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A Survey of the Relationship between Market-Orientation and Developing the New Services and Financial Performance of Post Banks of Ilam City

Roohallah Fathi[1*], Roohallah Naseri[2], Rasol Tabashir[3], Saied Delavari[4], Tavala Afroghi[5]

*1. department of management, dehdasht branch, IslamicAzad University, dehdasht, Iran
2 . department of management, payam Noor University, p.o.Box19349-4697, Tehran. Iran
3. department of energy and science and research branch,Islamic Azad University,Tehran,Iran
4. department of management, science and research Branch, Islamic Azad University, Yasooj, Iran
5. department of management, science and research branch, Islamic Azad University, Zahedan,Iran

Corresponding Author email: Roohallah.fathi@yahoo.com

ABSTRACT : The present study aimed to evaluate the relation between market orientation and development of new services and financial performance of post banks of Ilam city (Iran). The field, library method was used in the present study. The study population was all the customers using the services of Post banks of Ilam city. The sampling was simple stratified method. The sample size was determined by sampling formula in the infinite population as 267 people. The measure of the study was questionnaire. For study calculations, inference and descriptive statistics were used. After the study calculations, the following results were achieved: The condition of market orientation index, development of new products and financial performance was good in terms of respondents and there was a direct relation between market-orientation and development of new services and financial performance in the post banks.
Keywords: Market-orientation, Development of new services, financial performance.

INTRODUCTION

Market orientation is one of the organizational culture aspects in which the employees give the superior values to profitability of the enterprise and keep the customer via creating superior value. Market orientation is a kind of behavioral norm and it meets the present and future demands of the market and customer via innovation. The market-oriented organizations have competitive advantage in the speed of responding the market and customer needs. Also, they act effective in response to the market opportunities and threats. Value-orientation in market orientation is such that the organization is prepared to cope with the new business conditions and they can obtain the required information from the market and they meet the market demands. This market orientation culture contributes to competitive advantage in an organization when it is extended as inimitable, rare and valuable (Slater, 2001) It can be said that performance is of great importance in the banks and it should be considered by the bank managers. The present study attempted to identify the effective factors to improve the performance and easy ascending movement of the banks to the predetermined goals.

Indeed, the bank with high maneuver power in economical and development plans should have positive and considerable performance compared to other competitors in the bank system. Today, we live in a competitive world and this requires that the banks can present new and various services to increase the economical power and positive performance of the customers.

Today, one of the most challenging issues in banking is globalization of the banks. Like other organizations, the bank trade at international level. By the development of technology and industrialization of the companies, considerable changes are made in the allocation of financial resources of the banks as automation networks and internet banking is the most important tools of equipping the financial resources for the banks and financial institutions (Abasqolipour, 2010).

Review of Literature

Divandari et al. (2008) in a study "The relation between market orientation and the performance of the commercial banks of Iran" stated that the theoretical studies showed the effect of market orientation on the performance of commercial banks. In the present study, market orientation of the commercial banks of Iran is

considered as one of the effective factors and the relation between market orientation and performance of the commercial banks was investigated. In the present study, a conceptual model was drawn showing the direct and indirect relation (by creating value) between market orientation and performance of commercial banks (Divandari, 2008).

Dolatabadi and Khaef Elahi, (2005) in a study "A model to determine the effect of market orientation on business performance based on marketing capabilities in petrochemical industries showed that market orientation and its effect on business performance is one of the most important issues in market management and customer. The results of the study showed that business performance in the present competitive environment is affected by integration of the market orientation and marketing capabilities (Dolatabadiet al, 2005)

Heidarzade and Nayebzade (2009), evaluated the effect of extended market orientation effect on business performance of the firms listed in stock market and presented an applied framework and stated that the study evaluated the various approaches in market orientation. The purpose was improving conceptualization and evaluation of market orientation by introducing a new model based on three various criteria of market orientation as Kohli and Jaworski (1990),criterion, Narver and Slater (1990)and Matsono and Manters (2000) criteria (Heidarzadeand Nayebzade, 2000). In a study done by Abzari (2009) "The effect of internal marketing on market orientation and organizational performance in hotel industry" showed that today, internal marketing is considered as a strategy to implement the organization plans. The related studies showed that the activities of internal marketing improved the competitiveness of the organization and qualifications via the influence and creating motivation among the employees (Abzari, 2009).

Aqazade and Mehrnoosh (2010) in a study "Local scale of market orientation of the commercial banks in Iran showed that to improve the performance of the commercial banks in international and foreign exchange field, market orientation was considered as one of the effective factors to develop a local measure to evaluate it in the commercial banks and define the condition of the commercial banks in Iran based on this scale.

