

The Levels of the Participation Banks in Being Market-driven in Turkey¹

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Abstract: In this study, the levels of the participation banks in being market-driven in Turkey were tested. The notion “what I produce, that I sell”, which existed in former years for organizations, has been replaced with the notion “What do customers want?” and “What should I produce to sell?” In order to answer such questions, organizations investigate the market in detail, collect information about customers and follow the policies of their opponents. These practices, which are called as “being market-driven”, bring competitive advantages to organizations in this intense competition medium. In this context, questionnaires were applied to 118 senior-level managers working at participation banks acting in Turkey. As a result of the results obtained in the study, it was determined that the levels of the participation banks in being customer-focused, being opponent-focused, coordination between departments, and in general, in being market-driven were high.

Keywords: Being Market-driven, Participation Banks, Amos

1. Introduction

As of 1980s, the concept “being market-driven” started to come to the forefront in studies that were conducted on marketing, and was considered as the application of modern marketing concept, which required that the market was perceived in a broader meaning. For this reason, being market-driven may be considered as understanding the customers, opponents and employees who constitute the micro-environment of the business and understanding the economic, political, legal, socio-cultural, technological and ecological factors, which constitute the macro environment, and being able to respond to these factors in due manner (Karamustafa et al., 2010:65).

Modern marketing concept requires that businesses are market-driven. In this context, they must consider their customers as the first element, and act in accordance with this in every process, because customers are in the position of being the focal point in all company policies and in all marketing activities (Kimeryand Rinehart, 1998:118).

Being market-driven ensures that businesses reduce their reaction times to fast-changing markets as a result of the data that are obtained and interpreted about future customers. In this way, it becomes possible that business organizations respond to threats and opportunities that may appear, and produce technological advances that may cover the needs of the customers (Chang et al., 1999:408).

A market-driven business organization has a long-term and strong focus enabling that the needs of the existing and potential customers are covered, and the capacities of the opponents that may cover these needs are defined (Kumar et al., 1998:204). According to Kumar et al. (1998:206), a market-driven business organization tries to hold the prices of the goods it provides to the market higher than those of opponent business organizations in a constant manner. Such businesses produce goods that have added value for their customers, and define various ways to reduce the costs of the goods. In addition, a market-driven business organization constantly examines different resources for a sustainable competition advantage, and adapts to the most suitable one.

2. The Components of Being Market-driven

In this study, three components defined by Narver and Slater (1990) were taken as bases. Narver and Slater (1990:21) defined being market-driven as the establishment and application of an organizational culture

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that creates values for customers in an efficient and productive way, and as a result, bringing a continuous and high performance for the business organization. In addition, Narver and Slater (1990) also mentioned being customer-focused, being opponent-focused and coordination between departments as the components of being market-driven. In this part, detailed information is provided about these components.

2.1. Being Customer-focused

Today, as a result of developing technologies, the production capacities of business organizations have increased, which means consumers face new brands and products in a constant manner, and may reach any products with changing quality, price and alternative products in every field. In addition, it is not very easy to reach a wide customer network only through one single channel in the face of the media that have new channels that are changing with each passing day. When all these are considered as a whole, the success of business organizations to sustain their existence in an intense competition that is valid for all sectors depend not only on production, but also on acquiring customers, and making them become loyal, in other words, working in a customer-focused manner (Uzunoğlu, 2007:11).

Being customer-focused is the basic variable of being market-driven because being customer-focused rely on creating customer values on the very basis without considering the sector, industry and work branch (McNaughton et al., 2002:993). Shapiro (1988) defined being customer-focused as sharing information about the customers in a business organization, defining strategies and tactics that will cover the market needs in a coordinated manner between functions, and applying these in the business organization. In other words, being customer-focused involves the listening of the demands and complaints of customers, caring for after-sales services, investigating what are needed to create a superior product or service, and continuous follow-up of customer satisfaction (Gray et al., 1998:900).

