

## Work Environment and Customer Acquisition: A study of Selected Deposit Money banks in Lagos State, Nigeria

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**Abstract:** The banking sector in Nigeria is facing series of problems some of which are within the banking organisations themselves and others, which the environment has thrown at them. This study examined the effect of work environment on customer acquisition in selected deposit money banks in Lagos State. The study adopted survey research design. The population was the senior and middle-level management staff, as well as the junior workers that constitute the largest strata of the bank employees (30, 693). A stratified random sampling technique was used to select the sample size of 613 as determined with Slovin formula. Data was analysed using simple linear regression. Findings revealed that work environment had a positive and significant effect on customer acquisition of the selected deposit money banks ( $\beta = 0.489$ ,  $t = 14.660$ ,  $p < 0.05$ ,  $F = 214.903$ ;  $R^2 = 0.413$ ). The study concluded that work environment has significant impact on customer acquisition and it was recommended that a conducive work environment should be provided in order to increase and sustain customer acquisition.

**Keywords:** Customer acquisition, Deposit money banks, Organisational performance, Work environment, Work condition.

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### I. Introduction

The acquisition of customers is always a top priority for most organisations like banks, because the higher the number of their active customers, the higher their expected revenue profile and ultimately, profitability (Bikker & Haaf, 2002). Deposit money banks are designed to be high performing organisations because of the strategic roles of their financial intermediation and the multiplier effect such roles have in the lives of the people (Santript & Sinha, 2014). However, they are experiencing dwindling customer acquisition which has been impacting on their overall performance. The ability of organizations to meet various needs of customers is essential in today's fast changing market (Lee, Cha & Park, 2016), because organisations depend on their customer base and loyalty to earn revenues, which keep the organisation going as a business concern (Agnihotri & Rapp, 2010).

The work environment according to Akinyele (2010) plays significant role in customer acquisition. A conducive work environment is very important to the success of any business organisation. An environment that is conducive and safe will be a catalyst to energise workers; absenteeism would be reduced to the barest minimum, workers' will be happy working for the organisation (Akinsanya & Oludeyi, 2013). Inadequacy of the work environment would result in employee non-performance. When organisation underperforms, they would lose customers' patronage, render poor service, staff attrition would be high and ultimately, the organisation would not operate profitably which could lead to the eventual collapse of the organisation (Akinyele, 2010). The study therefore examined the effect of work environment on customer acquisition of Selected Deposit Money banks in Lagos State, Nigeria.

### II. Theoretical Foundations

The theories underpinning this study are Equity theory and Goal-Setting theory. The theory was developed in 1963 by John Stacey Adams. Equity theory is based on the assumption that employees compare their efforts and rewards with those of others in similar work situations. Adams (1963) explained that whenever an individual perceives that the rewards received are equitable, that is, fair or just in comparison with those received by others in similar positions in or outside the organisation, then the individual will feel satisfied. Adams asserted that employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others. Guerrero, Peter and Walid (2014) assert that individuals are motivated by a desire to be treated equitably at work and that they are motivated by fairness. If they identify inequities in the input or output ratios of themselves and their referent group, they will seek to adjust their input to reach their perceived equity. The major thrust of the theory is that employees deserve to be treated fairly and equitably, that is, employers should ensure that compensation

packages of employees are adequate. It also entails that the working environment are conducive which will help an organisation to grow and also enable employees to attain steady advancement in their career (Yamamoto, 2011).

Goal setting theory is based on the hypothesis that specific goals lead to better performance than do vague goals. Locke and Latham (1990), in their seminar work – A Theory of Goal Setting and Task Performance; reinforced the need to always set specific and challenging goals which employees would strive hard to achieve. They outlined five main principles of goal setting to motivate employees: clarity, challenge, commitment, feedback, and task complexity. According to Latham (2004), when two separate goals are set at the same time, exerting too much focus on one may make it difficult to achieve the other.

The theories that served as foundation and support for this study were based on Equity Theory (Adams, 1963) and Goal Setting Theory (Locke & Latham, 1990). These theories explained the psychological nature of human being where desire and want play a significant role in determining individual behaviour as well as the desire to be treated fairly or equitably. Proponents of the theories explained the behavioural pattern of the individual worker in an organisation as it relates to the working environment, as well as customer acquisition. The adequacy of rewards given to employees is important and employers should provide the minimum conducive atmosphere to ensure consistent and sustainable increase in organisational performance.

