

**IMPACT OF MARKETING CAPABILITIES ON THE PERFORMANCE
OF BANKING INSTITUTIONS EMPHASIS ON COMPETITIVE
DYNAMICS
(Case Study of the State Bank branches Directors in Mazandaran)**

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Abstract

Banking industry is important and raised industry in the world. *Today, banks in developed countries act as decoder professional consultants and specialist in rise of companies' financial resources and also collection and exchange of necessary information. In modern banking there are several components that have effect on the mobilization of financial references in banks and financial institutions. Identify and determine effect and relationship these components with successful banks in mobilizing financial references is an important matter. It has led be established intensely competitive space among them. Banks can be successful that use competent managers, various tools and facilities and existing potential in order to the series' win. Banks with the use of competent managers and education human resources can be have permanent communication with customers and markets and also create transformation do scrutiny society. The purpose of this study is evaluation of the components that are caused the success or failure performance of bank branches.*

Keywords: Market Turbulence, Intensity of Competition, Decentralization, Customer Orientation, Competitor Orientation, Trends of Innovation, Marketing Capabilities

1. Introduction

Over the past two decades, market-oriented has been principal foundation of written in the marketing field (Theodosiou Et al. 2012). Majority of extensive research is focused on the market-oriented from behavioral and cultural perspective. Behavioral perspective has affirms on

the specific activities related to production, distribution and response to business intelligence (Kohli & Jaworski, 1990). Cultural perspective has focus on the norms and values of the organization that promote behaviors consistent with market oriented and consists of three components: Customer orientation, competitor orientation, and coordination of mediated task (Narver & Slater, 1990). The positive relationship between market orientation and business performance has been confirmed experimentally in many articles and studies. Moreover, this relationship in various environmental conditions, in sectors of industrial and cultural backgrounds looks sturdy and strong (Theodosiou et al. 2012). The strategic management articles stating that marketing capabilities have more varied effects on the performance and it is dependent on the ways that companies can be compatible themselves with environment (Song et al 2008). Market orientation may be caused a company be focused only on the visible needs of customers and be unaware understand the hidden and potential need of current and new customers. (Theodosiou et al. 2012)

As regards Banks as the most important financial market institutions in Iran due to the lack of development of financial markets on the one hand and Nationalization of banks on the other were not entitled good performance. So to evaluate the performance of banks in the country is extremely important. (Riazat 2002)

2. Statement of the Problem

In line with the growth and sustainable development of countries attention to enrich of organizations is concern to all managers (Rezvani & Toghræi 2011). The banks are not exempt from this issue. Banking industry is important and raised industry in the world. Today, banks in developed countries act as decoder professional consultants and specialist in rise of companies' financial resources and also collection and exchange of necessary information and they are considered to be one of the motors of economic stimulus in each country (Olavarrieta & Friedmann 2008). In modern banking there are several components that have effect on the mobilization of financial references in banks and financial institutions. Banks to achieve better performance should use leading indicators or prospective. Backward indicators or retrospective express only historical events, while the prospective indices be caused create conditions for performance breeding. (Abasgholipour 2010)

Over the past two decades, market-oriented has been principal foundation of written in the marketing field (Theodosiou Et al. 2012). Market volatility refers to rate change in customers mix and their preference. Business units that are in market turbulence environment have confronted with the rapidly changing needs of customers, preferences and requirements and demands of unpredictable. Customer oriented is means understand customer demands and creating continuous superior value for them (Theodosiou Et al. 2012). Decentralization refers to amount of decision making power delegating throughout the organization and organizational participation by organizational members in decision-making. Hence, in this study we deal to impact of marketing capabilities on the performance of banking institutions emphasis on competitive dynamics (Keivan, Shokouhi & Darabi 2010). Despite this one aspect of the unknown and uncertain in this context is answer to following questions:

Can obtain market-oriented provided competitive advantage and better performance for a bank?

3. Theoretical Literature and Research Model

Generally, organizational performance is defined as criteria for measure level of attainment action good and effective that can be estimated by the efficiency and effectiveness of the organization in achieving (Stoner 2007). Performance refers to operation and result. In other words, performance is defined as today practice that is introduction to produce certain amount of tomorrow output value (Carroll Et al. 2011). Banks are financial institutions collect assets from various sources and

put them for parts that have need liquidity. Hence banks are considered vital artery of each country. In fact, banks like other organizations in Iran to present services more diverse, faster and more modern and ability to compete and survive in massive wave of informing and development of special services banking are requires continuous performance assessment of its branches. (Salehi Et al. 2011)

Performance assessment organizations and businesses with similar activities and review the results of the their performance in a given period considered important and strategic process that addition the organization's competitive positioning has significant role in the continuous improvement and enhance the quality and effectiveness of management decisions in organizations. (Smirnova Et al. 2011)

