

Full Length Research Paper

Understanding the marketing strategies of microfinance institutions within the Accra metropolis of Ghana: Case of selected institutions

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Accepted 24 January, 2011

This study focused on identifying whether micro finance institutions (MFIs) within the Accra metropolis use marketing approaches and strategies in savings mobilization and credit delivery. The basic source of data for this study is primary data. The data was elicited from the credit officers and in some cases management team of the microfinance institutions. A descriptive statistics was employed for the analysis of the data. In relation to their marketing objectives, mission statements, strategy and approaches, the study found that the selected microfinance institutions are not market-oriented in the delivery of their services. Among the recommendations made are that MFIs should create marketing departments, fashion out customer service packages, and strengthen their marketing planning capabilities especially in the area of environmental awareness.

Keywords: Microfinance, marketing strategies, saving mobilization, credit delivery

INTRODUCTION

The good culture of savings by households is widely recognized as a global phenomenon. People save because they want to protect themselves against unexpected crisis, meet their social obligations, accumulate fund for investment, and meet future consumptions.

However, regardless of the adduced reasons for savings, the poor in society are constrained in accessing savings and credit facilities offered by the formal financial institutions (Cravens, 1991). The explanation for this observed situation is the fact that commercial banks perceive doing business with the poor and micro-enterprises to be expensive and highly risky. The rich in society, medium and large enterprises are judged to be comparatively credit worthy. Microfinance institutions have therefore become the main source of funding for, the poor and micro-enterprises. They bridge the savings and credit gap and assist the poor and micro-businesses

to have access to savings and credit facilities.

By definition, "Microfinance" refers to small financial transactions with poor households and micro-businesses, employing unorthodox approaches (non-standard approaches). Such procedures include character-based lending, group guarantees and short-term repeat loans. It means making the poor benefit from access to financial services (savings and credit facilities). In a broader perspective, microfinance includes the offer of small financial services and the management of small amounts of financial resources through an array of financial products and a system of intermediary functions that are targeted at low income earners (United Nations, 2000, 2005). It includes loans, savings, insurance, transfer services and other financial products and services.

It is widely accepted that micro-financing plays a very important role in improving the living conditions of the poor by making it possible for the poor to have access to productive resources, with financial services being a key resource. Such resources can be channeled into income-generating activities and consequently generate

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employment for the poor. Microfinance is also recognized as making a significant impact on cross cutting issues such as women empowerment, reducing spread of HIV/AIDS and environmental degradation as well as improving access to such social services as health, education and housing by the poor and vulnerable. It is a tool that creates access to productive capital for the poor, which if complemented with human capital, tackled through education and training, and social capital, enables the people to move out of poverty (Bank of Ghana, 2007).

Institutions involved in microfinance services in Ghana can be grouped into formal (Rural and community banks, and savings and loans companies), semi-formal (Credit unions) and informal (Susu savings collector, rotating savings and credit associations, savings and credit clubs, money lenders, trade creditors, self-help groups and personal loans from friends and relations) (Steel and Andah, 2003). With regard to their source of income, most of the microfinance institutions mobilized their own funds but the non government organizations normal depends on government and donor partners.

It is often stated in related studies that despite the important role played by institutions involved in micro-financing, the industry has been faced with enormous challenges and constraints which partly accounts for the slow growth of the industry (Bank of Ghana, 2007). One of the basic challenges is for the microfinance institutions to reach a greater number of the poor clients. The consultative group to assist the poor (CGAP) survey indicated that microfinance practitioners estimate that over 500 million poor people worldwide demand financial services, but only a small proportion of those people actually have access. The task of building a viable and sustainable microfinance industry to meet this massive demand poses an exciting yet daunting challenge.

By implication, micro finance institutions serve just a little fraction of poor households and micro enterprises in Ghana although the industry seems to be expanding. The question one will ask is: "what are micro finance institutions doing to attract the remaining potential customers into the microfinance industry?" One piece of information missing in most empirical studies on micro-financing in Ghana is the marketing orientation of micro finance institutions. Secondly, it is an acknowledged fact that, for any given organization that finds itself operating in an environment of increasing number of microfinance operators, it becomes more difficult to get the firm's product noticed and for potential clients to do business with her without a good marketing mindset (that is without being customer focused). The use of good marketing approaches and strategies by micro finance institutions in promoting their products will not only attract more new customers, but also ensure a viable and sustainable microfinance industry in the country. This study will therefore seek to find out whether microfinance institutions

use marketing approaches and strategies in reaching the productive poor.

