELIVERY: EMPIRICAL EVIDENCE FROM THE NIGERIAN INSURANCE INDUSTRY

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Abstract: This study examines relational effect explaining the nexus between internal marketing, salesforce performance and service delivery with its empirical findings from the Nigeria insurance industry. A purposive sampling method cum descriptive design was engaged. Structure questionnaire was exerted for information gathering exercise. 241 participants were drawn from 31 insurance companies which were basically general insurance companies that represent a 61% capacity of the industry. A major statistical technique employed in the study was T-test statistic. Two hypothetical statements were stated. The study recommends the need to tangibilize insurance product and make its benefits evident and resounding to buyers in all the consumer purchase decision making process. More so, effort should be made to implement both extrinsic and intrinsic performance reward programmes, periodic training and performance appraisal, and inclusive-decision making systems that allow salespersons take active participation in decisions linking their works. The research work contributes to knowledge in that it awakes the regulatory body (especially self regulatory body) on the need to continually engage academia, insurance practitioners, service quality experts and other stakeholders in designing and building a more sustainable internal marketing model that will improve insurance market penetration and density.

1. INTRODUCTION

For quite a decade, Nigeria's insurance market has gone through series of transformation ranging from financial restructuring, information and communication technological advancement to globalization and internationalization of financial services, as well as economic development. These changes have wielded considerable influence on effectiveness, efficiency, profitability, market structure, market share and corporate performance of players in the industry. Insurance sectors in virtually all emerging economies are confronted with problems of negative perception, low level of technological leverage, ineffective regulatory framework, and low investment and asset management expertise (Ahmad & Zalina, 2008).

The Nigerian insurance industry although the most capitalized in Africa has come under intense criticisms from the findings of previous studies of experts, both in practice and the academia. The industry had been criticized for dearth in human capital and professional skills (Babington-Ashaye, 2009), poorly developed distribution channels (Ighomirenghian, 2010); lack of trust and poor communication network (Yusuf, Gbadamosi, & Hamadu, 2009; Ojikutu, Yusuf & Obalola, 2011), low customer patronage (Ajemunigbohun, 2009); and poor image (Gbede, 2003; Obasi, 2007). Additionally, International Monetary Fund (2013) reported that the insurance subset of the financial system in Nigeria is attributable in asset below two percent of the gross domestic product.

Past studies have shown that the causes of low level of insurance patronage and apathy on the part of insuring populace in Nigeria have their origin basically on the supplier side of insurance services. Olowokudejo (2009) in an empirical study discovered that religion is not a bane to insurance market growth in Nigeria; rather low patronage characterized by lack of trust. Omar and Frimpong (2007) had earlier opined lack of confidence in the practitioners and in their service delivery process resulted from unpopular insuring culture among the insuring populace. Obaremi (2007) also mentioned that the insuring public complained bitterly that practitioners of insurance in Nigeria are good at repudiating valid claims. Yusuf et al (2009) identified feeble contractual assurance which later erodes the confidence of insuring populace.

Internal marketing is nowadays playing a pivotal role as being one of the foremost modern businesses and marketing strategies adopted in competitive financial service markets around the globe. Financial services do assumed profound onus in growing and developing economic activities in the globe (Kameswari & Nittala, 2012). Dunne and Barnes (2000) emphasized the predominant role of the service component in the economy and in such scenarios; human capital becomes crucial instrument in the long-term business survival and success that reflect in customer satisfaction. Varey (2001) had earlier maintained that sound customer-driven employees in service organizations' work settings determine their competitive position in the marketplace. Julie and Arthur (1999) opined that the ability of a service organization to achieve and maintain a sustainable distinctive quality competence can be seen to be high reliant on valuable resources embedded in the employees of the organization. Internal marketing evolved from the ideology that human resources of an organization ought to be regarded as internal customers expected to be educated, apprised, upgraded, motivated and rewarded so as to meet

numerous customers' expectations effectually and efficaciously (Varey & Lewis, 2000). It is an organizational business orientation of achieving employee job satisfaction optimally and sustainably which will in turn affect service delivery qualitatively.

