# Customer Orientation and Organizational Performance in Iraqi Private Banks

**Basim Abbas Kraidy Jassmy**
Bucharest University of Economic Studies
basimabbas55@yahoo.com
**Zaki Muhammad Abbas Bhaya**
Bucharest University of Economic Studies
zakimohammad2008@yahoo.com
**Zaid Yaseen Saud Al-Dulaimi**
Bucharest University of Economic Studies
zaidyaseen610@yahoo.com

**Abstract:**
This current research indicate the relationship between customer orientation and organizational performance in the Iraqi private banks, Customer orientation is represented to be an essential factor for the Iraqi private banks success in spite of a few empirical evidence to enhancing performance , this research trying to clarify customer orientation - performance .in the final of this research achieved for the role of customer as basically influence in the Iraqi private banks and this gaining in the theoretical side.

**Key words:** Customer orientation,organizational performance

**JEL classification: M31.**

## 1. Introduction

Iraqi private banks will have to overcome some important challenges if they are to continue their growth at the last years. There are some reasons that facing to banks working like:

1-Accessibility – Access to bank branches or ATM machines remains highly limited to the general Iraqi population. There are approximately 900 bank branches covering a population of 33 million Iraqis equating to just one branch serving 36 thousand individuals.

2-ATM machines are also highly limited with World Bank data indicating that there is only one ATM machine for every 100,000 inhabitants.

3-Irregular playing field – State-owned banks maintain approximately 91% of the deposit and asset market share in addition to enjoying several perceived or actual benefits.

4-Trust – Another important factor that has resulted in the low usage of banks has been a general mistrust of the banking system. This problem is further exasperated by the lack of any deposit insurance institutions that would guarantee customers their deposits back in the event of a bank failure. This problem was brought to the forefront recently with the widely publicized bankruptcy of Warkaa Bank. (Sansar capital management, 2013).

Demand for banking services in Iraq is outstripping existing capacity. Potential for banking services is huge, with penetration at less than 5% of the population and most transactions still cash-based. As security has improved, the country has opened up to external trade and investment, raising the need for banking services, including finance. Banks in Iraq offer a traditional range of deposit accounts and lending products including debit and credit cards (relatively new), exchange and transfer facilities, and trade finance products, such as letters of credit. (National investment of Iraq, 2015).

## 2. Customer orientation

The difference between market orientation and customer orientation

1- Market orientation refers to the focus of an organization's activities on all make participants and interesting groups while customer orientation is a characterized by a bilateral relation between the customer and organization.

2- Thus market orientation focuses on creating a general competitive edge, while the primary objective of customer orientation is to fulfill individual customer expectations and needs ,Customer orientation: is the comprehensive, continuous customer and analysis of customer expectations well as their internal and external implementation in an organization's service and interactions with the objectives for establish stable and economically advantageous customer relationship on the long term (Korunka et al, 2007).

For several decades, customer focus has been described as customer of marketing Organization's service and interactions with the objectives for establish stable and economically advantageous customer relationship on the long (Korunka et al, 2007). Customer have preferences both in the immediate and long term .Tragically short -term preference (or wants) are felt and clearly articulated where as long term preferences (or needs ) tend to be latent (Rapp et al, 2010; Thakor and Joshi, 2005).

Customer orientation is the organization -wide gathering, sharing and use of intelligence about customer coordinated actions based on that intelligence (Rapp et al, 2010).

As a dimension of market orientation, customer orientation emphasizes the importance of determining and addressing the preference of buyers.

Narver and Slater (1990) conceptualization of customer orientation with its emphasis on organizational culture and capabilities.

Customer orientation: is sufficient understanding of on's target buyers to be able to create superior value for them continuously (Ndubisi, 2012).

A customer oriented organization so one that seeks to understand the needs, both expressed and latent , of its customers in order or more effectively respond to these needs.

Day (1994) suggests that there are three characteristics of a customer -oriented organization.

- placing a high priority on customer interest.
- Generating and using information about customers.

Creating systems to act on such information. In various context and is through to be a source of competitive advantage.

Customer orientation in sales context can be defined and the quality of the customer -salesperson relationship While technology has enhance the salesperson's ability to interact with customers in a virtual environment in order to achieve an optimal level of customer orientation via adoptive selling salespeople should be able to interact with customers and observe their responses allowing them to quickly make adjustments to their message (Rapp et al., 2010).

