

## EXAMINING THE LINKS BETWEEN MARKETING COMMUNICATION AND MICRO FINANCE SERVICES IN GHANA

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**ABSTRACT:** *The study sought to look at the role of marketing communication in the provision of micro finance services, using Bonzali Rural Bank, in the Northern Region of Ghana as a case study. Both the qualitative and quantitative research approaches were used to gather information from Bonzali Rural Bank. The researchers adopted the quota, purposive and simple random sampling methods to select the respondents. Questionnaires were respectively administered to customers of Bonzali Rural Bank. The data was analysed by means of descriptive and inferential statistics using the Statistical Package for Social Sciences (SPSS). Some of the key findings during the research were that the physical evidence of the Bank was not the best. Personal selling according to the research was not at its peak, an indication that the Bank has not done a lot in that regard. Based on the findings, the Bank is doing well with the Marketing Communication Mix Elements. The researchers recommended that the Bank should focus on the physical evidence, i.e., the environment it operates including the building itself, equipment, vehicles etc. as they all communicate with the customers and the customers' make judgment of the services provided by the Bank through the physical evidence. Not only that, but the processes and the people who deliver the services*

**KEYWORDS:** Customers, Marketing Communication, Micro-Finance, Marketing Mix, Services.

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### INTRODUCTION

The concept of micro finance is not new in Ghana. There has always been the tradition of people saving and/ or taking small loans from individuals and groups within the context of self-help to start business or forming ventures (Johnson and Victor, 2007). For instance, available evidence suggests that the first credit union in Africa was established in Northern Ghana in 1955 by Canadian Catholic Missionaries (Bank of Ghana, 2007). However the Susu, which is one of the

micro finance schemes in Ghana, originated from Nigeria and spread to Ghana in the early twentieth century (Bank of Ghana, 2007). The promulgation of People's National Defence Council(PNDC) Law 328 in 1991 allowed the establishment of different categories of non-bank financial institutions including saving and loans companies and credit unions. Through the policies it has lead to the emergence of three (3) broad categories of micro finance institutions namely; Formal suppliers such as savings and loans companies, rural and community banks, as well as some development and commercial banks; Semi-formal suppliers such as credit unions, financial non-governmental organizations (FNGOs), and cooperatives, Informal suppliers such as Susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, money lenders and other individuals. Unfortunately, in the provision of micro finance services, institutions pay little attention to the marketing communication elements as a strategy of getting more customers (Bank of Ghana, 2007). Micro finance institution provides different kind of services to the poor all with the aim of elevating poverty. The questions are: How do they get their customers? And how do they promote their activities? Current marketing strategies involve a combination of a set of weapons employed by marketers to sell the product/services to target customers better than competitors. Even though communication is essential to the success of the micro finance institution efforts, this study focuses on the role of marketing communication in achieving productive and responsive marketing, which entail a study of some marketing strategies, employed by the micro finance institutions. This study therefore, is about the role of marketing communication in the provision of micro finance services. Specifically, the study sought to:

- To ascertain the marketing communication tools employed by bonzali rural bank in the provision of micro finance services.
- To ascertain customers' perception of the use of communication tools in the provision of microfinance services.
- Also to ascertain some of the problems of the use of marketing communication tools in the provision of micro finance services.

The findings of this study will enlighten individual policy makers and students on the role of marketing communication in micro finance institutions. This study will help Bonzali Rural Bank to strategize in the provision of micro finance services to its customers. It will also add to the body of knowledge in the area of marketing communications. The major gap in most service industries, especially financial institutions, is the neglect of the marketing communication tools or mixes to augment their businesses. This research will go a long way to addressing some of these gaps. It will also enhance the bank's business operations as well as other businesses in similar operations.

## **Hypotheses**

Null Hypothesis: the use of marketing communication activities in the Micro finance institutions (Bonzali rural bank) is not effective.

Alternative Hypothesis: the use of marketing communication activities in the Micro finance institutions (Bonzali rural bank) is effective.

## **THEORITICAL ISSUES**

### **Promotion Mix**

Belch and Belch (1990) view promotion as the best communication function of marketing. But in a broad sense, all the marketing mix variables can be viewed communicating with customers. According to the researchers, while implicit communication does occur through the various element of marketing mix, most organizations communications with the market place occur through a carefully planned and controlled promotional programmes.

Kotler and Armstrong (1996), call for more than just developing a good product, pricing it attractively and making it available to target customers. Micro finance institutions must also communicate with their customers and what they communicate should not be left to chance. The question is not whether to communicate, but how much to spend and in which ways. A company's total marketing communication programmes consist of the specific blend of advertising, personal selling, sales promotion and public relation tools that the company uses to pursue its advertising and marketing objectives, its promotional budget, and characteristics of the target product or service it offers. Thus a company which offers complex and more sophisticated industry products/services will engage more in personal selling than mass advertising which does not promote immediate feedback. This calls for a judicious blending of the various aspects of the promotional mixes to achieve the optimum blend.

### **Advertising**

Kotler and Keller (2006) defined advertising as any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. The non-personal communication of information usually paid for and usually persuasive in nature about products (goods and services) or ideas by identified sponsors through various media, (Bovee and Arans, 1993). The emphasis on non-personal aspects of advertising is extremely important. Being non-personal means, using of media to communicate message to the target group at the same time, often without immediate feedback from individuals unless direct advertising is used. Companies use advertising to direct persuasive communication to target customers. It is a cost-effective way to disseminate message. Advertising sells more than products. They sell image values, goods and concepts of who we are and who we should be. The shape subscribers' attitude and our attitude shape our behaviour, (Awake 1998). The message crafted to appeal to the most important concerns of that audience. The advertisement is ran in the media that will most effectively reach them.