### **III. Literature Review and Hypothesis Development**

The work environment comprises the physical as well as non-physical features and characteristics of a particular work place where employees carry out organisational tasks (Akinyele, 2010). Heath (2006) argued that environment includes the physical locations as well as the immediate surroundings, behavioural procedures, policies, rules, culture, resources, working relationships, work location and all which influence the ways employees perform their work. The physical workplace environment includes the state of office ventilation, heating, and natural lightning as well as artificial lightning, seating arrangement, the state of furniture, the arrangement of electrical and electronic gadgets and easy pass-ways round the office environment (Akinyele, 2010).

The adequacy of the work environment would go a long way to influence the type of productivity that would take place in that particular environment. A conducive environment would most certainly increase employee productivity while a non-conductive environment would retard productive abilities (Ford, 2005). Humphries (2005) stressed that an effective workplace environment management entails making work environment attractive, comfortable, satisfactory and motivating to employees thus giving them a sense of pride and purpose in what they do. Employees spend a greater part of their lives within a closed environment and if such an environment is not conducive, then it is neither beneficial to the employees as well as the organisation which might be affected because of poor productivity such unfavourable conditions would bring.

The work of Chandrasekhar (2011) revealed that the workplace environmental factors play a crucial role in motivating employees to higher performance. Likewise, the work of Kamarulzama, Saleh, Hashim and Abdul-Ghani (2011) agreed with Chandrasekhar and laid further emphasis on physical office environment that must be improved if we are to get the best from employees. However, the work of Serhan and Al-Shammari (2015) argued specially on employees' attitude, stating that the right attitude will always bring the desired performance, in spite of existing workplace challenges.

The environment where most employees work in Nigeria is largely unsafe and unhealthy. In most instances, they are poorly designed, malfunctioning workstations, unsuitable furniture, inadequate ventilation, inappropriate lighting, excessive noise, insufficient safety measures especially during fire emergencies and lack of protective equipment especially those that work in difficult terrain. Employees in such unfriendly environments are prone to occupational diseases and it impact negatively on their performance (Chandrasekhar, 2011; Leblebici, 2012).

Acquisition of new customers is always a major priority and a target, which all organisations strive to meet at all, times. Customers' patronage always boost revenue earning capacity and these organisations device various strategies to acquire new customers. Dwindling customer base could be taken as a serious sign of management ineptitude, which always result in customers shifting loyalty and patronage (Bikker & Haaf, 2002). Kumar, Shah, and Venkatesan (2006) explained that the orientation a firm takes towards deepening current relationships or developing new ones has the potential to significantly impact overall firm performance. Agnihotri and Rapp (2010) argued that businesses gradually acquire steady customers through various business strategies like product quality, product differentiation, price differentials, aggressive marketing and advertisement and sponsorship of events. Eventually, they build up a base of satisfied and loyal customers. Kumar et al (2006); Morgan and Hunt (1994) argued that the orientation that a firm takes towards deepening current customer relationships and developing new ones has the potential to significantly impact the overall performance of the organisation because the business outlook would have been expanded.

The advent of technology and improved communications has indeed made the world a global village. There are now, better and faster means and processes of getting the job done in a better way, which have greatly enhanced customer acquisition. With the acquisition of large pool of customers’ base, organisations are now in a better position to delight their customers through quality and excellence services, which explains why some customers are very loyal to their organisations. Technological development has improved communications, innovation methods, virtual reality, electronic marketing and alternative work patterns continue to change working environment rapidly (Challenger, 2000).

**IV. Methodology**

The study adopted survey research design. This design gives the researcher the opportunity of gathering quantifiable information about target audience. It also gives the chance to express their opinions on the variables under investigation (Kanu, 2015; Gado, 2015). The target population were the selected deposit money banks licensed by the Central Bank of Nigeria (CBN). The banks were First Bank, UBA, Zenith Bank, GTBank and Access Bank. The study population included the senior and middle-level management staff, as well as the junior workers that constitute the largest strata of the bank employees (30, 693). The banks were selected because they are top performers who have contributed immensely to the financial and economic development of the country in terms of employment generation, financial intermediation and payment of taxes to the appropriate government agencies.

The sample size for this study was determined through Slovin (1992) method of sample size determination. The sample size determination developed by Slovin was used at 0.04 margin of error and 95% confidence level. The sample size derived for this study, using Slovin (1992) formula was six hundred and twelve (613) elements.

Stratified random sampling technique was used for this study. It increases the sampling precision during the process of dividing the population into strata (Kumar et al, 2006). The sampling frame for the study were the senior management staff of the selected deposit money banks who were the policy makers, the middle management staff who would implement the instructions made by the senior management staff as well as the junior workers who constituted the largest strata in terms of number of employees in the bank.