Objectives of the study

The main goal of the study is to identify whether microfinance institutions within the Accra metropolis use marketing approaches and strategies in savings mobilization and credit delivery. More specifically, the study has the following objectives:

1. To assess the degree of marketing orientation among microfinance institutions in Accra.
2. To examine the application of marketing programs in the mobilization of savings and delivery of credit among micro finance institutions.

Literature review

Microfinance in Ghana

Bank of Ghana (2007) indicates that microfinance is not a new concept in Ghana, but a practice that has been common with the people prior to independence. The Bank of Ghana report indicates that unreliable evidence suggests the probable establishment of the first credit union in Africa in Northern Ghana in 1955 by the Canadian Catholic missionaries. On the other hand, it is contemplated that Susu, which is one of the present day microfinance schemes in Ghana, might have originated in Nigeria and spread to Ghana from the early 1900s. Over the years, micro-financing has blossomed and evolved into its current state courtesy of the various financial sector policies and programs such as the provision of subsidized credits, establishment of rural and community banks (RCBs), the liberalization of the financial sector and the promulgation of PNDC Law 328 of 1991, that allowed the establishment of different types of non-bank financial institutions, including savings and loans companies, finance houses, and credit unions, among others. At present, there are three main kinds of microfinance institutions operating in Ghana. These comprise the formal suppliers of microfinance (that is rural and community banks, savings and loans companies, commercial banks), the semi-formal suppliers of microfinance (that is credit unions, financial non-governmental organizations (FNGOs), and cooperatives), and the informal suppliers of microfinance (for example susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals).

On the issue of market strategies, many studies have attempted to identify the key features of marketing-oriented companies. For instance, Kohli and Jawroski

(1990) recognized that, marketing orientation entails:

1. One or more departments engaging in activities geared towards developing an understanding of customer's current and future needs and factors affecting them.
2. Sharing of this understanding across departments and
3. The various departments engaging in activities designed to meet selected customer needs.

Narver and Slater (1990) also developed a model that highlights the key components of marketing orientation. They claimed that a marketing oriented organization ought to demonstrate five characteristics:

1. Long-term profits – as opposed to a short-term perceptive
2. Organizational culture – a culture that facilitates organizational learning
3. Inter-functional co-ordination – where all aspects of the business strive to create value
4. Competitor orientation – having an awareness of competitors' capabilities
5. Customer's orientation – concerned with understanding customers so that they better meet their needs.

According to Carlson (1990) the mission and objectives of an organization or institution need to be considered prior to the preparation and designing of marketing strategies and approaches. Drucker (1974) considers an effective mission to be focused on markets rather than products. In other words, the mission statement should focus on an extensive set of needs that the institution is looking for to satisfy (that is external focus). Drucker argues that, the mission and purpose of every business organization is to satisfy the customer. Consequently, the goal to which all marketing activities in the micro finance institution are to be directed over the planning period then becomes the marketing objective of the institution. It must reveal the anticipated achievements in sales, market share, profitability, cash flow and liquidity, portfolio balance, among others, in a specified time frame (Drucker, 1990). Such objectives must be expressed in terms of markets and products. On the realization of marketing objectives, Kotler (1994) indicates that marketing strategies are directly linked to marketing approaches or programs adopted by the microfinance institution. Until the marketing strategies are translated into marketing programs, the marketing objectives of the microfinance institution cannot be realized.