Competition is meaning the effort that set of competitors in an industry use in order to put pressure on each other. In this way, each competitor maximum power and your talent exerts in order to survive in the field and achieve future growth and development arrangements. Factors such as competitive nature at the macro level and also corporate Governance strategies have significant impact on the amount competitiveness. (Rezaei & Khaefollahi 2005)

Due to competition among existing competitors normally is related to second principle: 1- These organizations are feeling the pressure. 2- They feel provided opportunities for their progress (Auh 2005). Advertising struggles is other aspect of competition may be increase variety level services and products for all firms in the industry. On the whole it must be said commonly this competitiveness is done used tactics like fighting on price, promotional campaigns, product introduction or increase service levels that in any industry can be positive or negative. (Dawes & Nenycz – Thiel 2013)

Decentralization is means transfer of power, authority and responsibility of the government semi-autonomous agencies, private or cooperative sector (Falch Et al. 2012). Increase decentralization in the organization particular organizations that are scattered in terms of geographical and their main services offered in various branches be caused speed increase of service delivery and in resulting increased customer satisfaction of these organizations. (Sharifzad & Nouri 2004)

Changes in customer behavior in financial and services institutions especially in banks due to money nature of their activities has higher sensitivity and it is requires careful and timely planning by banking and services network administrators. A customer in the bank at least is equal an asset. (Mirkamali & Choupani 2011)

Ziorb & Gatignon are considered competitor oriented as refers to the ability and apply for identify, analyze and respond to competitors' actions. They suggest that firms develop competitor oriented be able do analysis strengths and weaknesses of their rivals effectively and respond to them. Competitor orientation, identify strengths and weaknesses, capabilities and strategies of competitors so that against their activities can be Reacted. (Dawes 2000)

Recent studies of competitive dynamics, will be examined strategic actions companies and the reactions of competitors. Competition has many consequences, that has effect on the strategic behavior of firms, industry evolution spontaneously, and company performance. (Nair & Selover 2012)

The effect of marketing capabilities on firm performance will change with company characteristics. Marketing capabilities have more varied effects on the performance and it is dependent manner companies can be compatible with environment. (Song Et al. 2008)

According to the theoretical literature, the research model based on Katiskea, Kehagias and Theodosiou in 2012 is designed as follows:

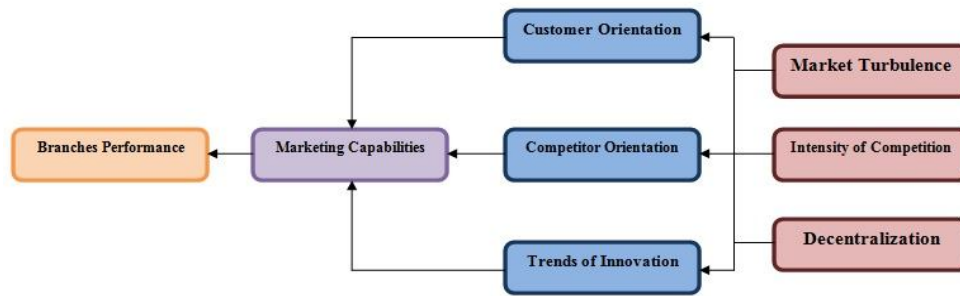


Figure 1: Research Model (Katiskea, Kehagias and Theodosiou 2012)