One of the results of the present study is "Local scale of the evaluation of market orientation in commercial banks of Iran" and the importance and the role of the main components were (1) intelligent behavior, (2) analysis of strategic response, (3) the implementation and control of strategic response, (4) coordinated systems. The other findings showed that this scale was good in commercial banks of Meli, Saderat, Melat and Sepah and it was not good in Tejarat Bank. These results can be the basis of the constructive recommendations for the bank system of Iran and each of the banks regarding the increase of market orientation development (Aqazadeand Mina, 2009)

Ahmed and Rafiq (2003). "Internal Marketing and market orientation and its effect on the organizational competencies" in a sample of service organizations of Malaysia" supported the indirect effect of internal marketing on organizational competencies and market orientation was identified as a mediating role. In this study, organization market orientation was measured as an organizational culture via Narver and Slater indices, being informed of the needs of the customer and competitor's competencies (Ahmedet al., 2003)

Kohli and Jaworski defined market orientation as a multi-dimensional structure consisting of the organization-wide generation of market intelligence regarding the current and future needs of the customers, dissemination of the intelligence across departments and organization-wide responsiveness to it" The mean reasoning in market orientation and organizational executional relations is creating value for the sellers and understanding the services and products values by the buyers (Kohliand Jaworski,1990).

Narver and Slater (1990) showed that a seller creates value for the buyer via two methods (1) via increasing the benefits for the buyer by reducing the costs taken by the buyer or (2) creating the benefits for him. Thus, a market-based economical institution is in the condition to create superior values for the buyer and it leads into the better organizational performance. It seems that the empirical evidences of the relation between market orientation scope and organizational performance are combined with each other. Using the scales was developed by Narver and Slater (1990)

Lonial et al. (2008) evaluated the relation between market orientation and development of new services and financial performance and also evaluated the significant relation between the variables by modeling technique of

Structural equations. The result of the stud y of these researchers supported the significant relation between all the study variables (Lonialet al., 2008)

MATERIALS AND METHODS

Study hypotheses
First hypothesis: There was a relation between market orientation and financial performance.
Second hypothesis: There is a relation between market orientation and development of new services.
Third hypothesis: There is a relation between the development of new services and financial performance.

STUDY METHODOLOGY

The present study was applied in terms of aim as its aim was scientific development of knowledge to identify the market orientation dimensions and its relation with financial performance and development of new bank services in Iran.

The descriptive-correlation study design was applied in the present study.

Study scope

The place scope: The study was conducted in Ilam city.

Time scope: The study was done in fall 2012.

Study population: The study population of the present study was all the customers of Post bank services in Ilam city.

SAMPLE AND SAMPLING METHOD

The sampling was simple stratified. The sample size was determined by sampling formula in the infinite population as 267 people.

DATA COLLECTION METHOD

For data collection, the following methods were used:

The theoretical study to formulate the theoretical discussions of the thesis as the study of specialized books, articles, journals and periodicals and the like.

Using questionnaire in field studies to use the comments of employees.

The conceptual model of the study

In this study, to evaluate the required variables, the following model was used.
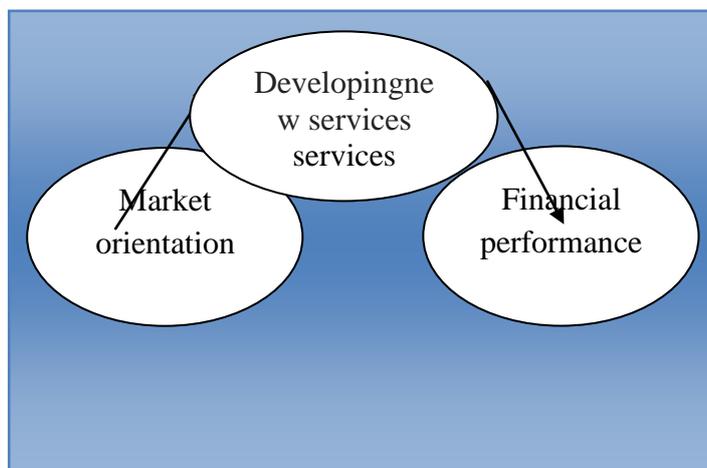

Figure 1. The conceptual model of the study: Lonial et al. (2008), p. 800

Validity

As the main instrument in this study is questionnaire and most of the questions were extracted of the scientific articles, the researcher didn't have any difficulty regarding the validity. For being sure of the validity of the measurement instrument, based on the theoretical basics and scientific papers, the interviews and consultation with the experts were used.

Reliability

To determine the reliability of the questionnaire, Cronbach's alpha method was used.