2. OBJECTIVES

This study intends to investigate if internal marketing has positively impacted on insurance salesforce performance in Nigeria; and ascertain if internal marketing has significantly enhanced service delivery in Nigeria's insurance milieu. This paper is structured as follows: introduction; literature review and hypotheses; methodology section; result and discussion; conclusion, recommendations, study contributions and future suggestions.

3. LITERATURE REVIEW

The concept internal marketing was reported to have first appeared in literature in the work of Berry et al in 1976 (Anosike & Ahmed, 2006; Zaman, Javaid, Arshad, & Bibi, 2012; Suleiman, Kamal, Sherrihan, & Dyala, 2013) as a lasting panacea to solving the problems of delivering consistently and sustainably high quality services that are encountered by service organizations. Afterwards, many definitions of the concept 'internal marketing' centres on its importance to financial service entity particularly, as well as generally viewing employees as internal customers, who form important agents in ensuring the qualitative delivery of satisfaction to external customers (Suleiman et al, 2013).

Papasolomou-Doukakis (2002) described internal marketing as a phenomenon targeted at evolving customer-oriented employees which will continuously deliver optimal quality to the extraneous market .Christopher, Payne and Ballantyne (1991) had earlier opined that internal marketing as an integral activity aimed at setting up customer-linked organization tenet which is directed at customer's awareness both internally and externally by expunging limitations, and hurdles to organisation's efficacy. Internal marketing can thus be described as an organized effort exerting marketing focused mechanism to conquer organizational restriction to change and to align, stimulate and inter-operationally coordinate and combine employees towards efficacious implementation of functional and organsational strategies in a bid deliver customer gratification via the process of creating stimulated and customer-focus employees in the company (Rafiq & Ahmed, 2000).

However, the core target of internal marketing's processes endears happy moment for all organsational members (Brum, 1998, Ling, 1999). Kotler (1999) advised that internal marketing of an organization should precede its external marketing. Dunnes and Barnes (2000) commented that service-conscious and customer-focused outcome should be driven out from internal marketing. According to Varey (2001) employee consciousness and commitment to nimble participation in the exchange process is such that should be activated by internal marketing arrangement. De Bussy, Ewing, and Pitt (2003) warned that for effective implementation of internal marketing programmes, it should not be limited to front-line customer service staff alone; even employees who do not interact directly with customers may have some influence upon the perceived service quality.

Sincic and Vokic (2007) opinionated internal marketing as such that organization employees are its first market. Varey (2000) earlier averred that internal marketing share some connectivity with some management technologies like macro marketing, strategic management, personnel management, employee relations and organizational communication. Kang (2001) highlighted internal marketing promotion into four viewpoints, namely, continuous collection and analysis of information concerning internal market and the competitive milieu, inquiry into the segmentation of the internal market, segmentation of the internal promotion mix and management of internal marketing. Rafiq and Ahmed (2000) had earlier identified four internal marketing processes which embrace internal product, internal promotion, pay and workplace.

Sales force performance is depicted as the degree to which a salespersons' contribution to achieving the organization's sales objectives (Churchill, Ford, Walker, Johnson, & Tanner, 2000). According to Yamoah (2013) sales persons play crucial roles in the achievement of sales goals and objectives. Churchill, Ford, and Walker (1990) found a direct and fairly immediate effect of successful sale force performance on organizational performance and success. Several factors have been identified to impact the performance of salespersons. Forum (2008) enumerated four broad categories of factors that affect sales force performance. These are sales skills (finding customers, winning customers and keeping customers), sales management skills (strategizing, motivating and coaching), climate (clarity, commitment, standards, responsibility, recognition and teamwork), and sales support systems. Yamoah (2013) listed motivation, product understanding, job gratification, and empathy toward customers as factors that affect sales force performance. However, individual sale person stimulation and competence have been acknowledged as highly supportive to effective and efficient sale performance (Churchill, Ford, Hartley & Walker, 1985).