3.1. Hypotheses

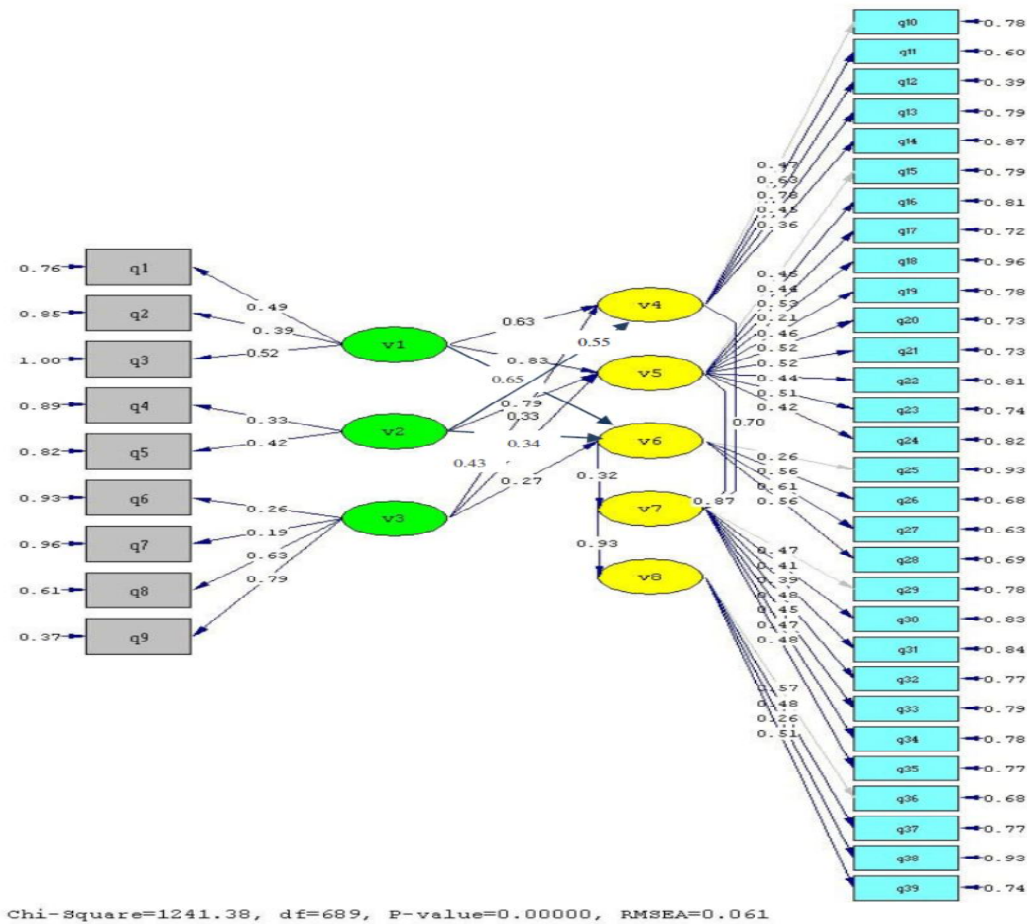
1. Market turbulence has significant relationship with customer orientation.
2. Market turbulence has significant relationship with competitor orientation.
3. Market turbulence has significant relationship with trends of innovation.
4. Intensity of competition has significant relationship with customer orientation.
5. Intensity of competition has significant relationship with competitor orientation.
6. Intensity of competition has significant relationship with trends of innovation.
7. Decentralization has significant relationship with customer orientation.
8. Decentralization has significant relationship with competitor orientation.
9. Decentralization has significant relationship with trends of innovation.
10. Customer orientation has significant relationship with marketing capabilities.
11. Competitor orientation has significant relationship with marketing capabilities.
12. Trends of innovation have significant relationship with marketing capabilities.
13. Marketing capabilities have significant relationship with branches performance.

4. Research Methodology

This research in terms of purpose has been applied and in term of implementation is descriptive-survey. Statistical population are included Mazandaran state-owned banks that is used branches directors for response. The sample size was determined 220 people. Tools data collection is standard questionnaire by Katiskea in 2012. Questionnaire is Likert response spectrum. To check the reliability of questionnaire was used Cronbach's alpha coefficient that results showed all the variables have required reliability.

5. Research Findings

In this article to analyze the data were used methods of descriptive statistical and inferential. So that first Each variable in the form the statistical indicators described by SPSS19 software and then test the research hypotheses was performed using structural equation modeling (SEM) by LISREL8.2 software.



NFI= 0.81 , NNFI = 0.94 , GFI= 0.98 , AGFI= 0.95

Figure 2: Standard Model

Model indicators are indicative the suitability of the approximate model fitting. The results of variables described are shown in Table 1:

Table 1: Results of Hypotheses Test

Hypotheses	Standardized Coefficients	t	Result
Market turbulence has significant relationship with customer orientation	0.63	-2.22	Confirmed
Market turbulence has significant relationship with competitor orientation	0.83	-0.84	Rejected
Market turbulence has significant relationship with trends of innovation	0.65	2.43	Confirmed

Intensity of competition has significant relationship with customer orientation	0.55	2.45	Confirmed
Intensity of competition has significant relationship with competitor orientation	0.79	1.91	Rejected
Intensity of competition has significant relationship with trends of innovation	0.34	2.12	Confirmed
Decentralization has significant relationship with customer orientation	0.43	1.96	Rejected
Decentralization has significant relationship with competitor orientation	0.33	1.51	Rejected
Decentralization has significant relationship with trends of innovation	0.27	2.09	Confirmed
Customer orientation has significant relationship with marketing capabilities	0.70	3.54	Confirmed
Competitor orientation has significant relationship with marketing capabilities	0.87	4.31	Confirmed
Trends of innovation have significant relationship with marketing capabilities	0.32	2.41	Confirmed
Marketing capabilities have significant relationship with branches performance	0.93	5.25	Confirmed