Narver and Slater (1990:21) defined being customer-focused concept as creating a superior value for customers, and understanding the customers of the organization to make it continuous. A business organization has two choices in order to create superior value for customers and to continue this. The first one is reducing the costs born in order to increase the benefits provided for customers; and the second one is predicting future political and legal conditions as well as customer expectations and producing goods and services for these purposes. According to Slater and Narver (1995), being customer-focused is the whole of the tendencies, decisions and practices about shaping corporate culture in such a way that will have the customer on top of the value chain in a business organization.

Business organizations that have the potential of covering the expectations and needs of customers have a superior advantage when cooperated with other business organizations in terms of competition. According to Johnson et al. (2003:80), being customer-focused requires that the information of existing customers is analyzed within the business organization and the desires and needs of customers are understood and covered. For this reason, business organizations collect information on customers in a constant manner, this information is shared with all employees, the needs and demands of customers are covered and necessary solutions are found (Bulut et al., 2009:519).

2.2. Being Opponent-focused

Being opponent-focused covers activities like regular follow-up of the activities of opponents, collecting and analyzing information on opponents, and using the sales power to follow and report the activities of opponents (Gray et al., 1998:900). In this respect, being opponent-focused allows that a business organization analyzes the threats and opportunities and responds to them in a fast manner. Aside from these, it also ensures that technological advances that will cover the needs of customers are applied (Siguawand Diamantopoulos, 1995:78).

Narver and Slater (1990:21) mentioned being opponent-focused as the second most important component of being market-driven, and defined being opponent-focused as being aware of the strong and weak sides of any existing or possible opponent in the long run; and being aware and understanding abilities and strategies in the long run.

In an ever-growing competitive environment, the importance of obtaining information on the products, services and strategies of opponents and on similar areas and using this information in competition must be told to the employees by the administration of the business organization to make employees become conscious on these fields. In this way, the actions of opponents that involve threats for a business organization may be predicted, and strategies may be developed by the participation of the employees of the business organization.

When employees of a business organization internalize the importance of the information about their opponents, and reflect this in their behaviors and values, it becomes possible for this business organization to act in a quick manner in the competition and gain an advantage (Bulut et al., 2009:521).

2.3. Coordination between Departments

In periods when modern marketing began to be adopted by business organizations, Fullerton (1959) insistently emphasized that there was a need for coordination between departments in order to apply modern marketing concept with the full meaning of the word. In further periods, when modern marketing concept was adopted by business organizations, it was also adopted by administrators of business organizations that being market-driven was not only related with marketing department, but it also included all units in business organizations in this process (Han et al., 1998:34).

Coordination between departments is the coordinated use of business resources in order to create a superior value for the customers in the target market (Narver and Slater, 1990:22). In other words, coordination between departments means the special parts of the organization structure that facilitates communication between different functions of a business organization. Meanwhile, it also allows that there is communication and information exchange between the organizational units of the business (Gatignon and Xuereb, 1997:78).

It is important that all the units are informed about further activities in a business organization and activities are run in a coordinated manner. For this reason, coordination between departments is an important element in coordinated working of different departments, informing all departments about the demands and needs of customers, and responding to the demands and needs of customers in an early manner (Kohli and Jaworski, 1990:3).

3. Method

In this study, which was conducted to determine the being market-driven levels of the participation banks in Turkey, analyses were made on the data obtained from the bank staff who are in administrative posts in participating banks in Turkey (n=210). In this respect, the expressions used in the study were subjected to Exploratory Factor Analysis (EFA). In the following step, the Confirmatory Factor Analysis (CFA) was made to determine the confirmation level of the scale used in the study to the data obtained in the study.

3.1. The Study Population

The study population consisted of the bank staff working as administrators in participation banks in Turkey. The study was conducted between January-2016 and March-2016 by using online questionnaires and by conducting face-to-face interviews. The data that were obtained from 118 staff working in administrative posts in participation banks by face-to-face interviews and by online questionnaires were subjected to analyses in the scope of the study.

