

Research Article

COMPETITIVE STRATEGIES AND ORGANIZATIONAL PERFORMANCE IN TEHRAN'S AGRICULTURAL BANKS

***Samira Morovati and Mohammad Naseri**

Keshavarzi Bank, Tehran, Iran

**Author for Correspondence*

ABSTRACT

This study aimed at examining the impact of competitive strategy on organizational performance of Tehran's Agricultural Bank. In this regard, 288 employees of Tehran's Agricultural Bank were selected by simple random sampling and responded to Pimtong *et al.*, (2012) questionnaires. Ultimately, the questionnaires were analyzed using two-variable linear regression. The results showed that the competitive strategies have a significant impact ($P < 0/01$) on organizational performance of Tehran's Agricultural Banks.

Keywords: *Competitive Strategy, Cost Leadership Strategy, Differentiation Strategy, Focus Strategy, Organizational Performance*

INTRODUCTION

A management strategy of services and products cost provides customers with the most competitive standard price possible with which companies are able to make their prices lower to match or surpass their competitors and yet continues to gain profit. On the other hand, differentiation strategy creates value for the customer by innovative products, superior quality and superior technology, distinctive and unique brand in their minds through good service. Research literatures in this field are traditionally associated the impact of competitive strategy proposed by Porter on the achievement of competitive advantages which ultimately leads to improved financial outcomes (Measured by profit margin and return on investment) and market outcomes (Measured by the scale and market share) to competing firms. In this regard, some previous are achieved to a positive relationship between low cost strategies and differentiation and business and work performance.

However, these indicators may have only a limited ability to achieve customer superior value from a marketing perspective. This study attempts to provide empirical evidence for this subject by taking into consideration a measure criterion for customer-related performance as an intermediate variable on competitive strategy and business and work performance. Customer-related performance is the ability of a company to satisfy customers effectively by developing loyal customers which is indefinitely associated with a higher level of business and work performance. Implementation of competitive strategy (Both differentiation strategies and cost management) can have a positive impact on customer satisfaction, perceived value loyalty and better customer-related performance that is leading to improved business and work performance of company.

Organizational performance is the extensive subject of discussion that has been influenced by wide range of disciplines and experts. In addition, new reports and articles have been written about it. In addition, market applications in this field have increasingly grown. In the current era, dramatic developments in management knowledge make inevitable an effective evaluation system. The lacks of systematic evaluation of the various aspects (Evaluating the use of resources, personnel, goals, strategies) are considered one of the symptoms of disease.

Each organization, especially in complex and dynamic environments, needs systematic valuation to determine desirable level of excellence in their activities. Lack of systematic evaluation and control in a system is considered as lack of communication within and outside the organization could cause to aging and death of organization. Due to the gradual emergence of organization death, it may not be felt by the top management of organizations. However, studies show that the lack of feedback make impossible reforms in order to growth in organization, development and improvement of the organization's activities.

Research Article

The consequence of this phenomenon is death of organization (Adeli, 2005). It makes necessary to return in competitive strategies more than before. Results of research indicate that a comprehensive study has not been done in this area. In this regard, this study aimed at examining the impact of competitive strategy on organizational performance of Tehran's Agricultural Bank. In order to clarify the discussion, a few examples of related studies have mentioned in this area. Findings and conclusions of the research will be finally mentioned.

Literature Review

Kermanshah and Abdi (2006) have done research titled strategy in the banking industry which is analyzed transformations of the banking industry of Iran and world by Penn Jeniroey Porter model . Then, the meaning three useful strategies (Porter, Miles and Snow, and Miterz and Vargas) in the banking industry are examined. In the next step, these three models were compared and the strengths and weaknesses of each are presented. In spite of studies that have examined the strategies models of the banking industry or those have been considered Key capabilities in this industry, no study has examined the connection between these two issues (bank resources and its strategy). Aiming to eliminate this defect, a model presented for investigating the relationship between bank resources and its strategies in this paper. And some hypotheses are presented for further research.