The media that advertisers may choose from include; magazines and newspaper, radio and television, billboards, posters, skywriter, direct mail, catalogues, directories, references and circular. Belch and Belch (1990) classified advertising based on its nature and purpose into subscriber – market advertising and business – to – business advertising includes industrial advertising , professional advertising and trade advertising. Kotler and Keller (2006) classified advertising objectives as to whether their aim is to inform, persuade or remind. Informative advertising figures heavily on the pioneering stages of a product category, where the objective is to build primary demand. Persuasive advertisement becomes important in the competitive state.

**Direct Marketing**

Belch and Belch (1990), define direct marketing as a system of marketing by which organization's communication deal directly with target customers to generate a response and or a transaction. Kotler and Keller (2006) also define direct marketing as the use of consumer-direct (CD) channels to reach and deliver goods and services to customers. The above definitions emphasized on marketing undertaken to get an immediate response, typically an order from a customer. Direct marketing attempts to compress communication elements to lead a direct sale without using an intermediary. Having been exposed to an advertisement, a customer can call toll-free number and charge the order to a credit card number or respond by mail and either write in the credit-card number or enclose a cheque. Kotler (1996) reiterate that direct marketing first emerged in the form of direct mail and mail-order catalogue. It has taken on several forms in recent years including telemarketing, direct-response radio, mobile services, television and electronic shopping. These are used to obtain direct orders from targeted customers, unlike mass advertising. The growth of direct marketing in the consumer market is largely due to the fact that households have less time to shop, credit cards and known mailing addresses and telephone numbers which facilitate reaching and transacting with them. Its growth business-to-business is due to the high and increasing cost of reaching business markets through the sales force. Lower cost-per-contact media such as telemarketing, direct mail and selective and mass advertising should be used in identifying prime prospects before visiting them.

**Personal Selling**

Personal selling is a form of person-person communication in which a seller attempts to assist and or persuade prospective buyers to purchase the company's products or services on an idea. Churchill (1990) defines personal selling as an oral communication with a potential customer on a person-person basis. The definition stress face-face communication with a potential customer. Personal selling messages are often more persuasive than advertising or publicity in the mass media. Ingram et al (2001), explain that in a face-face setting, the potential buyer is more likely to feel obliged to pay attention to the sales representative's message. Sales force is used in this regard. Sales person can retail the message to fit the needs and interest of that specific customer. The communication also flows in both directions during a sales call. The sales representative receives immediate feedback and non-verbal communication from the customer. The method of promotion can communicate a large amount of complex information than can be transmitted with other promotional tools.

**Publicity/Public Relations**

Publicity is defined by Kotler and Keller (2006) as "the task of securing editorial space as opposed to paid space – in print and broadcast media to promote or "hype" a product, service, idea, place, person, or organization." According to the authors, marketing public relations (MPR) goes beyond simple publicity and plays an important role in assisting in the launch of new products, assisting in repositioning a mature product, building interest in a product category, influencing specific target groups, defending products that have encountered public problems and building the corporate image in a way that reflects favorable on its products. Belch and Belch (1990) also defined publicity as a non-personal communication regarding an organization, product, service or idea that is not directly paid for nor ran under identified sponsorship, usually coming in the form of a news story, editorial or announcement about an organization and or its

product and services. Like advertising, publicity is not directly paid for by the company. The techniques used to gain publicity include press release, press conference, feature article, photography, films and tapes. Publicity is part of a large concept called public relation. Kotler (1996) often describes publicity as a marketing stepchild because of its limited and sporadic awareness at a fraction of the cost of advertising. According to Kleiner (1980), many firms have begun making public relations an integral part of their predetermined marketing and promotional strategies over the past five years. The challenge and creative nature of marketing today consist of blending the marketing mix. It is necessary to integrate these elements into unified marketing plan to achieve the objective of their firm.

### **Marketing Mix**

Marketing communication has a wide scope than is generally assumed in practice. It covers both internal and external communications systems and process. Marketers should be interested in the effectiveness of both the internal information and decision-making process as well as the messages and images put across by the whole organisation to its present and future customers and other stakeholders. Without effective and efficient management of internal communications, the activities of a business will become uncoordinated, and rather focus more on individual goals than organisational objectives (Griffin and Moorhead 1986). It is also important to note that, much of business communication is also external and without effective external communications between an organisation and its customers and potential customers, the benefits needed and wanted by the market will not be understood, possibly leading to a loss of market –share, loss of profitability and loss of jobs (Smith 1993). It is also essential to note that promotion which also has its elements (i.e. Advertising, sales promotions, public relations, publicity, personal selling, Direct marketing, interactive internet marketing is an element of the marketing mix which also consist of product, place, promotion, price, people, process and physical evidence).