Kotler (1994) suggests that in developing market strategy the major concerns that need to be considered are the mission analysis; market segmentation, competitive differentiation and positioning; and matching assets with customer needs. According to Kotler, mission

analysis has two sides. These are customer missions and key value missions. Customer mission focuses on the customer needs the micro finance institution is dealing with, and defines the domain or part of the world in which the micro finance institution is going to compete. Key value mission, on the other hand, refers to what is important within the business, or how things are going to be run or simply what the micro finance institution wants people to see as important for example, service, quality etc. It identifies the key values, goals and constraints that the micro finance institution wants people to share in running the business. In Kotler's (1994:2) work, market segmentation is defined as the "subdividing of market into homogeneous subsets of customer, where any subset may conceivably be selected as a market target to be reached with a distinct marketing mix". It is a fundamental concern of strategy with far reaching effects and determines the allocation of sales force efforts, the distribution channels to use, advertising media and the most productive ways of communicating with customers.

In discussing competitive strategies, Porter (1985) identifies two sources of competitive advantage: low cost and differentiation. This implies the availability of three generic strategies; Cost/ price leadership strategy, differentiation strategy and focus strategy. The two most relevant points from Porter's work for our present purposes are that: first, micro finance institutions must think in terms of their own competitive strategy type; and second, microfinance institutions can use the structure to identify "Strategic groups" and how well these groups perform.

To Cravens (1991), marketing approaches concern the planning and implementation of specific actions in the market place. The specific actions revolve around the marketing mix made up of the following elements; product policies; pricing policies; marketing communications; distribution policies and service policies.

Fifield (1994) considers product policies of micro-finance institutions as the foundation of their marketing approaches. This is because if the product does not offer the features expected and required by customers, a competitive interest rate coupled with creative promotion and well-organized distribution will not compensate for its weaknesses.

Robinson (1994) stressed that the demand for deposit facilities is determined by a blend of motives and determinants and can therefore be met with a blend of savings products offering different levels of liquidity and return.

Robinson considers the selection of a pricing policy by all microfinance institutions as a function of three key factors, namely: demand, competitor prices and cost structure. A number of pricing options are open to microfinance institutions based on these key factors. Alternatives include cost and pricing, breakeven and profit impact target pricing, value in use pricing, market

rate pricing, relationship pricing, penetration pricing and skimming pricing.

According to Gronroos (1990) marketing communication is the most visible aspect of the marketing approaches of micro finance institutions. The communication methods open to the microfinance institutions in delivering marketing to the customer could be classified as follows:

- a) Advertising – using mass media like TV, radio, press, outdoor and transport media to reach large audiences. Other specialized vehicles, point-of-sale displays, sales literature etc. also fall under this category.
- b) Personal selling – face-to-face representation by staff of the microfinance institution to a customer which may include the use of supporting materials for presentation, display etc.
- c) Sales promotion – events with short-term objectives, using the same media in advertising for example, reduction in interest rates, customer competitions and incentives, giving away consumer appliances of various values in return for different levels of deposits.
- d) Public relations – the creation and maintenance of corporate images relevant to different audiences with the aim of presenting the micro finance institution in a favourable light in news stories and other media coverage which is not specifically paid for directly.

Gronroos suggests that distribution policy of a micro-finance institution is concerned with how to distribute and deliver products to the customer. Distribution methods are centered on branch networks, which provided simple and efficient systems for collecting, administering and delivering money. The main marketing concerns to be addressed in distribution are about networks or branches on one hand and logistics on the other.

There is a body of literature that discusses the idea of relationship marketing in the financial sector. For example, Berry and Thompson (1982) have applied relationship marketing to the banking industry, claiming the concept will dominate retail bank marketing practice. Gronroos (1990) also formulated a relationship-focused definition of marketing. The purpose of marketing is to establish, maintain, enhance and commercialize customer relationships so that the objectives of the parties involved are met. Christopher et al. (1991) have suggested a theory of relationship marketing based on a broader perspective than earlier contributions.

According to Levitt (1981) when an organization is loyal to its customers, is committed to providing valuable and improved services in response to changing needs of its customers, there is the tendency for its customers to repay the favour in the form of a mutually beneficial, long-term relationship. Ryans and Wittink (1977) have categorized service offerings based on the degree of differentiation of competing services and the ability of

customers to change suppliers and have suggested that service firms pay adequate attention to encouraging customer loyalty. Customer loyalty not only improves efficiency, but it also enhances productivity. Since old borrowers with good repayment records take much less time to manage than new clients, loan officers with large volumes of loyal customers can manage more clients. A loyal customer is also likely to be a low-risk borrower, assuming that a microfinance institution molds its services to suit the specific demands by each client (Churchill, 2000).