Customer orientation may improve organization performance by providing greater value to customers through improved service delivery (Narver and Slater, 1999; Arndt and Karande, 2012). Customer orientation: is the degree to which salespeople try to help customers make purchase

For individual salespeople , customer orientation has been shown to enhance job satisfaction , customer satisfaction, customer trust and relationship development for firm's the degree to which salespeople satisfy long term customer needs and build effective Relationship has a direct impact on firm image, brand image, customer satisfaction, loyalty to the selling firm and repeat sales (Arndt and Karande, 2012; Jones et al., 2003) refers customer orientation is defined as selling behavior in. Customer oriented selling by trying to help their customers make purchase decision that will satisfy customer needs (Saxe and weitz, 1982).

Customer orientation refers to the organization -wide gathering, sharing and use of intelligence regarding customer as well as coordinated based on that intelligence (Tang, 2014). Customer orientation has been seen as fundamental concepts to the theory and practice of marketing management (Jaworski and Kohli, 1993). It has been well established that customer oriented firm's outperform competitor and that customer satisfying (Narver and Slater, 1999). Customer orientation helps a firm's to have an overriding focus towards both its targeted and would be customers . Confirm will primarily be interested in providing value to its customers through its products and services so as to satisfy customers.

These aspects of CO would help a firm's to garner market share and profitability (Bhattacharyya and Jha, 2014). The origin of customer orientation can be traced to the development of the marketing concept, which is basically a business philosophy or policy statement which holds that the ultimate goal of an organization is to fulfill customer needs for the purpose of maximizing business profits (Appiah – Adu and Singh, 1998).

Likewise customer orientation concepts were presented early in the literature as the application of the marketing concepts at the level individual salesperson. Customer orientation determines the degree to which the salesperson is willing to help customers satisfy those needs and make better purchase decisions by offering products the satisfy their needs, adopting the sales presentation tactics and high pressure selling. In the research literature, customer orientation is defined as "an employee tenancy or predisposition to meet customer needs in an on- the job context its seems that creating a customer- oriented business culture is important for successful operations in an increasingly competitive service -oriented market (Lee et al, 2013).

Identifying buyers needs and adoption to the customer are constructs in such work that mirror the nations in the market orientation , market - oriented companies need to learn about their customer and continue to update the learning (Da silva et al., 2002).

(Saxe and Weitz, 1982) suggest that customer orientation at individual employee level is closely rated to a "concern for others" (Singh and Koshy, 2011). Customer orientation is also part of the broader construct "service quality" which could be directly influenced by human factors dimensions. In both research and practice, the concepts of customer orientation is often used a synonym of market orientation, or is a central part of a broader defining of market orientation (Korunka et al, 2007).

**3. Performance**

Business performance is wide concept including both financial performance and operational performance indicators. Performance measure depend on mere financial are not enough so non - economic indicators including market share, product development, or production efficiency are used for business performance (Zaman et al, 2012).

Likewise performance is ongoing and flexible process that including managers and those whom they managers and those whom they manage acting as partners within organization work that is sets out how they can be best work together to achieve the required results, and the performance is the end result of activities, it includes the actual outcomes of strategic management process (Agha, 2012).

The practice of strategic management is justified in terms of its ability to enhancing the organization's performance (Wheelen and Hunger, 2010).

Literature review on organizational performance clearly shows a general findings researchers that there is no single universal measure that can be utilized to asses overall organizational performance. also classical financial measures are unacceptable as the indicators for organizational performance. many performance measures and models have been developed and support by various authors, such as: profitability, productivity, efficiency, effectiveness, adoptability, growth, innovation (Harrim, 2010).

Thus organization performance, affected from many factors outputs on different studies. These outputs can be either economical findings such as profit margin, raise of new investments or some types of different types of characteristics which cannot be measured as certainly (Küçükoglu and Pinar, 2015).

Likewise, a broad average of performance measures have been cited in the strategic orientation almost are related to financial performance, including profit, market share, sales growth, and return on investment (ROI) and there is a great structure of research that confirm a positive relationship between strategic orientation and organizational performance there has also been a major interest in strategic orientation as an intangible variables that has an effect on organizational performance (Oudan 2012).

Although organization performance is not characterize in details by academics it is sometimes identified with profit and sometimes with market power its most common proxies are ROS, ROI and ROA (Durand and CoeurDeroy, 2001; Piirala, 2012).

In the same case business performance is measurable result , organizational decision actions that including the success and accomplishment, costs are the basic parts of the performance, while the performance almost including any competitive purpose and spiritual prevalence such as reliability, flexibility, and besides quality and rapidity (Amirkhani and Reza, 2015).

So Performance could be estimated in both subjective and objective methods, for this there are three types of indicators have been mostly adopted in organizational performance studies such as Growth, profitability and market share expressed by financial or non- financial indicator, since financial indicators and performance indicators are even weakened, particularly in the changing competitive environment, non - financial performance should be representing in order to fill the gap of incomplete information (Liu and Fu, 2011).