After the review of the reliability of the study, the results of Cronbach's alpha value showed the good reliability of the study measures in this section. After entering the information, all the questions of three indices were raised and Cronbach's alpha value was 0.725 and it showed the good reliability of the study measure generally.

Table 1. Cronbach's alpha value , Cronbach's alpha value

Variable	Cronbach's alpha value
The development of new services	0.78
Financial performance	0.896
Market orientation	0.826

CONCLUSION AND DISCUSSION

Study hypotheses analysis
First hypothesis
There was a relation between market orientation and financial performance.
Based on Table 2, the correlation coefficient between market orientation and financial performance was 0.537 and as significance level was 0.000 less than 0.05, null hypothesis is rejected and there is a significant relation between two variables. Based on the positive correlation coefficient, there was a direct relation between two variables. The coefficient of determination was 0.289 and market orientation index justified 28.9% of the dependent variable changes as financial performance index.

Table 2. The study of the relation between market orientation and financial performance and their regression

Independent variable	Dependent variable	Significance level	T-statistics	Beta	The coefficient of determination	Correlation coefficient
Market orientation	Financial performance	0.000	10.547	0.554	0.289	0.537

Second hypothesis
There is a relation between market orientation and development of new services.
Based on Table 3, the correlation coefficient between tangible factors and development of new services was 0.223 and as significance level was 0.000 less than 0.05, null hypothesis is rejected and there is a significant relation between two variables. Based on the positive correlation coefficient, there was a direct relation between two variables. The coefficient of determination was 0.050 and market orientation index justified 5% of the dependent variable changes as the development of new services index.

Table 3. The study of the relation between market orientation and development of new services and regression

Independent variable	Dependent variable	Significance level	T-statistics	Beta	The coefficient of determination	Correlation coefficient
Market orientation	New services	0.000	3.781	0.116	0.050	0.223

Third hypothesis
There is a relation between the development of new services and financial performance.
Based on Table 4, the correlation coefficient between the development of new services and financial performance was 0.168 and as significance level was 0.005 less than 0.05, null hypothesis is rejected and there is a significant relation between two variables. Based on the positive correlation coefficient, there was a direct relation between two variables. The coefficient of determination was 0.028 and development of new services index justified 2.8% of the dependent variable changes as the financial performance index.

Table 4. The study of the relation between development of new services and financial performance and regression

Independent variable	Dependent variable	Significance level	T-statistics	Beta	The coefficient of determination	Correlation coefficient
New services	Financial performance	0.005	2.824	0.105	0.028	0.168

The review of the variables
Based on Table 5 and significance level of the tests less than 0.05, it can be said that the mean of these indices had significant difference with 3 and the upper and lower limit and positive value of these two items, the mean of the indices was more than average and these indices were good in terms of the view of the respondents. It means that most of the respondents were satisfied with the condition of these indices.

Table 5. The review of the condition of the indices

Variables	T-statistics	Degree of freedom	Significance	Confidence interval 95%	
				Lower limit	Upper limit
New services	9.406	275	0.000	0.3915	0.5988
Financial performance	4.084	275	0.000	0.0593	0.1696
Market orientation	3.372	275	0.000	0.0383	0.1495

CONCLUSION

Market orientation is one of the organizational culture aspects in which the employees give the superior values to profitability of the enterprise and keeping the customer via creating superior value. Market orientation is a kind of behavioral norm and it meets the present and future demands of the market and customer via innovation. The market-oriented organizations have competitive advantage in the speed of responding the market and customer needs. Also, they act effective in response to the market opportunities and threats.

Most of the marketing activities are created to create satisfaction and loyalty among the customers. This return and output is called customer performance. For example, the ability to establish good relation with the customer, the ability to identify the needs of the customers, the ability to keep a good relation with the customer provided to achieve a high level of satisfaction and loyalty of the customers.

It was said that varied nature of competitive rules in the business world manifested the presentation of new product to the market with special importance.

Today, most of the organizations found that reliance on traditional competitive leverages as increasing quality, reduction of the costs and difference in presenting the products and services were not adequate. Some concepts as speed and flexibility in the competition were important and the inclination to present the new services and products to the market were the justified reason of this attitude change. Performance is dependent upon the effectiveness of the activities being done. To achieve the better performance, the banks should use the prospective indices. The retrospective indices show the historical events only while the prospective indices provided the conditions to promote the performance. The performance is of great importance in the banks and it should be considered by the banks managers.

Human resources capital as satisfaction and employees motivation can affect the market performance and financial performance via meeting the demands of the customers and improving the organization development directly. The innovation capabilities led into the new marketing and development or providing the products and services that can increase the sale or market share. The high ability in communicating with the customers affects the sale level directly via being ensured of the customers' demands.

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