Hypothesis

The research aims at testing the hypothesis that 'microfinance institutions in Ghana are not market oriented in the mobilization of savings and delivery of credits'.

METHODOLOGY

Both secondary and primary data formed the basis of the study. Secondary information were used to establish the criteria for marketing orientation and provide further information about works that has already been done in the field of microfinance marketing. This implies that desk research entailed a review of literature on the methods of credit delivery and savings mobilization as well as external factors that influence the operations of microfinance institutions in Ghana. In Ghana, microfinance institution can be classified into three categories. However, in this study the emphasis would be on two: Formal and semi-formal microfinance institutions.

Primary data formed the basis for the study and was collected, using self-administered questionnaire. Questionnaires were administered to credit officers and in some cases management team from selected microfinance institutions in Accra. Questions asked cover strategic marketing issues that apply to micro finance institutions' savings programs, their marketing orientation as defined in their mission statements, credit delivery and loan recovery strategies and their own internal marketing strategies.

The study relied on descriptive statistical analysis generated from use of windows excel and the statistical package for social sciences (SPSS). The micro finance institutions were analyzed in terms of their marketing objectives, mission, strategies and approaches based on defined indicators.

All the microfinance institutions operating in the Accra metropolis, and registered with the Ghana microfinance network GHAMFIN is used as the sampling frame. The microfinance institutions quizzed were selected through purposive sampling. The institutions were selected based on size of market captured, using the number of clients acquired as indicator. The selected institutions have not less than 5000 clients and are, as such, regarded as typical representatives of successful microfinance institutions within the Accra metropolis.

ANALYSIS OF FINDINGS

This section presents the findings from the questionnaire administered to the six selected microfinance institutions (MFIs). In these institutions, either the management team

Table 1. Staff members performing marketing functions in institutions without marketing department.

Staff	Number of institutions	Percent
Management team	1	33.3
Credit officers	2	66.7
Total	3	(100)

Source: Survey data (2008)

or the credit officers were interviewed. To identify the marketing approaches and strategies adopted by the MFIs, questions related to marketing doctrines and overall judgment of the premium attached to marketing were asked.

The responses from the administered questionnaires indicate that all the MFIs have a corporate mission statement. On the issue of whether such statements were focused on customer needs or otherwise, it was identified that the mission statements of all the MFIs had both customer orientation and financial focus. However, customer orientation was prominent among the non-governmental organizations (NGOs) than with the savings and loans companies. This is not strange, because of the humanitarian services provided by the NGOs. The implication of this is that NGOs were marketing-oriented while the savings and loans were less marketing-oriented.

Marketing department among MFIs

When asked whether there existed a marketing department in their institutions, fifty percent (50%) indicated they had a marketing department. The marketing department is the nerve centre through which a wide range of marketing activities such as marketing service, product policy, corporate strategy, selling, and physical distribution of products occur. As such the absence of such a department means that marketing activities will not be given the seriousness they deserve.

Of the remaining institutions without marketing departments, questions were also posed to find out whether some staff members were still responsible for performing marketing roles. These institutions had people not originally assigned as marketing staff performing the marketing function. This is presented in Table 1.

In the case of those responsible for setting the marketing objectives and strategies in the institution and the position those individuals occupy in the hierarchy of the organization, sixty-seven percent (67%) of the MFIs indicated that they were done by senior management while thirty-three percent (33%) said they were set by

indicated that they were done by senior management while thirty-three percent (33%) said they were set by middle management. The findings indicate that MFIs had marketing functions as their top most priority in terms of its representation at the management level. However, concerns were raised as to whether these officials had the necessary skills, knowledge, and experience to carry out such activities regards the collection of data, appraising past marketing performance and identifying marketing opportunities to ensure the delivery of quality service. This pre-supposes that marketing activities may not be properly organized in such institutions and provides an indication that they are probably not market-oriented.