A service is described as a gain that one person offer to the other which is consequently intangible and never resulted in the owing anything whose production is not linked to a tangible product (Nwankwo & Durowoju, 2011). Lovelock and Wright (1999) viewed it as act which helps create benefit for consuming agent by causing desired change on behalf or in the recipient. Microsoft Dynamics Report (2009) presupposes that provision of optimal quality to customer requires an understanding dimensional view of customers which is embedded with an understanding of how to compliment their services and required sales. Ajemunigbohun, Dansu and Asokere (2010) opined that the specific characteristic of insurance is such that is procured in the main time purposely for realization of benefit in the future.

4. METODOLOGY

This study engages descriptive design. The motivation of its involvement was because it allows relevant facets of interested phenomenon and thus makes observation of happenings or situations without control (Asika, 2008; Sekaran, 2003). It is also noted to have the capacity for behavioural prediction and thus, help in identical information collection regarding every sample situation (Easterly-smith, Torpe & Jackson, 2008; Saunder, Lewis & Thornhill, 2009). Data collection was conducted via survey strategy with the support of structured questionnaire. The

adoption of this data collection source was because of its appropriateness to the design of the study (Babbie, 2005). The data gathering instrument further assisted the researcher to elicit responses through its completion by adopting Likert-scaling measurement attached with a covering letter.

The target population comprises the entire members of staff within the sampling frame of 51 insurance companies operating presently in Nigeria (Punch, 2016), out of which a sampling unit of 31 insurance companies (comprising both life and non-life businesses) were surveyed giving a sample size of 241 respondents and 61% capacity of industry. The sampling frame was drawn within the Lagos metropolis since it houses a larger percentage of insurance firms in Nigeria. For due diligence and genuine responses, regular phone calls were made to hasten proper filling and returning of questionnaires. Basically, among 310 copies of questionnaires distributed, 241 were found useful for analytical results, giving a 77% response rate.

Concerning the research validity, theoretical and content were choices of validity. While the former was carried out through variable measures from extant and sound literature, the later was designed via the administration of scanty selected insurance marketing officers, insurance top executive members, and academia in the insurance profession. To this end, experts thoroughly examined the instrument and pinpointed at areas the researchers should focus in order to structure the items on the research instrument within the participants' apprehension. On the reliability level, 0.811 was recorded as the Cronbach alpha with high sense of indication that the instrument surpassed the required standard of 0.70.

Following theoretical argument, this study proposes two hypothetical statements:

H_1: Internal marketing has no positive impact on insurance salesforce performance in Nigeria

H_2: Internal marketing has not significantly enhanced service delivery of insurance companies in Nigeria.

4. ANALYSES

In an attempt to test the hypothetical statements suggested in this study, T-test statistical technique was employed for empirical oriented results.

Hypothesis 1

Table 1 One-Sample Statistics

	N	Mean	Std. Deviation	Std.Error Mean
Internal marketing and sales performance	241	3.8465	1.23038	.07926

Source: *Field survey, 2017*

Table 2 One-Sample Test

	Test value=0					
				Mean difference	95% Confidence Interval of the Difference	
	t	f	Sig. (2-tailed)		Lower	Upper

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Internal marketing and sales performance	48.532	240	.000	3.84647	3.6903	4.0026

Source: *Authors' computation, 2017*

Result in table implies that calculated value of 48.53 is greater than the p-value of 0.000 at 5% level of significance (.i.e. Dcal= 48.53 > p=0.000). Therefore, in line with the extant rule, the null hypothesis (Ho) which states that internal marketing has no positive impact on insurance salesforce performance in Nigeria is rejected and the alternative hypothesis accepted wield positive impact of insurance salesforce performance in Nigeria. This result is in consistent with earlier work of Rouzies and Maiguin (2003) who presupposed that output in managing salesforce ought to bolster worker motivation so as to accomplish sustainable salesforce output and organizational productivity.