### **Product**

Bearden (1995) defined product as an idea, a physical entity (a good), a service or any combination of the three that is an element of exchange to satisfy individual or business objectives. From marketing point of view, the element of this definition is “to satisfy individuals or business objectives”. Thus, products provide benefits to individuals and business. Kotler and Keller (2006) however defined product as anything that can be offered to a market to satisfy a want or need. They further reiterated that marketed products include physical goods, services, experiences events, persons, places, properties, organizations, information and ideas. From the above definitions, products are bundle of benefits or values that satisfy the needs of customers. These needs can be psychological, functional or social in nature. Organizations exist to offer goods, services or ideas to their customer in exchange for money. The product or service that the company produces must offer a benefit that satisfies a need at a price the customer wants to purchase it and the role of promotion it to make the customer aware of the product, the benefits it offers and where it can be purchased. Even though, advertising plays an important role in developing and maintaining the image of these brands, products may involve decisions about the items itself such as design and quality but also other aspects such as service and warranties that go along with it as well as brand name selection and package design. The branding and packaging decisions are important as communication devices. (Belch and Belch, 1990)



**Branding**

Branding has been defined as the use of a name, symbol or design to identify its marketing mix and helps customer recognizes the firm's product and advertising. Thus, the degree of brand familiarity affects the planning for the rest of the marketing mix especially where the product should be offered and what promotion is needed, (McCarthy and Perreault, 1990). They specified some conditions that are favorable to successful branding. This he said, include the case with which one identifies the product by the brand, the product quality is the best value for the price, dependable and widespread availability, favorable demand for the general product class and favorable shelf locations or display space in stores. The American Marketing Association (AMA) defines a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors." A brand is thus a product or service that adds dimensions that differentiate it in some way from other product or services designed to satisfy the same need (Kotler and Keller, 2006). They further reiterated that, these differences may be functional, rational, or tangible-related to product performance of the brand and may also be more symbolic, emotional or intangible – related to what the brand represents. Cohen (1998) emphasized that product branding provides higher profit margins, image and identification and can help to position a product. He continued by stressing that to imitate other already established and successful products (i.e. brand extension) the consumer assumes that this newer product that has similar or same attributes of that which it copies. Thus, when companies adopt the strategy of brand extension, the expenses associated with attaining the brand recognition are minimized, since consumers are already familiar with the same.

**Packaging**

Kotler and Keller (2006) defined packaging as all the activities of designing and producing the container for the product. The packaging may include the products primary container; a secondary package that is thrown away when the product is about to be used and shipping package necessary to store, identify and ship the product. Labeling is also part of packaging and consists of printed information appearing on or with the package. The primary function of the packaging was to contain and protect the product. However, numerous factors have made packaging an important marketing tool. Product packaging is not an expense, but as promotional variables that create convenience and promotional value, Kotler and Keller (2006) explained that with the power and efficacy of major advertising efforts a good package does not only contain and protect but also has a role to play in product awareness, image formation and incentive to purchase and even in the tactical decision of rejuvenation, (Cohen, 1998). It is the buyer's first encounter with the product and is capable of turning the buyer on or off (Kotler and Keller 2006). McCarthy and Perreault (1990) stipulate in their work that better protective packaging is very important to manufacturers and wholesalers because they often have to pay for the cost of goods damaged in shipment. The researchers emphasized that it could possibly afford with advertising. Once the package is in store, it could be seen by many more potential customers than the company's advertising.

**Physical Evidence**

Physical Evidence is the elements of the service mix which allows the customer again to make judgment on the organization, (Keith, 1960). Booms and Bitner, (2006) defined physical

evidence as the environment in which the service is delivered, tangible goods that help to communicate and perform the service and the tangible experience of existing customers and the ability of the business to relay that customer satisfaction to potential customer.

### **Integrated Marketing Communication (IMC)**

It is a concept of marketing communication planning that recognizes the added value of a comprehensive plan (Kotler and Keller 2006). They further emphasized that a plan evaluates the strategic roles of a variety of communication disciplines. For example, general advertising, direct response, sales promotion and public relations combine these disciplines to provide clarity, consistency, and maximum impact through the seamless integration of messages . In this instance, all the promotional tools must be blended to execute the marketing activity to ensure coherent and consistent approach. It is critical in adopting an integrated marketing communication for people to recognise that all of the marketing mix elements(i.e. product, promotion, price, place, people, process, physical evidence and other related aspect ) are communication devices and that all must speak with one voice.

However, the researchers' work is on the role of marketing communication tools and how they are employed by the bank and not to find out whether they are integrated or not. Subsequent works will explore the integration elements of the marketing mix.

### **The Microfinance Industry**

The concept of micro-credit and micro finance is not new in Ghana. The first credit union in Africa was established in the Northern Ghana in 1955 by Canadian Missionaries (Kimos, 2010). However, "Susu", which is one of the microfinance schemes in Ghana is thought to have originated from Nigeria and spread to Ghana in the early twentieth century (Kimos 2010).The history of microfinance can be traced back as long to the middle of the 1800s when the theorist Lysander Spooner was writing over the benefits from small credits to entrepreneurs and farmers as a way of getting the people out of poverty. But it was at the end of World War II with the Marshall plan the concept had a big impact (CGAP,2005). Today, the use of the expression micro financing has its roots from the 1970s. Credit Unions also engage in micro finance operations. The apex body of all credit unions is the Credit Union Association of Ghana (CUAG). Credits Unions are owned by its members or client. Traditional Susu (daily savings) collectors under the auspices of the Susu Collectors Associations dominate the urban and rural areas. Despite tough regulation of this category of microfinance services providers, operators often run away with the savings of their victims. The government of Ghana through the Central Bank is re-tightening the regulation of this category of microfinance service provider (Daily Graphic, 2011). The other informal sector initiatives are Self-Helps Groups and Associations who undertake rotating savings and credit to their members on systematic basis.