Marketing strategies

Marketing planning

When asked whether marketing plans were prepared by the MFIs, all three savings and loans companies and one non-governmental organization, constituting sixty-seven percent (67%) of the interviewed microfinance institutions gave the answer, "Yes" while the remaining two, constituting thirty-three percent (33%) said they never prepared marketing plans. A quick look at such strategies however show that eighty-three percent (83%) of the MFIs had corporate plans with little focus on marketing. The focus was rather on financial considerations. In answering the question on frequency with which they reviewed their marketing plans, thirty-three percent (33%) said "Very often", fifty percent (50%) said "often" and seventeen percent (17%) said "sometimes". The implication of this finding is that not much seriousness is attached to marketing. With regard to whether the MFIs prepared a marketing plan for each of their products and services, sixty-seven percent (67%) said they did while thirty-three percent (33%) said they did not. This response might give an indication of the presence of a high level of marketing orientation among the MFIs. However, drawing conclusions from this response rate needs to be done with caution considering the fact that eighty-three percent (83%) of the MFIs gave very little attention to preparation of marketing plans.

Products

When asked whether there had been changes to the products and services offered over the last five years on average, sixty-seven percent (67%) of the respondents indicated that there had been changes in the products and services they offered. All the savings and loans companies interviewed had varied their product range. Some of the new products introduced by the savings and loans companies included the sale of insurance products,

Table 2. Frequency with which savings products are modified.

Period	Number of institutions	Percentage (%) of MFIs
Annually	Nil	Nil
Every 1-2 years	1	17
Every 3 years or more	nil	nil
As and when necessary	3	50.0
Not at all	2	33.0
Total	6	(100.0)

Source: Survey data (2008)

Table 3. Frequency with which credit products are modified.

Period	Number of institutions	Percentage (%) of MFIs
Annually	1	7
Every 1-2 years	nil	nil
As and when necessary	3	50.0
Not at all	2	33.0
Total	6	(100.0)

Source: Survey data (2008)

import financing and variations in the loan and group finance schemes as practiced by the rural banks.

Table 2 indicates the response of the MFIs on the frequency with which modifications are made to their products.

It can be noticed that the majority of them modified their savings products as and when they deemed necessary. Fifty percent (50%) said they modified their savings products as and when necessary, seventeen percent (17%) said they did so every one to two years and thirty-three percent (33%) did not modify their product at all. The implication of this may be that the interest of customers was not the pre-occupation of the MFIs in their savings mobilization effort.

A similar trend is observed in relation to credit products and is presented in Table 3.

Fifty percent (50%) said they modified their credit products as and when necessary, seventeen percent (17%) said annually and thirty-three percent (33%) did not modify their products at all. Product modification is necessary for savings mobilizing and credit delivery to the poor and microenterprises. Since combination of motives and other factors determine savings and credit facilities, clients' needs could be best met with a combination of savings and credit products offering different levels of liquidity and return. However, the responses given imply that product modification was done casually or accidentally instead of being a deliberate and determined effort with the purpose of satisfying customer

needs. This may mean that the interest of customers was not of paramount importance to MFIs in the delivery of credit.

Some of the factors, considered by the selected savings and loans companies when modifying their savings products were the level of competition, emerging client needs, deposit level, competitive products and prevailing interest rates. While taken into consideration by the selected savings and loans companies considered when modifying their credit products included prevailing interest rates, competitive products, risk exposures, emerging client requirements and sectional analysis of the economy. From the above, it could be said that the MFIs considered both customer and financial considerations when modifying their products.

Marketing objectives

When asked whether the MFIs had stated marketing objectives for selected marketing activities, half of the respondents, fifty percent (50%), indicated they did not have stated marketing objectives while the other half said they had. Two-thirds (67%) of the NGOs and one-thirds (33%) of savings and loans companies indicated they did not have stated marketing objectives. This is a clear indication that a sizeable number of MFIs are not marketing oriented in their activities.

Generally, most of the stated marketing objectives by

Table 4. Budget allocation to marketing activities.

Budget allocation to marketing activities	Number of institutions	Percentage (%) of MFIs
Nil	1	17
1% - 4%	2	33
5% - 8%	2	33
9% - 12%	1	17
13% - 16%	nil	nil
Above 17%	nil	nil
Total	6	(100.0)

Source: Survey data (2008)

the MFI for credit delivery revolved around the processing and delivery of credit, volume increase of loan portfolio, offering attractive competitive lending rates, sustaining profitable relationship to mention a few. Some of the stated marketing objectives for savings mobilization included encouraging members to save regularly, amount of interest to be paid to depositors, meeting clients demands on time, improving on the savings culture of their clients, bringing banking to the door step of clients to mention a few.