3.2. The Scale of the Study

In order to determine the being market-driven levels of the participation banks in Turkey, the Being Market-driven Scale, which was developed by Narver and Slater (1990), was used. The adaptation study of this scale for Turkish was conducted by Bulut, Yılmaz and Alpkan (2009). The scale consists of 3 dimensions and 16 statements that are written in the form of a 5-Point Likert Scale (1=I do not agree at all, 5=I completely agree).

4. The Findings

In this stage of the study, the findings on demographical variables are presented. Then, the findings on Exploratory Factor Analysis and Confirmatory Factor Analysis about the scale are given. As the latest step, the average values that were obtained about the being market-driven dimensions of the participation banks, which constitutes the basic problem of the study, are given.

4.1. Demographical Findings

90,7% of the bank managers who participated in the study were male, 51,7% were between the ages of 31-35, and 71,2% were undergraduate degree holders. In addition, 50% of the participants had professional seniority of 9-11 years, and 64,4% were in the vice-manager position.

4.2. The Findings on the Scale

For the purpose of measuring the structural validity of the scale, the Explanatory Factor Analysis (EFA) was applied. As a result of the EFA, the following statements, “We measure how much our customer is satisfied from us in a continuous and systematic manner”, which was in the being customer-focused dimension, and “All units of our bank transfer the information on the market to each other”, which was in the coordination between departments concept, and “Information on what to do for customer satisfaction is shared throughout the bank”, were removed from the scale because of cross loading, and EFA was applied again. As a result of the Factor Analysis, which was applied to the remaining 13 items, 3 factors were obtained with eigenvalues more than 1. These three factors explained 79,86% of the total variance. This value is a very high value because the higher the variance rates obtained as a result of Factor Analysis, the stronger the factor structure of the scale is. It is recommended that the explained variance rate is at least 50% in analyses made in social sciences field (Gürbüz and Şahin, 2016).

It is important that the sampling size is so big that it may ensure the reliability of the correlation. The KMO and Bartlett's Test are used to determine the adequacy of the data obtained from the sampling. It is a wide-held belief that as the result of this test nears 1, it is accepted as perfect; and if the result is below 0,50, it is unacceptable (Tavşancıl, 2010:50). It was observed that the KMO and Bartlett's Test value of the study was 0,91, which means close to perfect. In addition, as a result of the reliability analysis, the Cronbach's Alpha reliability coefficient of the scale was found to be 0,951. If this coefficient is over 0,7; it shows that the scale is reliable (Gürbüz and Şahin, 2016:323).

As a result of the Confirmatory Factor Analysis (CFA), which was made to test the structural validity of the scale, it was determined that the scale did not confirm with the 3-component structure. In this context, modification was made between the e1-e2 hidden variables which were determined to have high relation between. Following the modifications, it was observed that the goodness of fit values reached acceptable standards. The goodness of fit values of the Confirmatory Factor Analysis are given in Table 1, and the graphic of the model are given in Figure 1.

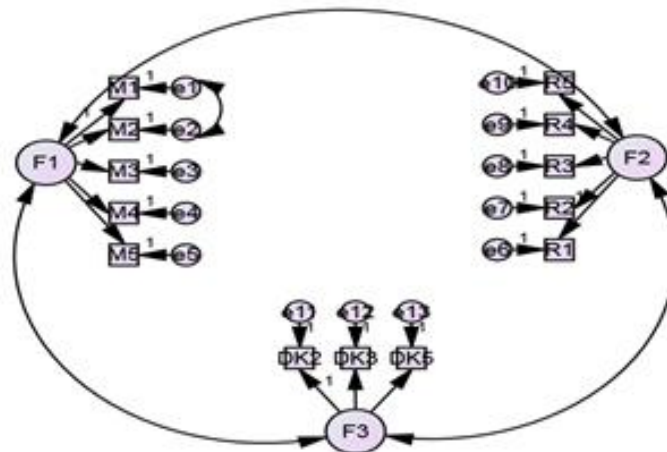


Figure 1: Confirmatory Factor Analysis of Being market-driven Scale

Table I: Goodness of Fit Values of the Scales

Scale	X ²	df	CMIN/ DF ≤ 5	GFI ≥ .85	AGFI ≥ .80	CFI ≥ .90	NFI ≥ .90	TLI ≥ .90	RMSEA ≤ .08
Being market-driven	100,09	61	1,64	.90	.84	.97	.93	.96	.07