Although, primary data are directly collected from organizations and secondary data are collected from publicly available sources, another classification in the performance measure includes objective and subjective measures, objective performance measure refer to quantified indicators. They are generally financial indicators and obtained from organization on the other hand, subjective measure depends on the judgmental assessments of respondents and these indicators cover financial and non - financial indicators

Some scholars the use of subjective measure because subjective measure easier facilitates the measurement of sophisticated dimensions of performance ,growth and financial performance is a common performance measurement (Arshad et al, 2014). Performance achieving better results in the organization it is procedures of creating a shared vision of what should be achieved (Striteska, 2012).

Existing literature frequently divides business performance measures into financial performance , which includes variables, such as revenues, profits, or stock prices; non - financial performance measures such as reputation, loyalty, or customer satisfaction (Grissemann et al, 2013).

Therefore authors have different approach towards measuring business performance, firstly in authors there were used various financial and non - financial indicators are standard for estimated business performance. Also Authors differ in the investigation of these indicators, there are applied basically two basic methods of business performance measurement: by subjective (self -report) and objective measure where the distinction between them is indefinite by the human elements. Although most objective measure are depend on financial data, the reporting of financial information may be subjectively constructed. the hardness in getting objective data participate to the broad used of subjective measures.

Researchers widely correspond that business performance should be taken to include multiple areas rather merely financial considerations; some researchers debate that the conceptualization of business performance should be extended to include non - financial performance).

Also, performance can be defined by three dimensions, financial, strategic and satisfaction, the financial dimension focus on bottom line of the organization functions such as amount of sales, profits and speed of growth, the main thrust of strategic performance dimensions is that organizations often have a set of strategic goals such enhanced competitiveness, raised market share and strengthened its strategic position, the satisfaction dimension clarify the scope to which the performance of the organization has been very satisfactory, every successfully and fully met its expectations.

Therefore performance measurement has been defined as the process of quantifying where measurement is the procedures of quantification and activities leads to performance, from the perspective of strategic, organizations achieve their goals they perform by satisfying their customers with best efficiency and effectiveness than their rivals (Maurya et al, 2015).

Organizational performance can be seen as a multi - dimensional structure including of more than simply financial performance, it's described as the scope to which the organization is capable to matching of its stakeholders and its own needs for survival (Al- alak and Tarabieh, 2011).

Therefore superior performance is core to the survival and growth of organizations, organization performance appear like a self - evident and self - explanatory term but actually needs to be carefully dismantling, if we are to understand its tangible (Nasir, 2012; Dahan and Shoham, 2014) organizational performance can be broadly divided into financial and operational aspects , addition to satisfaction of stakeholders.

Although financial and operational results are inter- related, they never the less reflect different faces of organization performance and their causal direction are sophisticated (Valencia et al, 2016) refers few reasons for uses a subjective performance measure, first, given that many organizations in the sample are privately held, respondents may be resistant to detect secret objective financial data second as profits levels differ across industries, subjective, performance measures are more suitable in some studies. Third objective performance measure may not adequately indicate the financial condition of high - technology organizations.

## 4. Discussion

Private Iraqi banks are most active in currency exchanges and wire transfer to diversification in their jobs and that's happen when understanding the role of customers and getting wants and needs ,beside that there is necessity to complete a grand plan to merger with foreign banks to coordinating and participation the profit especially Iraqi economic has a multi resources that could bring a best revenue in the short and long term .

Another thing that must the banks to get interesting is focusing on the reform the infrastructure after war against ISIS and this could be a more benefit to provide money for the international or local firms with high interest.

The other thing that must taking from central bank of Iraq is to get their banks a more freedom to inter new services like investment in renewable energy and reform the environment banking system to stand up with modern process in the world.

## References

AGHA, S. 2012. Effect Of Core Competence On Competitive Advantage And Organizational Performance, *International Journal Of Business And Management*, Vol.7, No.1, January .Pp 192-205.

AL-ALAK, B. & TARABIEH, S. 2011. Gaining Competitive Advantage And Organizational Performance Through Customer Orientation, Innovation Differentiation And Market Differentiation, *International Journal Of Economics And Management Science*, 1(5), 80-91.

AMIRKHANI, A. & REZA, A. 2015. Investigating The Relationship Between Strategic Orientation And Firm Performance Considering The Intermediary Role Of Business Strategy, *Journal Of Management Science* , 118, 152 -157.

APPIAH- ADU, K. & SINGH, S. 1998. Customer Orientation And Performance: A Study Of Smes, *Journal Management Decision*, 385-394.

ARNDT, A. & KARANDE, K. 2012, Is It Better For Salespeople To Have The Highest Customer Orientation Or A Strong Fit Their Group's Customer Orientation ? Findings From Automobile Dealerships , *Journal Of Retailing Consumer Services*, 19, 353-359.