Although fifty percent (50%) of the MFIs indicated they had stated marketing objectives, fifty percent of those MFIs that gave the 'Yes' answer could not, however, state their marketing objectives for credit delivery and savings mobilization when asked. This is a clear indication that they were non-existent.

On marketing strategies put in place to achieve the marketing objectives, the MFIs mentioned several activities that were peculiar to the type of MFI. The savings and loans companies mentioned strategies like quick loan approval, high customer care, using target and selective marketing to meet customer needs, adopting growth strategies and competitive strategies. The NGOs mentioned timely delivery of credits, effective customer relationship management, offering competitive interest rates to clients, production of sector specific brochures and organization of training program for beneficiaries as the marketing strategies they used in achieving their marketing objectives.

The MFIs were also asked a question on whether part of their budget was allocated for marketing activities. This response is presented in Table 4.

Seventeen percent (17%) indicated they did not make any provision in budgeting for marketing activities while thirty-three percent (33%) indicated they spent 1 - 4% of their budget on marketing activities. This means that the seventeen (17%) who did not have a marketing budget will not provide resource for the marketing strategies and activities needed for market growth and profitability.

Another thirty three percent (33%) allocated between five and eight percent of their budget to marketing activities. Only seventeen percent (17%) of the institutions

spent between nine and twelve percent of budget allocation on marketing activities. Such a finding provides a clear signal about actual attitude towards marketing and ultimately towards customers among the MFIs. Instead of making funds available for marketing activities in their corporate budgets, the MFIs choose to pay for expenses arising from activities perceived to be marketing related which were unplanned.

Marketing approaches of MFIs

Marketing research

Respondents were asked whether or not they conducted marketing research. Sixty-seven percent (67%) said they conducted marketing research while thirty-three percent (33%) said they did not. Out of the number who said they did, twenty-five percent (25%) said they did that very often, fifty percent (50%) said they did that often and twenty-five percent (25%) said they did that sometimes.

The MFIs' answer to the question on how information obtained from research was utilized is presented in Table 5.

Thirty-three percent (33%) said they used it for strategic long term planning, seventeen percent (17%) used it as a basis of normal routine activities and fifty percent (50%) said they used it as a basis for decision making. It was however observed that most of the MFIs relied basically on secondary data and intuition in conducting their marketing research. However, for an effective strategic planning, primary data collection would be very helpful. The fact that primary data collection was almost absent meant that strategic marketing planning was on the low side.

Monitoring customer preferences and environment

On the question of whether they monitored customer preferences at their locations, sixty-seven percent (67%) indicated "Yes" while thirty-three percent (33%) said "No".

Table 6 presents information on how frequent the

Table 5. Utilization of information obtained from research.

Activity	Number of institutions	Percentage (%) of MFI
For strategic Long-term planning	2	33.0
Basis of normal routine activities	1	17.0
Basis for decision making	3	50.0
Total	6	(100.0)

Source: Survey data (2008)

Table 6. Frequency at which customer preferences were monitored.

Frequency of monitoring	Number of institutions	Percentage (%)
Very Often	2	33
Often	3	50
Sometimes	1	17
Total	6	(100.0)

Source: Survey data (2008)

Table 7. Percentage of institutions that monitored environmental factors.

Environmental Factor	Number of institutions				Percentage (%) of Institutions			
	Very often	Often	Sometimes	Not at all	Very often	Often	Sometimes	Not at all
1. Business environment	2	2	1	1	33.0	33.0	17.0	17.0
2. Economic	2	3	1	Nil	33.0	50.0	17.0	Nil
3. Fiscal	2	2	1	1	33.0	33.0	17.0	17.0
4. Technological development	1	2	1	2	17.0	33.0	17.0	33.
5. Social/ cultural	1	2	2	1	17.0	33.0	33.0	17.0
6. Intra-company Issues	2	1	2	1	33.0	17.0	33.0	17.0
7. The market	1	2	2	1	17.0	33.0	33.0	17.0
8. Competitors	2	1	2	1	33.0	17.0	33.0	17.0

Source: Survey data (2008)

selected MFIs monitor customer preferences.