A study that has been done by entitled, examine the relationship between the location of foreign banks and competitive advantage. He concluded that banks are looking to markets where being a recognized organization provides them competitive advantage compared to other banks have done a research about periodic knowledge strategies, competitive environment and organizational performance in small industrial firms. The relationship between knowledge strategy (exploration or extraction) and implementation and the moderating role of external environment variables have been examined in this study. The results show that exploration and extraction are two distinct and supplementary structures. There is a longitudinal positive relationship between exploration and performance. On the other hand, there is a concave relationship between extraction and performance. This shows that focusing on extraction leads to decreased performance. In addition, competitive environment mediates the relationship between extraction and implementation. As extraction has a greater effect on performance in advanced and stable environments compared to non-progressive and dynamic environments, exploration is the same.

MATERIALS AND METHODS

Methodology

In terms of purpose, this research is an applied research and it is a descriptive one in terms of method which is done through survey method.

Population and Sample Size

The research population consisted of all employees, deputies and managers of agricultural banks in Tehran and their number had been 1104 people. Using a simple random sampling, 288 people were selected as sample for study.

Data Collection and Analyzing Tools

To gather theoretical framework and research literature information, library resources, articles, required books and Internet are used. 288 employees (Employees, assistants and administrators) of Tehran's Agricultural Bank were selected by simple random sampling and responded to questionnaire. Questionnaire's face validity was confirmed by three experts in the field. Its reliability was examined via Cronbach's alpha test which is 0/94 for competitive strategy and 0/96 for organizational performance.

RESULTS AND DISCUSSION

Finding

Descriptive findings showed that 6/89% of population has formal employment, 5/9 percent was agreement contract employees and 4/5 percent was contract employees. Among these people, 8/19% of single adults and 2/80 percent were married. 2/13 percent of them are with 1 to 5 years serving

Research Article

experiences, 9/14 percent are with 6 to 10 years, 1/53 percent is with 11 to 15 years, 1/10 percent is with 16 to 20 years and 7/8 percent has more than 20 years of service requirements. In the following the hypotheses will be tested:

Table 1: Results for the impact of competitive strategy on organizational performance of Tehran’s Agricultural Banks

Variable	P	F	Beta	R ² adj.
Ability	0/00	477/518	0/79	0/62
Help	0/00	996/205	0/88	0/77
Motivation	0/00	884/970	0/87	0/75
Credit	0/00	737/188	0/85	0/72
Environment	0/00	114/089	0/53	0/28
Clarity	0/00	57/955	0/41	0/17
Assessment	0/00	100/605	0/51	0/26

Two-variable linear regression showed that competitive strategy has significant impact on aspects of organizational performance of Tehran’s Agricultural Banks (P <0/01). Friedman test was used to prioritize these aspects. The results are showed in Table 2:

Table 2: Results for the impact of competitive strategy on the different aspects of organizational performance

Variable	Rank	Rating average
Ability	3	4/34
Help	6	3/64
Motivation	2	4/35
Credit	4	4/23
Environment	1	4/98
Clarity	5	3/73
Assessment	7	2/74

Friedman test showed that environment (among different aspects of organizational performance) is in the first place with mean rank equal to 4.98 and assessment is in the seventh place with mean rank equal to 2.74.

Conclusion and Discussion

Continuous improvement of organizational performance is created synergies that can support the development of programs and create opportunities for organizational excellence. Governments, organizations and institutions trying to apply pull a win in this case. Without reviewing and collecting information on the progress and achievement of objectives, it was not possible to identify the challenges facing your organization and obtain feedback and information about policies and issues that need serious improvement. All of the above-mentioned improvement is not possible without measurement and evaluation.

L. Kelvin, English physicist, says about the need to measure: If we could measure and express what we are talking about in terms of numbers, we can claim that we know everything about the subject. Otherwise, our knowledge is imperfect and will never reach the stage of maturity (Rahimi, 2006).