The data was collected with the aid of six scale-structured questionnaire. The reliability test was done using internal consistency method with a reliability coefficient of 0.80, which indicates a high degree of consistency. The response rate was 90% and the data collected were analysed using simple linear regression method was used to analyse the effects between the variables, in this case, the effect of work environment on customer acquisition.

**V. Result and Discussion**

In order to test the hypothesis, simple linear regression analysis was used. The data for work environment and customer acquisition were generated by adding scores of responses of all items for each of the variable. The results of the analysis are presented in Table 5.1

**Table 5.1: Model Summary for Regression Analysis for Work Environment and Customer Acquisition**

Coefficients <sup>a</sup>						
Model		Unstandardised Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.931	.628		19.002	.000
	Work Environment	.489	.033	.643	14.660	.000
R = 0.643		R <sup>2</sup> = 0.413		F = 214.903		Durbin Watson = 2.583

**a. Dependent Variable: Customers Acquisition**

Source: Researcher’s Field Survey from SPSS output, 2017

Table 5.1 shows the regression analysis of work environment and customer acquisition. The results in the table indicated that work environment has positive and significant effect on customer acquisition of the selected deposit money banks in South West Nigeria ( $\beta = .489$ ,  $t = 14.660$ ,  $p < 0.05$ ). Furthermore, the Table shows that work environment contributes 41.3% variance in customer acquisition of the selected deposit money banks in South West Nigeria. The regression equation that was established from the analysis is:

$$y_1 = 11.931 + 0.489x_1 \dots\dots\dots \text{Equation 1}$$

Where:

- $y_1$  = Customer Acquisition
- $x_1$  = Work Environment

The regression equation above indicated that holding work environment constant, customer acquisition of the selected deposit money banks in South West Nigeria would be 11.931 at 95% confidence level which was applied in the study. Furthermore, the p-value less than 0.05 indicate that the independent variable is significant. The findings also show that one-unit change in the work environment would lead to 0.489 increase in the score of customer acquisition. The result shows that the relationship between work environment and customer acquisition is positive and statistically significant ( $R = 0.643$ ). Based on these findings, the null hypothesis one ( $H_{01}$ ) which states that work environment does not have significant effect on customer acquisition of the selected deposit money banks in South West Nigeria is hereby rejected.

The findings from the analysis indicated that work environment has significant effect on customer acquisition of the selected deposit money banks in South West Nigeria. The result is in agreement with finding of Chandrasekhar (2011) that the workplace environmental factors play a crucial role in motivating employees to higher performance, which could help in customer acquisition. Similarly, the finding concurs with those of Kamarulzama, Saleh, Hashim and Abdul-Ghani (2011) that physical office environment must be improved to get the best from the employees. The finding of Bindu, Gunaseelan, Ollukkaran and Rupa (2012) stated that employee's productivity would be greatly enhanced in an organisation where their working environment is conducive.

Michael (2010) and Shidar (2002) confirm that an effective environment takes place where results can be achieved as expected by management. The physical and non-physical factors affect the way employees interact, performs their functions and the more conducive these factors, the likelihood that it would have direct positive impact on their productivity. This combination of factors has created a working environment where the business needs its employees to increase productivity and the employees need the business for their personal welfare Smith (2011). A conducive and harmonious work environment would ultimately influence employees of an organisation positively in many ways including the zeal to improve their productivity, hence, organisational performance.

## **VI. Conclusion and Recommendation**

The results of the study provided both empirical and statistical evidences on the relationship between work environment of the selected deposit money banks and their efforts to strengthen productivity through acquisition of more customers. The findings concluded that work environment have a significant effect on organisational performance. The effect of work environment could either be positive or negative. When the effects are positive, it helps organisational growth and development and when the effects are negative, it retards growth. It is the responsibility of management to create and sustain conducive work environment to aid organisational productivity.

Deposit money bank management should take proactive steps to create conducive work environment to motivate their employees. Organisations that provide conducive work environment for their employees to enable them work with minimal distractions would be more prosperous. A hostile work environment would not bring out the best efforts from the employees. A non-conducive work environment is said to be largely responsible for problems of absenteeism, deceit, increase in error rate and poor service delivery to customers that exist in the selected deposit money banks. The work environment referred to is inclusive of physical office structures and work processes. Sales and other market-facing employees should be provided with the required tools like pool cars, communication gadgets which would facilitate easy access to customers to consummate transactions.

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