Thirty-three percent (33%) of the MFIs indicated they did that very often, fifty percent (50%) said they did that often, while seventeen percent (17%) said they did that sometimes.

Since customers of the MFIs are not the same in terms of needs and wants, observing their preferences very often will make it possible for the MFIs to improve on their services and develop suitable products. However, since that is not done very often, it implies that the MFIs are not doing much to improve on products delivered to ensure maximum customer satisfaction.

Furthermore, questions were asked to find out whether MFIs monitored changes to the environment by listing some environmental factors regarded as problems and opportunities facing MFIs. Environmental factors considered include the business environment, macroeconomic indicators such as interest rates, national GDP, foreign

exchange rates and national inflation, fiscal factors, technological developments, social/cultural factors, intra-company issues, the market and competitors. This helps with the determination of the degree of understanding of the marketing environment in which MFIs operated.

Responses by MFIs to the question of whether they had a systematic approach to track changes to the environment are presented in Table 7.

Fifty percent (50%) of the MFIs gave the 'yes' answer. Some of the methods used included periodic review of economic situations, observation of changes in salary levels, competitor intelligence, tracking changes in macroeconomic indicators, customer feedback surveys and sensitivity analysis. The conclusion from this is that most of the MFIs employed formalized and systematic approaches in tracking or monitoring the environment. This shows a high level of strategic management.

It can be deduced from the responses given that the

Table 8. Number of times the MFIs conduct promotions.

Number of times	Number of MFIs	Percentage (%) of MFIs
Very often	1	17.0
Often	2	33.0
Sometimes	2	33.0
Never	1	17.0

Source: Survey data (2008)

MFIs gave little attention to the monitoring of changes in the environment. Less than forty percent (40%) of them tracked the business environment, economic factors, fiscal factors, technological developments, social/cultural intra-company issues and the market very often. Only thirty-three percent of the MFIs tracked trends in business, economic, fiscal, intra-company issues and competitors very often. Economic conditions expected to be tracked for instance, include trends in national inflation, foreign exchange rates, interest rates and national GDP. The low level of monitoring these environmental factors suggests a low level of marketing orientation.

Promotion

A question was also asked on whether the MFIs had promotional strategy. Eighty-three percent (83%) of the MFIs interviewed said they had a promotional strategy.

Table 8 shows the frequency for conducting promotions by the MFIs.

Seventeen percent (17%) said they conducted promotions to mobilized savings very often while thirty-three (33%) said they did that often.

Thirty-three percent (33%) said they did conduct promotions sometimes while seventeen percent (17%) said they never conducted promotions. Fifty percent (50%) of the MFIs said they had a promotional budget while the remaining fifty percent (50%) did not have. It can be deduced from this analysis that the MFIs are not doing much to attract customers.

Table 9 shows responses by MFIs to the question of the extent to which budgetary allocations to promotions are made.

Fifty percent (50%) said they allocated between 1 and 4% while seventeen percent (17%) said they allocated between 5 - 16%. Thirty-three percent (33%) said they allocated above seventeen percent (17%) of their marketing budget to promotions.

The results indicate that little attention was given to promotions by the MFIs as confirmed by their comparatively low expenditure on promotions.

Interest rate determination

Respondents were provided with a list of methods they might have used in determining interest rates. The list of market-oriented approaches were following competitors, customer acceptance pricing and variable pricing. The other three methods were financial oriented approaches – cost plus build up and mark-up pricing, and break-even analysis. All these pricing methods were explained in the questionnaire. The response in Table 10 shows that most of the MFIs used a combination of methods in determining their interest rates.

From the results, fifty percent (50%) of the MFIs used market-oriented approaches in determining their interest rates. This implies that the level at which MFIs relied on prevailing market conditions in fixing interest rate was still low. The general result is that when it comes to pricing, the MFIs tended to be only partly marketing oriented.