The government has been selling up microfinance projects in collaboration with development partner for selected sectors and deprived communities for the past years. In Ghana, only Banks and savings and loans companies can accept deposits from the general public (Bank of Ghana).Therefore, the inability to raise low interest liability through deposit mobilisation is a limiting factor in microfinance sub sector. In the Tamale Metropolis, the picture of microfinance shares similar characteristics. The industry is being dominated by the female clients who mostly run micro business enterprises and small scale business (MASLOC, 2010). At the formal

governmental level, MASLOC and Social Investment Fund are available micro credit schemes. These schemes are not easily accessible unlike those in the informal sector. Conventionally, every citizen in Tamale is qualified to access these credit-schemes. However, the reality is that you must regard the whims and caprices of the Metro Chief Executive or party leadership.

Micro finance is a scheme designed to improve the wellbeing of the poor through better access to credit facilities and other financial service. It is considered as a vital issue in the development agenda relating to the provision and delivery of credit and other services to the poor. This allows the poor to tackle poverty themselves. Microfinance can be viewed as an effective tool well positioned to assist the poor especially into the new domain of economic empowerment (Yunus, 2002). One of the aims of micro finance is to promote saving for the purposes of development in communities and particularly in the society through the development of self-managed economic groups (Dalay, 2007).

The micro finance sector in Ghana is a fast growing industry. Financial Non-Governmental Organisations (FNGOS) whose activities are mostly in rural and urban centres direct their efforts towards the productive poor. The mother organisation for FNGOs is the Association for Financial Non-Governmental Organisation (ASSFIN). Some rural banks undertake microfinance projects. Rural banks are licensed and regulated by the Central Bank of Ghana through ARB Apex Bank which is a mini Central Bank of Ghana for the Rural/ Community Banks (Non-Banking) law 1993, (PNDC Law 328). The regulating frameworks of the rural Banks limit their expansion in geographical areas, outside their catchment boundaries. Financial Service Companies, Saving and Loan Companies, and some Commercial Banks have made an entry into the micro finance industry. Their microfinance operations are mostly confined within the urban centre for commercial reasons.

### **International Concerns on Micro finance.**

Micro finance is broadly defined as the provision of financial services such as credit, saving, insurance, money transfer and other basic financial services involving very small (Micro) amounts to the poor and low income earners who normally lack access to traditional banking and financial services (UN 2008). Microfinance originated with micro credit which essentially entails the provision of credit or small loans to very poor people, often without requirements for collateral. Example of micro credit is the Susu loans in Ghana. Micro finance has gained worldwide acclaim in helping the poor especially through increased income, self employment (Daley, 2007). According to micro credit summit campaign, about 3,316 micro credit institutions provided loans to 133 million clients worldwide in 2006 up from 18 institutions and 13million clients in 1997( micro credit summit campaign 2006). A look at that data again indicates that 92 millions of these clients refer to the people living below their nation's poverty line when they took their first loan .The research of microfinance varies in different regions across the world. Asia and Latin America have the largest numbers of borrowers in the case of Middle East, Northern Africa, and Central Asia only few benefit from microfinance services (UNDP, 2000). In Latin America, microfinance clients are found mostly in cities, where there is high population of poor urban dwellers. While the vast majority of micro finance clients in Asia are found in rural areas (Daley 2007). Microfinance is a scheme designed to improve the wellbeing of the poor through better access to credit facilities and other financial services .It is considered as a



vital issue in the development agenda relating to the provision and delivery of credit and other services to the poor. This allows the poor to tackle poverty themselves. Micro finance is therefore, an effective tool well positioned to assist the poor into the new domain of the economic empowerment (Yunus 2002). Daley Harries says one of the aims of microfinance is to promote savings for the purposes of development in communities and particularly to empower women in the society through the use of development of self-managed economic groups (Daley, 2007). However, one of the earlier and long existed micro credit organisation known as the Irish Loan Fund System initiated in the early 1700s by Jonathan Swift in providing small loans to rural poor people with no collateral. It started slowly and became a widespread institution in 1840s of about 300 funds all over Ireland with the main purpose in making credit and small loans with interest for short periods with 20% of Irish households annually. There after other types of formal savings and credit schemes sprung up in Europe namely People's Bank, Credit Unions, and Savings and credit co-operatives.

### **Problems of microfinance clients and institutions**

Despite the increased support for microfinance, there seem to be an ongoing debate in academic literature as to the effectiveness of microfinance in the empowerment of the society (UNDP, 2000). The dilemma is whether access to microfinance has an explicit ability to empower the society considering its size and procedures. However over the years the debate as to the actual effectiveness of microfinance in alleviating poverty is being continued, essentially, focusing on two issues; whether microfinance services especially micro-credits reach the 'hard core poor' or whether they are able to successfully integrate financial sustainability with outreach (UN, 2005). More recently, the focus of the debate has been extended to the possible potential of microcredit for society empowerment given that the amounts of loans are usually very small with high interest rates couple with high illiteracy level among rural women. While some hold positive views about the relationship, others have negative views. Some of the negative views widely held include the following: Goetz and Gupta adopted managerial control over loans as strong indicator of empowerment and their conclusion was that, majority of the society on microfinance loans, lacked control over the loans, but, had the responsibility of repayments. This then put them in a disadvantage position – interpreting this as wide spread loss of control, hence disempowerment (Goetz and Gupta, 1994). Micro credit is no better than 'nothing'. The tasks required from customers were often difficult to perform, their products have little market potential and the implementing agencies (microfinance institutions) have no technical competence (Ackerly, 1995). In support of this, Kerr has argued that on its own, micro-credit can sometimes increase society disempowerment through higher debt and work burden since credit by definition is a liability, (Kerr, 2002). Furthermore, the pessimists believe that the optimists fail to control what would have happened in the absence of such micro-credit schemes and also fail to measure the opportunity costs of clients' time (Buvinic, 1989; Navajas, et al. (2000). Some studies have shown that microcredit will not work in locations that do not have sufficient cash-based market activity and with low population densities, or are largely self-contained with few external relations, such as island countries in the Pacific (UNDP 1997). Cultural beliefs and practices determine the norms, values, the dos and don'ts and interests of a people. A cultured people can tend to hold positive or negative evaluative tendency towards the empowerment interventions. The fact is that, people see things differently as they operate and live in different places.