Hypothesis 2

Table 3 One-Sample Statistics

	N	Mean	Std. Deviation	Std.Error Mean
Internal marketing and service delivery	241	3.7676	1.31812	.08491

Source: *Field survey, 2017*

Table 4 One-Sample Test

	Test value=0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean difference	Lower	Upper
Internal marketing and service delivery	44.373	240	.000	3.76763	3.6004	3.9349

Source: *Authors' computation, 2017*

Result in table depicts that the calculated value of 44.37 is greater than the p-value of 0.000 at 5% level of significance (.i.e. Dcal= 44.37 > p=0.000). Therefore, in line with the extant rule, the null hypothesis (HO) which suggests internal marketing has not significantly enhanced service delivery of insurance companies in Nigeria is declined. It is then summed up that internal marketing has significantly enhanced service delivery of insurance companies in Nigeria.

5. CONCLUSIONS

Internal marketing has been emphasized in quite a number of literatures. Therefore, not being able to integrate it with the performance activities of the salesforce and thus, service offerings intent of Nigerian insurance market space can be disastrous to the brand image of the Nigerian insurance industry and in turn rob on the economy negatively. Nonetheless, insurance among its contributions to the economy has been said to foster financial stability; reducing anxiety; promoting

trade and commerce, and mobilizing saving. This study attempted to investigate the relationship that subsists between internal marketing, salesforce performance and service delivery among selected insurance companies in Nigeria. Results from the study had posited evident that adoption of internal marketing has positively impacted on insurance salesforce performance. This result align with the assertion of Olowokudejo and Ajemunigbohun (2016) who noted that high levels of competence and capacity must be built in the salesforce to promote efficiency, effectiveness, productivity and performance. Also, empirical results from the T-test analysis provide evidence that internal marketing has significantly enhanced service delivery of insurance companies in Nigeria. To substantially corroborate this finding, Idris, Olumoko and Ajemunigbohun (2013) were of the opinion that insurance firms in Nigeria can improve their service delivery process by making available training tools to members of staff to activate faster, prompt and qualitative service offerings.

6. RECOMMENDATIONS, KNOWLEDGE CONTRIBUTIONS AND DIRECTION FOR FUTURE STUDIES

On recommendation, the intangible nature of insurance makes it difficult for prospective buyers to appreciate and proclaim its veracity as a reliable and viable risk management tool, hence, the need to tangibilize and make its benefits evident and resounding to buyers in all the consumer purchase decision making process. The people mix of service marketing plays a pivotal and significant role in endearing services to consumers. Therefore, insurance companies should always emphasize and appreciate their salesforce when designing and implementing their sales management plans in order to achieve a commendable level of market share and profitability. This could be achieved through implementation of both extrinsic and intrinsic performance reward programmes, periodic training and performance appraisal, and inclusive-decision making systems that allow salespersons take active participation in taking decisions that impact their jobs.

The research work contributes to knowledge in that it awakes the regulatory body (especially self-regulatory body) on the need to continually engage academia, insurance practitioners, service quality experts and other stakeholders in designing and building a more sustainable internal marketing model that will improve insurance market penetration and density. It thus stressed the need for managers to be alive to their responsibilities in ensuring that team-playing characters are exhibited among members of staff (irrespective of their department) to work towards achieving brand performance, brand association and brand trust within and outside the Nigerian insurance market space. It benefits the insuring public in terms of effective service delivery, rise in confidence level etc.

On suggestions for further studies, researchers can pull their weight into studying some of the factors marking up internal marketing strategies in some classes of insurance business. Efforts could also be made by other researchers to understudy behavioural pattern of sales personnel in relation to client expectations and retention. Lastly, the cost benefit implication of human capacity building

should appraise in congruence with organization's competence, value and expectations.

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