Deposit mobilization strategies among MFIs

It was found that two savings approaches used by MFIs were forced savings and the mobilization of voluntary savings. In the case of the former, customers qualify for credit after saving with the institution for an average of between 3-6 months. In the case of the latter, actions of savers were largely based on personal motivation. There was also an indication of gender bias in the mobilization of savings and delivery of credit among the MFIs. The very reason for this could be the fact that women constituted a big fraction of the poorest groups of the population and they, in most cases, pursued independent economic activities. Another explanation was that the managers of MFIs perceived women to be reliable microfinance clients, and found to be more discipline than men in making regular savings deposits and loan repayments.

Recovery of loans strategies among MFIs

It was also found that most of the MFIs studied had stringent methods for providing credits and reducing default in loans payment. The Savings and Loans companies relied on the background of borrowers, particular purpose of request for loans, and an assessment of how borrowers managed resources and disposition including strengths and weaknesses, collateral presented and whether they have saved with the company for a period of time.

The NGOs, on the other hand, considered factors like regular cash flow from the business for which the loan was sought, a guarantor from within the locality where the loan is being sought, attendance to organized orientation and business training sessions and existing degree of exposure.

Table 9. Percentage of promotional budget constituting marketing budget.

Percentage (%) of marketing budget allocation to promotions	Number of MFIs	Percentage (%) of MFIs
1%-4%	3	50
5%-16%	1	17
Above 17%	2	33

Source: Survey data (2008)

Table 10. Methods employed in determining interest rate.

Method	Number of MFIs	Percentage (%) of MFIs
Cost-plus build-up and Mark-up pricing	3	50.0
Break-even analysis	2	33.0
Following Competitors	1	17.0
Customer Acceptance	Nil	Nil
Variable Pricing	2	33.0

Source: Survey data (2008)

From the aforementioned, it could be said that both marketing and financial considerations with more emphasis on the latter were taken into consideration before granting loans. This had resulted in high recovery rates.

SUMMARY AND CONCLUSIONS

From the outset, this study seeks to find out whether microfinance institutions use marketing approaches and strategies in reaching the productive poor within the Accra metropolis. The research aimed at testing the hypothesis that 'micro finance institutions in Ghana are not market oriented in the mobilization of savings and delivery of credits'.

Both secondary and primary data were used for the study. Secondary information was used to establish the standard benchmark for ascertaining the market-orientation of the selected institutions and provide further information about related empirical studies already carried out in the field of microfinance marketing. Primary data for the study was collected, using self-administered questionnaire to six selected micro finance institutions in Accra. The study involved descriptive statistical analysis of the collected primary data and is presented in the third section of the study.

One of the main findings from the study is that marketing activities are poorly organized in microfinance institutions within the Accra metropolis. Secondly, there is little focus on marketing in the corporate plans of the institutions. Thirdly, there is very little of budgetary allocation to marketing activities by MFIs within the Accra

metropolis. Also, the MFIs have not demonstrated much commitment for effective and strategic marketing of its products at the management level.

In a broader spectrum, the findings of the study confirm the hypothesis that MFIs in Ghana are not marketing oriented in the mobilization of savings and delivery of credits.

RECOMMENDATION

Based on conclusions drawn from the outcome of the study, the following recommendations are made.

1. MFIs particularly should create marketing departments. Such departments need to be strengthened by employing people with the needed skills, knowledge and experience in marketing related functions. This will ensure revenue growth, customer satisfaction and financial sustainability. This is because marketing is the core of the forces that drive business success and profit.
2. It is necessary for MFIs to fashion out customer service packages that include product availability and innovations. The nature of each component requires research as different service offerings with different interest rates are likely to be needed by each of them and different marketing strategies and approaches are likely to be essential.
3. MFIs need to strengthen their marketing planning capabilities especially in the area of environmental awareness. This is especially so, because of the consequences of changes in the environment on the operations of MFIs and their implications for MFIs choice of strategy.

4. There is also the need to introduce new products on an incremental basis. This ought to be done by introducing one or very few at a time, so that MFIs staff and clients can manage, monitor and understand them properly.
5. Product innovations should not be a one-stop gap measure, but an on-going program to improve the quality of financial services being made available to clients.

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