### **Micro-Enterprises**

Around the world, millions of low-income entrepreneurs are building better lives for themselves and their families by starting and expanding tiny businesses (Biggs, Grindle and Shodgrass, 2003). According to their article, the vast informal sector of the economy is comprised of micro-enterprises - micro-businesses with 1 to 10 workers, including the owner. Poor families launch micro-enterprises to generate income, build savings, and acquire assets as a cushion against natural disasters, illness or death, and other crises. As these enterprising households pull themselves out of poverty, they can improve their access to safe drinking water and more nutritious food, improve their housing, and educate their children (Simanowitz, 2001). In the United States, the microenterprise development field and its trade association, The Association of Enterprise Opportunity AEO, have defined a microenterprise as a business with five or fewer employees. Many of these businesses have no employees other than the self-employed owners. Additionally, such microenterprises generally need less than \$35,000 in loan capital and do not have access to the conventional commercial banking sector. Most organizations in the field also focus their services on those micro entrepreneurs who, as defined by federal government standards, are low-to-moderate income. By definition, most of these entrepreneurs are minorities, recent immigrants, women, disabled or for other reasons have special challenges that reduce their ability to access traditional credit and other services. The microenterprise field has many years of history in the European countries. While the term "microenterprise" was in common use internationally by the late 1970s, it came into domestic use about a decade later. Traditionally, the business sector had been categorized into three groups: large, medium, and small. The U.S. Small Business Administration (SBA, 1991) defines a small business as having up to 500 employees. In 1991, the SBA recognized microenterprise as a separate or distinct category of business. During the 1990s, the microenterprise field grew rapidly in the United States. Starting with a small number of non-profit organizations testing developing country models, the field now has service providers in every state, a national trade association, a growing number of state-level associations and financing intermediaries, and several research and policy organizations. The Aspen Institute and FIELD (Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination) has collected data on the organizations in the field since 1992. The first directory, in 1992, listed 108 organizations that identified themselves as working in the field. By 2002 this number had grown to 650 organizations. Of these, 554 are organizations that provide direct services and 96 are support organizations that offer funding, training and technical assistance to these practitioner organizations (Aspen Institute and FIELD, 1992). Just like other countries, microenterprises in Ghana have similar stories to tell about their contribution to the development of micro entrepreneurs and the nation at large. A study of the Ghanaian economy by Aryeetey and Kanbur (2005) shows that agriculture contributes about 40% to the gross domestic product and 50% of all employment. Majority of those working in this sector of the economy are small business owners. However for the majority of the rural folks, studies by McKay and Aryeetey (2004) indicate that small-scale agriculture forms their main economic activity. Although agriculture provides employment for the rural folks, however Heintz (2005) argues that the risk of poverty is highest amongst agricultural workers.

### **The Nature of Business Development Services Provided to Micro Enterprises**

The term Business Development Services was coined in the 90's by the Committee of Donor Agencies for Small Enterprise Development (CDASED) in order to replace the term 'non-

financial services'. The 2001 BDS guide defines BDS as: Services that improve the performance of the enterprise, its access to markets, and its ability to Compete. The definition of "business development services" includes a wide array of business services, both strategic and operational. BDS are designed to serve individual businesses, as opposed to the larger business community (CDASED, 2001). This definition explicitly excludes services directed at the wider business environment. However, in practice, lobby and advocacy are often included in Business Development Services. According to CDASED, (2001), Business Development Services include wide variety of services that helps enterprise to carry out the day to day internal and external activity in order to meet the corporate goal. It includes training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion. They went further to make an assertion that; a distinction is sometimes made between "operational" and "strategic" business services. Operational services are those needed for day-to-day operations, such as information and communications, management of accounts and tax records, and compliance with labour laws and other regulations. Strategic services, on the other hand, are used by the enterprise to address medium- and long-term issues in order to improve the performance of the enterprise, its access to markets, and its ability to compete. For example, strategic services can help the enterprise to identify and service markets, design products, set up facilities, and seek financing. The market for operational services may already exist, since there is often articulated demand and willingness to pay for these services. In contrast, markets for strategic services for microenterprise have largely failed to develop, and they are the focus of most donor interventions in BDS. However, what constitutes a "strategic" service may vary according to time and circumstances. For example, communication services may simply facilitate normal business operations for larger enterprises, but for micro enterprises they may be a crucial vehicle for strategic reorientation. Responding to the immediate SE demand for lower-end services may also lead to greater demand for higher-end services, so they are a legitimate focus of donor interventions to build SE competitiveness. For this reason "business development services" are defined broadly here to include a wide array of business services, both strategic and operational. This implies a variety of markets through which such services may be provided, with different structures (competitive or concentrated), patterns of evolution, and implications for how to intervene.