6. Conclusions and Recommendations

1. According to the results can see that market turbulence has significant relationship with customer orientation. In this study, market turbulence variable directly has a significant positive impact on customer orientation amounted to 0/63. Namely, Almost 40 percent changes in customer oriented can be explained by market turbulence.
2. According to the results can see that Market turbulence hasn't significant relationship with competitor orientation. But in research of Katiskea in 2012 this relationship has been confirmed.
3. According to the results can see that market turbulence has significant relationship with trends of innovation. In this study, market turbulence variable directly has a significant positive impact on trends of innovation to 0/65. Namely, Almost 42 percent changes in trends of innovation can be explained by market turbulence.
4. According to the results can see that intensity of competition has significant relationship with customer orientation. In this study, intensity of competition variable directly has a significant positive impact on customer orientation amounted to 0/55. Namely, Almost 30 percent changes in customer oriented can be explained by intensity of competition.
5. According to the results can see that intensity of competition hasn't significant relationship with competitor orientation. But in research of Katiskea in 2012 this relationship has been confirmed.
6. According to the results can see that intensity of competition has significant relationship with trends of innovation. In this study, intensity of competition variable directly has a significant positive impact on trends of innovation amounted to 0/34. Namely, Almost 11 percent changes in trends of innovation can be explained by intensity of competition.

7. According to the results can see that decentralization hasn't significant relationship with customer orientation. But in research of Katiskea in 2012 this relationship has been confirmed.
8. According to the results can see that decentralization hasn't significant relationship with competitor orientation. But in research of Katiskea in 2012 this relationship has been confirmed.
9. According to the results can see that decentralization has significant relationship with trends of innovation. In this study, decentralization variable directly has a significant positive impact on trends of innovation amounted to 0/27. Namely, Almost 7 percent changes in trends of innovation can be explained by decentralization.
10. According to the results can see that customer orientation has significant relationship with marketing capabilities. In this study, customer orientation variable directly has a significant positive impact on marketing capabilities amounted to 0/70. Namely, Almost 49 percent changes in marketing capabilities can be explained by customer orientation.
11. According to the results can see that competitor orientation has significant relationship with marketing capabilities. In this study, competitor orientation variable directly has a significant positive impact on marketing capabilities amounted to 0/87. Namely, Almost 75 percent changes in marketing capabilities can be explained by competitor orientation.
12. According to the results can see that trends of innovation have significant relationship with marketing capabilities. In this study, trends of innovation variable directly has a significant positive impact on marketing capabilities amounted to 0/32. Namely, Almost 10 percent changes in marketing capabilities can be explained by trends of innovation.
13. According to the results can see that marketing capabilities have significant relationship with branches performance. In this study, marketing capabilities variable directly has a significant positive impact on branches performance amounted to 0/93. Namely, Almost 86 percent changes in branches performance can be explained by marketing capabilities.

7. Suggestions of Research

1. In relationship between market turbulence and customer orientation component of customer preferences towards services has been lowest average. Banks can to following ways increase customer preferences towards services:
 - a) Technology Factors
 - b) Financial Facilities
 - c) Behavioral and Attitudinal Factors
 - d) Physical Factors
2. In relationship between intensity of competition and customer orientation the new competitive has been lowest score is average, so banks must through increased competition provide opportunities for advancement. Banks can be compete using tactics such as campaign price, promotional campaigns, introduce new services or increase service levels, and also provide differentiated services.
3. There is a positive relationship between decentralization and trends of innovation. Decisions at branch level (Decentralized decisions) have been the lowest average. Thus, Branch chiefs should increase the decentralized decisions that increase acceptance levels of persons.
4. In relationship between competitor orientation and marketing capabilities component of the response to threatening activities of competitors has been lowest average. So banks different ways must be have power deal with activities of competitors, such as:

- a) The presence of pioneering, distinct and unique in the field of private banking and investment according to the capabilities of the existing competition and market vacuum through the deployment mechanism for creating effective and proportionate institutions with attitude of create mother Specialized financial institution.
 - b) Attempts to attract of funds abroad through conversion threat posed by the global and regional economic crisis to opportunities for invest in bank.
5. In relationship between trends of innovation and marketing capabilities component of innovation adoption in programs has been the lowest average. Banks must creativity and innovation and avoid the bureaucracy be determined to realization of banking operations and provide customer requirements. Innovation in banking is introduced different dimensions:
- a) Innovation in Structure
 - b) Innovation in Services
 - c) Innovation Associates Attitudes
6. In relationship between marketing capabilities and branches performance component of high public relations (communications) has been the lowest average. Banks in several ways can raise your public relations and transfer important message to customers. Such as:
- a) Banks should be audience-centered and audience-oriented
 - b) Reviewing and understanding customer needs.
 - c) Understanding the characteristics of the audience
 - d) Continuous research to update information and decisions
 - e) Continuous increase the channels of communication with the audience

8. Suggestions for Future Research

1. It is suggested other research same this subject well done in the field of other services.
2. It is suggested other research same this subject well done in other provinces and compare the results.

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