N.B.: The goodness of fit value ranges was arranged according to “Acceptable” standards (GürbüzandŞahin, 2016:337)

4.3.The Findings on Being market-driven Perceptions of the Administrators of the Bank Managers who Participated in the Study

In this part, the averages of the being market-driven perceptions of the managers who participated in the study are provided in Table x.

Table II:Explanatory Factor Analysis of the Being Market-DrivenScale

STATEMENTS	Average	StandardDeviation
Factor 1: Being opponent-focused	3,70	
The senior management constantly discusses the strategies of opponent banks.	3,62	,969
The senior management constantly discusses the strong sides of opponent banks.	3,68	1,028
Our bank responds quickly to the moves of opponents that threaten it.	3,60	1,071
We compete in the field in which we have competitive advantage to our opponents.	3,81	1,006
We collect information on the strategies of opponent banks.	3,81	,927
Factor 2: Being customer-focused	4,21	
One of the basic aims of our bank is customer satisfaction.	4,47	,864
Considering customer needs is the basis of ours competition strategy.	4,26	,831
When we define our strategies, we focus on producing more valuable products for customers.	4,14	,866
We have devoted ourselves to serve customer needs.	4,08	,966
We care much for the quality of after sales services.	4,12	,944
Factor 3: Coordination between departments	3,69	
There is a strong coordination between units that brings competition advantage to the bank.	3,61	1,013
All units of our bank are sensitive to the demands and needs of each other.	3,71	1,055
All the functions and activities of all units are coordinated with each other to serve the needs of the market.	3,74	,862

According to the above table, when the levels which show the agreement of the bank managers with being opponent-focused were analyzed it was determined that the highest value was “We compete in the field in which we have competitive advantage to our opponents” with 3,81; and “We collect information on the strategies of opponent banks” statements; and the lowest value was in “Our bank responds quickly to the moves of opponents that threaten it” with 3,60. The average of the responses given to 5 statements on being opponent-focused was 3,70. This result shows that the banks included in the study are generally opponent-focused at medium level.

The average highest value between the viewpoints of the bank managers on being customer-focused was in “One of the basic aims of our bank is customer satisfaction” with 4,47; and the lowest average value was in “We have devoted ourselves to serve customer needs” statement with 4,08. The average of the responses given to 5 statements on being customer-focused was determined as 4,21. This situation shows that the participation banks included in the study are generally customer-focused.

When the statements on coordination between departments were analyzed it was determined that the highest value was in “The functions and activities of the units are coordinated with each other to serve the needs of the market” with 3,74; and the lowest value was in “There is a strong coordination which brings competition advantage to the bank between the units” with 3,61. The average of the responses given to 3 statements on this sub-dimension was determined to be 3,69. This situation shows that the banks included in the study generally ensured medium-level coordination between departments.

5. Result

In this study, which was conducted to determine the being market-driven levels of the participation banks that are active in Turkey, it was determined that the banks that participated in the bank had high level values in being opponent-focused, being customer-focused and coordination between departments dimensions. In this respect, in general terms, it was concluded in the present study that the being market-driven levels of the participation banks in Turkey was at high level. In the intense competition environment today, it has crucial importance that business organizations cover the expectations of the market in a fast and complete manner to continue their activities and to have the competitive superiority. Businesses that have high market tendency will be able to increase their performances by adopting corporate moves to cover the needs and demands of the customers in the market (Bulut et al., 2009:518). In the light of the findings that were obtained in the present study that the participation banks in Turkey have perceived the importance of being market-driven and act in accordance with this concept.

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