## **MATERIALS AND METHODS**

### **Research Design**

#### **Quantitative and Qualitative Approach**

The study used case study and survey approaches. Both the quantitative and qualitative research were adopted by the researchers. The quantitative method helped the researchers to collect data that were in the form of numbers and measurement. It gave precision or accuracy. The responses received in the study were summarised in percentages, averages or other statistics (Bryan And Bell 2007). Qualitative method, mostly a verbal descriptions result in stories. The methods place emphasis on words and data collected in the form of narrations and its concerned with qualities and non-numerical characteristics of the data. It is open-ended, in-depth and seeks unstructured interviews. Qualitative methods have a lot of advantages, Bryan and Bell (2007) described the strength of the method as a method that allows the researcher to collect data that provides understanding and description of people's thoughts, personal experience of the phenomena.

Bryan and Bell (2007) noted the following weakness of the method: knowledge produced may not generalise to other people or other settings; they noted that data collection and data analysis are time consuming, in addition making qualitative predictions can be cumbersome. This makes the case study strategy to use a quantitative method than qualitative method. Therefore, the researchers adopted this method in addition to the quantitative which made the selected customers explain their thoughts, feelings, ideas, and beliefs in detail. This research method sometimes known as non-experimental research deals with the relationships between variables, testing of hypothesis, development of generalisations, principles or theories that have universal validity. It involves events that have already happened and may be related to present condition. Primary data were collected from customers of Bonzali Rural at their workplace and homes through personal interviews, administration of questionnaires and on-the-spot observations. The data were also obtained from the Bonzali Rural Bank's staffs. In all, 200 questionnaires were filled by the customers of the bank. Accurate data were thus, generated. Secondary data on the other hand, include information from any relevant or related available literature based on the topic in the form of text-books, journals, magazines, newspapers the internet and any other related source. The means of obtaining the Secondary data was reading as much literature on the topic from the facilities mentioned above.

### **Treatment of Data**

The research instrument (questionnaires) was edited to ensure that all the items were answered by each respondent. Editing ensures that data are clean i.e. free from inconsistencies and incompleteness'' (Kumar 1999). The responses were tallied (item by item), and where necessary, the raw scores were put into identical classes which were later on converted into percentages by means of the statistical product and service solutions (SPSS). The background information was analysed to content and where necessary frequency distribution tables were generated to show the spread of the scores. Both close and Open-ended items were analysed.

### **Population and Sampling**

For the purpose of this research, the researchers adopted non-probability sampling technique, specifically convenience and quota sampling. By adopting convenience and quota sampling, the researcher interviewed two hundred (200) customers with Bonzali Rural Bank. The sampling unit focused on clients of Bonzali Rural Bank who belonged to the working population. These procedures were considered the best and least-biased and also allowed the researcher to generalise his findings to the entire population.

### **Tools of Research**

An on-the-spot observation at the bank was carried out by the researchers to solicit for more information and also to observe things critically for themselves. Certain pertinent issues were also discussed with staffs of the bank at work.

Questionnaires were administered personally by the researchers, though this approach was expensive and prohibitive in terms of transportation, time and energy, it was worth it. It facilitated greater returns within a short time through effective administration of questionnaires. It presented a true picture of the information.

Interviews on the other hand, was employed together with the above mentioned tools. This gave the needed information verbally in a face-to face interaction.

### **Data Analysis Plan**

In their analysis, the researchers deployed the use of the Statistical Package for Social Sciences (SPSS) Data Analysis Programme. Especially to quantify the data as discussed earlier .The programme was considered very useful especially in analysing the quantitative data .This brought very accurate information by generating tables and percentages of ideas from respondents. Essential data were collected, assessed, analysed and discussed with hypothesis tested .As discussed already, quantitative and qualitative analyses were used to extract information from the data collected .The SPSS data analysis was utilized by the researchers because of its accuracy of output of results. The researchers chose this because; it helped in quantifying data, the researcher's own experience and expertise of this programme among others as well as eliminating prejudices.

## **RESULTS AND DISCUSSION**

### Demographic Of Respondents

**Table 1 Age group**

Age group	No.	%
15-24	46	23.0
25-35	88	44.0
36-45	44	22.0
46+	22	11.0
Total	200	100.0

### **Field survey, 2011.**

Table 1 shows the age groups of the two hundred sampled respondents. From the table, 46 respondents representing 23% are between the ages of 15-24, 88 respondents representing 44% are between the ages of 25-35 years,44 respondents representing 22% are between the ages of 36-45,22 of the respondents representing 11% are above the ages of 46 years and above. It can be inferred from the table that the target group of Bonzali rural bank include all age groups. This is an indication that Bonzali rural bank should not only tailor its services to working class only but all the age groups



**Table 2 Educational Status**

Educational Status	No.	%
Secondary	52	26.0
Training College	48	24.0
Commercial/Vocational	29	14.5
Tertiary	69	34.5
Missing	2	1.0
Total	200	100.0

**Field Survey 2011**

Table 2 shows the level of education of respondents, where 26% having secondary education, 24% had teacher training education whilst 14.5% also had vocational /technical education. However, about 2% were illiterate. The idea that the illiterate were the majority customers of rural banks is not reflective with Bonzali rural bank.

**Table 3 Occupation**

Occupation	No.	%
Public sector	24	12.0
Private Sector	90	45.0
Self-employed	25	12.5
Student	47	23.5
Missing	14	7.0
Total	200	100.0

**Field Survey 2011**

Table 3 shows that 24 of the respondents representing 12% are public sector workers, 90 respondents representing 45% private sector, 25 respondents representing 12.5% are self employed, students respondents were 47 representing 23.5%. The private sector from the table dominated with 90 respondent representing 45%.