To understand the concept of organizational performance evaluation, the performance concept firstly must be understood. Performance refers to performing tasks for which an employee completes his job. And shows how an employee carries out the requirements of a job. Performance is often considered as equal to effort, but it is measured through the result that can achieve from activities.

For example, a student may apply a lot of effort in preparing for the test, but might receive a low score. In this case, there have been efforts, but performance is low. According to, performance can be seen as the

Research Article

result of interaction between several factors in a special situation: a) effort b) abilities c) role perception.

Effort refers to the amount of energy (physical or mental) that a person uses in doing tasks. Abilities refer to personal features used in performing a job. Role perceptions refer to the routes that people believe should guide their efforts in order to do their jobs.

know performance as due to personal characteristics, skills and so on. These features transform to visible results through employee behavior. Only if the employees can show their behavior, they have knowledge, skills, abilities and other necessary characteristics to do a job.

Another essential component of Noe *et al.*, model is organizational strategies. The relationship between performance management and organization strategies and objectives often is overlooked. These models indicate that the situational constraints play a fundamental role in individual performance. People may treat well but do not get appropriate results. Therefore, employees must have a set of specification for performing some behaviors and achieving some results. In order to achieve competitive advantages, characteristics, behaviors and outcomes should be tied to organizational strategy. Thus, organizational performance can be defined as the evaluation and communication process with employees on how to do a job and establish a program to improve it. In this case, the organization not only allows employees to know how their performance is, but also affect the level of effort and their future direction. In this way, factors affecting organizational performance are significantly important.

The results of this study showed that the competitive strategies have a significant impact ($P < 0/01$) on organizational performance of Tehran's Agricultural Banks which is consistent with results of previous studies. In the current global economic situation, the most countries are looking to achieve a competitive position on the international level. Traditionally, competition is a static element and success or failure in it depends on the production. But in today's modern world, competition is a dynamic factor. So, new technologies, new product, new markets, new production processes and new management concepts could lead to the formation, change or even eliminate the competitive advantages of the national industry. One of the characteristics of today's business environment is intense competition between companies that has brought a new phenomenon called ultra-competitive environment. Ultra-competitive environment itself has brought numerous customer choices for organizations. In such an environment, competitive marketing strategies can give organizations a competitive advantage. It is worth to be noted that competitive marketing strategy is competitive strategy with a marketing aspect that aims to create and gain a competitive advantage over industry value chain. Strategy can be defined at least in two ways: one is about what organization are going to do and the other what organization is doing, whether or not it was intended actions. From the first point of view, Strategy is a comprehensive program to define and achieve the goals of an organization and performing its mission and it is believed that the strategy formulation should be conducted in a process. From the second point of view, strategy is the pattern of organization responses to their environment over time. And it is believed that the strategy formulation takes place via theoretical frameworks, insights and inspiration Although the roots of word strategy is in the Greek language and it means the art of war, but used it for the first time in the last century. He defined strategy as determining the long-term goals of an organization and selection of actions and the allocation of resources necessary to achieve these objectives and the difference between strategy and tactics to be raised for the first time. Strategic decisions deals with long-term health of the organization and tactical decisions that are related to daily activities.

On the other hand, based on provided definitions for strategy, strategic affairs are those that have the three following conditions:

- They are long-term,
- They are in the competitive environment
- They are vital

Therefore, strategies are techniques or certain ways to achieve goals that have three above-mentioned conditions (Feghhi, 2005). These factors have the impact on organizational performance, the results of this study can also be considered in this context.

Research Article

REFERENCES

- Adeli AR (2005).** Evaluating the police performance in maintaining order and security in Bam, Iran. MS Thesis, Police Science University.
- Feghi Farahmand N (2005).** *Strategic Management of the Organization* (Forozesh Publication) Tabriz.
- Kermanshah A and Abdi M (2006).** Strategy for the banking industry. Fourth International Conference on Management, Tehran, Ariana Research Group.
- Rahimi GH (2006).** Performance evaluation and continuous improvement of the organization. *Tadbir Magazine* **173**.