**Promotion****Table 4 Awareness of sales promotion carried out by the bank**

Response	No.	%
Yes	172	86.0
No	27	13.5
Missing	1	.5
Total	200	100.0

**Field Survey 2011**

On promotion, table 4 shows that 86% were aware of the sales promotional activities of Bonzali rural Bank, while 13.5% were not aware, signifying that majority are aware of the bank sales promotional activities. Even though 86% are aware of the sales promotion activity of the bank the remaining 13.5% should also be captured by the bank since it is on the high side.

**Table 5 Benefit of sales promotion of the bank to customers**

Response	No.	%
It encourages me to save	147	73.5
It saves time	44	22.0
System	9	4.5
Total	200	100

**Field Survey 2011**

Table 5 shows that 73.5% says the sales promotion carried out by the bank encouraged them to save with the bank, 22.0% says it saves time, while the remaining 4.5% says it helps in the system.

**Table 6 Customers' satisfaction with discounts given by the banks**

Response	No.	%
Yes	111	55.5
No	89	44.5
Total	200	100.0

**Field Survey 2011**

Table 6 shows that 55.5% were satisfied with the discounts given by Bonzali rural bank, while 44.4% were not satisfied, an indication that majority were satisfied with the banks discounts. Discounts will encourage the customers to deal with the bank. The 44.4% gives a strong indication that the bank must put in more discount schemes.

**Table 7 Customer's awareness on adverts by the bank**

Response	No.	%
Yes	111	55.5
No	89	44.5
Total	200	100.0

**Field Survey 2011**

Table 7 indicates that 55.5% had heard about Bonzali rural Bank adverts, while the remaining 44.4% were not. Advertisement will go a long way to increase the number of customers of the bank. The table clearly shows that the bank has a lot to do in terms of advertisement. They should increase the frequency and media they used for their advertisement.

**Table 8 Customers' impression with the advertisement concept of the bank**

Response	No.	%
Yes	133	66.5
No	67	33.5
Total	200	100.0

### Field Survey 2011

While 66.5% were impressed with the advertisement concept of the bank, which of course was the majority, 33.3% were not.

**Table 9 Customers' views on direct service to them by sales staff of the bank**

Response	No.	%
Yes	178	89.0
No	22	11.0
Total	200	100.0

### Field Survey, 2011.

Table 9 shows that 89% were directly in touch with the bank sales force, but 11% were the opposite. The indication here is that majority of the customers were reached through personal selling.

**Table 10 Customers' views on how often they hear bank personnel talk about company's products and benefits**

Response	No.	%
No	178	89.0
Yes	22	11.0
Total	200	100.0

### Field Survey 2011

Table 10 shows that about 89% of the respondent said majority of the bank's staff were involved in communicating about the company's products, while 11% said otherwise. Personal selling is every powerful tool in selling. Per the data, Bonzali was doing well in that.

**Table 11 Customers' views on quality of services provided by the bank**

Response	No.	%
Yes	134	67.0
No	66	33.0
Total	200	100.0

### Field Survey 2011

Table 11 shows that 33% of the respondents were not satisfied with the quality of service, while 67% said they were satisfied with the quality of service. Even though the 67% was the majority, the bank has to do more in terms of service quality. Service quality is focused evaluation that reflects the customer perception of these dimensions, namely reliability, responsiveness, assurance, empathy and tangibles.

**Table 12 Accessibility of customers to products and services of bank**

Response	No.	%
Yes	178	89.0
No	22	11.0
Total	200	100.0

### Field Survey 2011

Table 12 shows that 89% of the respondent said they have easy access to the bank's product and services, while 11% expressed a divergent view. In a service company like Bonzali rural bank, place which is one of the elements of the marketing mix includes the extent of accessibility of the service. Service must be made accessible to the customer at the right place and at the right time without any inhibitions to the customer, 11% is still on the high side.

**Table 13 Courteousness of bank staff in approaching customers**

Response	No.	%
Yes	178	89.0
No	22	11.0
Total	200	100.0

### Field Survey 2011

Data from table 13 revealed that, 89% of the respondents said the staffs of the bank were very courteous in handling their needs, while 11% viewed that the staffs were not courteous. Personal

relationship is very important in service marketing. The success of all institutions including Bonzali rural bank will to a large extent depend on how their staffs relate to their customers. Customers look out for assurance from businesses or management and expect that employees of Bonzali rural bank will behave confidently and instill confidence in their customers. The figure, 89%, confirmed that the bank is doing well on this theory. The researchers still emphasized that, the 11% of customers expressing feelings of dissatisfaction must be addressed.

**Table 14 Willingness of bank staff to help customers**

Response	No.	%
No	134	67.0
Yes	66	33.0
Total	200	100.0

**Field Survey 2011**

Table 14 shows that 67% of the respondents believed the staff of the bank were always willing to help, 33% disagreed.

**Table 15 How quick the bank solves customers' problems**

Response	No.	%
Yes	22	11.0
No	178	89.0
Total	200	100.0

**Field Survey 2011**

The table, 15, clearly shows that the bank's response to customers' problems was not encouraging, 89% of respondents said so. Only 11% viewed that the bank's response to their problems was encouraging.

**Table 16 Customers' views on how good the bank is in managing their complaints**

Response	No.	%
Yes	112	56.0
No	88	44.0
Total	200	100.0

**Field Survey 2011**

Table 16 indicates that the bank response to their need was not the best, since its only 56% who said their response was fast, 44% expressed unsatisfactory response.



**Table 17 Customers' opinions on whether bank's adverts reflect in its activities or not**

Response	No.	%
Yes	111	55.5
No	89	44.5
Total	200	100.0

**Field Survey 2011**

The table shows that 55.5% of the respondents lamented the adverts of the bank reflected its activities, while 44.5% indicated that the adverts do not reflect the bank's activities. Advertising can be used to build up a long term image for a service. Advertising can help Bonzali rural bank efficiently reach geographically dispersed buyers. Consumers might even believe that a heavily advertised brand must offer "good value". The researchers noted that Bonzali rural bank choice for advertising media did not help in reaching its targeted customers. This accounted for the over 44% of the customers saying the adverts never reflected the bank's activities.

**Test of Research Hypotheses**

The research hypothesis was formulated as follows:

H1: Bonzali Rural Bank's use of marketing communication activities is effective

Ho: Bonzali Rural Bank's use of marketing communication activities is not effective

In testing the hypothesis, the researchers used the chi-square to test the results of which are contained in the table below.

**Test Statistics**

	Are you aware of sales promotions carried out by the bank?	Is the sales promotion carried out by the bank beneficial to you?, If yes how	Were you impressed with the advertising message or the concept of Bonzali Rural Bank
Chi-Square	105.653 <sup>a</sup>	55.545 <sup>b</sup>	21.780 <sup>c</sup>
Df	1	1	1
Asymp. Sig.	.000	.000	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 99.5.

b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 95.5.

c. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 100.0.

### **Interpretation**

**The aim of every researcher is always to uphold the Working Hypothesis (H1).**

H1 is upheld if the chi-square test computed is less than or equal to 0.05 (i.e  $P \leq 0.05$ )

On the other hand H1 is rejected if the chi-square value computed is greater than the level of significance; 0.05 (i.e.  $P > 0.05$ )

Therefore from the computation, the values obtained are 105.653, 55.545, 21.780 all with a significance value of **0.000**

This value 0.000 is less than 0.05 which means that the Working Hypothesis, that is Bonzali Rural Bank's Communication Activities are effective has been upheld in this research.

### **CONCLUSIONS**

- The researchers realised that only 55.5% of the respondents were aware of the advertisement of the bank, an indication that a lot are still not aware with advertisement of the bank. This is also to say that in terms of promotion as a marketing mix element the bank has a lot to do to sell its service.
- The other marketing mix elements such as personal selling had about 89% of respondents were not aware or heard staffs of the bank sell its service to them.
- The physical evidence per the respondents indicated that, the bank has a lot to do since 66% were not satisfied with the bank's physical evidence.
- The researchers also found out that 89% of the respondents said the bank's staffs were not fast in responding to their problems.
- From what the researchers gathered, Bonzali rural bank was doing well in terms of using the marketing communication elements as a strategy to promote their products. With regards to the sales promotion majority of the respondents that is 73.5% were aware of the sales promotional activities. The same goes for advertisement, just that with advertisement, only 55.5% of the respondents heard of the adverts of the bank, 44.5% however, had not heard of the adverts of the bank. An indication that the bank should be more aggressive in advertising its products. The analysis clearly indicates that the bank had a lot to do with the other marketing mix elements. Elements such as personal selling of which 89% of respondents were not aware or heard staff of the bank sold its service to them. The physical evidence per the respondents indicated that, the bank had a lot to do, since 66% was not satisfied with the bank's physical environment. Based on the findings, it is clear that Bonzali rural bank's, use of marketing communication is effective.

### **RECOMMENDATIONS**

If Bonzali rural bank seeks to get more customers, then much needs to be done in the area of physical evidence, the people and the process of delivering the service. The bank must place emphasis on its physical evidence and the environment in which a service is delivered. Physical evidence of the bank has profound impact on customers' impressions. From the findings the bank needs to work on the appearance of the buildings, landscaping, vehicles, and interior furnishing. This would provide tangible evidence of the bank's service quality, and also send out consistent and strong messages regarding the bank's purpose and the nature of the service they provide to existing and potential customers.

The process on the other hand is the method and sequence of actions in the service performance. The findings revealed that the procedures, mechanisms and flow of activities by which services are consumed is not value-laden. An installation of automated teller machine (ATM) would help reduce time spent at the bank to withdraw money since service depends on direct interaction between customers and the banks employees. The personal involvement in the provision of the service is key to the eventual success or otherwise of the service. The findings showed that, the bank must devote significant effort in recruiting and motivating their employees.

Frequent training should be organized for the employees of the bank in the area of the customer care. In addition to the above, though 55% of customers said they have heard of adverts of the bank before, a greater percentage that is 44% have also not heard of the adverts of the bank. It is therefore, recommended that the bank increases its advertisement campaigns through the major radio stations, news papers and billboards. Finally, further research and publication is required in this field to ensure that the bank integrates a well coordinated marketing communication elements. The bank focused on the service quality dimensions in order to improve on the service quality as customers judge the bank based on the quality of services delivered .They include;

- Reliability: The ability of the bank to perform service dependently, accurately and consistently. Customers expect that when the bank promises to deliver something within a given time, it should be done as expected. Even when they could not, they would show sincerity in addressing the problem.
  - Responsiveness: This measures Bonzali Rural Bank commitment to helping customers and providing services promptly. Customers require prompt services and not delays .They expect quick responses to their request and do not want to be kept waiting.
  - Assurance; It is the evidence of employees' knowledge of service and courtesy towards customers and the ability of employees to convey trust and confidence to customers. They expect employees of the Bank to be courteous and have sufficient knowledge and expertise to handle customers enquires. When this happens, they feel secure in dealing with the bank.
- Empathy: This is the ability of the Bank to provide individualized attention to customers. The bank's staff must understand the specific needs of their customers.

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