ARSHAD,A. RASIL,A. ARSHAD, A AND ZAIN, Z. 2014. The Impact of Entrepreneurial Orientation on Business Performance: A Study of Technology-based SMEs in Malaysia, Procedia - Social and Behavioral Sciences, 130, 46–53, 4th International Conference on Marketing and Retailing 2013.

BHATTACHARYYA, S. & JHA, S., 2014. Development of model relating internal organizational variables with customer orientation in the context of the emerging economy of India, Asia – *Pacific Journal Of Business Administration*,Vol.6 .No.1, 4-17.

CHUNG, H. 2011. Market Orientation, Guanxi And Business Performance, *Industrial Marketing Management* ,40 ,pp 522-533.

DAHAN, G. & SHOHAM, A. 2014. Strategic Orientations: Developing, Entrepreneurial, And Stakeholders Orientations, *Social And Behavioral Sciences*, 109, 758-762.

DA SILVA, R.V, DAVIES, G., & NAUDÉ, P., 2002. Assessing Customer Orientation In The Context Of Buyer/ Supplier Relationship Using Judgmental Modeling, *Applied Economics*, 38, 307-315.

DAY, G. 1994. The capabilities of market-driven organizations. Journal of Marketing 58:37–52.

DURAND, R. & COEURDEROY, C. 2001. Age, Order Of Entry Strategic Orientation And Organizational Performance, *Journal Of Business Venturing*, 16, 471- 499.

GRISSEMANN, U., PLANK, A., & BRUNNER-SPERDIN, A. 2013. Enhancing Business Performance Of Hotels : The Role Of Innovative And Customer Orientation, *International Journal Of Hospitality Management*, 33, 347-356.

HARRIM, H. 2010. Relationship Between Learning Organization And Organizational Performance: Empirical Study Of Pharmaceutical Firms In Jordan, *Jordan Journal Of Business Administration*, 6 (3), 405-425.

JAWORSKI, B. & KOHLI, A. 1993. Market: Antecedents And Consequences, *Journal Of Marketing* ,52, pp 53-70.

JONES, E. BUSCH, P. & DACIN P., 2003. Firm Market Orientation And Sales Person Customer Orientation: Interpersonal And Intrapersonal Influences On Customer Services And Retention In Business –To- Business Buyer –Seller Relationships, *Journal Of Business Research*, 56 , 323-340.

KORUNKA, C., SCHARITZER, D., CARAYON, P., HOONAKKER, P., SONNEK, A., & SAINFORT, F. 2007. Customer Orientation Among Employees In Public Administration: A Transnational Longitudinal Study, *Applied Economic*, 38, 307- 315.

KÜÇÜKOĞLU, M. & PINAR, R. 2015 Positive Influences Of Green Innovation On Company Performance, Social And Behavioral Sciences, 195 (3) , 1232–1237.

LEE, C.K., SONG, H.J., LEE, H.M., LEE, S. & BERNHARD B.J. 2013. The Impact Of CSR On Casino Employees Organization Trust, Job Satisfaction: An Empirical Examination Of Responsible Gambling Strategies, *International Journal Of Hospitality Management*, 33, 406-415.

LIU, B. & FU, Z. 2011. Relationship Between Strategic Orientation And Organizational Performance In Born Global: A Critical Review. *International Journal And Management*, 6(3), 109 -115.

MAURYA, K. U., MISHRAB, P., ANANDC, S., & KUMARD, N., 2015. Corporate Identity, Customer Orientation And Performance Of Smes: Exploring The Linkages, *IIMB Management review*, 1-16.

NASIR, W. 2012. The Relationship Between Strategic Orientation And Firm Performance , Doctor Of Philosophy, Victoria University.

NDUBISI, N. 2012. Mindfulness, Reliability, Pre-Emptive Conflict Handling, Customer Orientation And Outcomes In Malaysia's Health Care Sector, *Journal Of Business Research*, 65, 537-546.

OUDAN, R. 2012. Market Orientation –Transforming Trade And Firm Performance, *International Journal Of Marketing Studies*, 4 (2), 3-8.

PAARLBERG, L. 2007 . The Impact Of Customer Orientation On Government Employee Performance , *International Public Management Journal*,10 (2), 201- 231.

PIIRALA, P 2012, The Impact Of Entrepreneurial Orientation On Firm Performance: A Comparative Study Of Finnish And German Smes, Master Thesis, Aalto University.

RAPP, A., TRAINOR K. & AGNIHOTRI, R. 2010. Performance Implications Of Customer – Linking Capabilities: Examining The Complementary Role Of Customer Orientation And CRM Technology, *Journal Of Business Research*, 63, 1229-1236.

SANSAR CAPITAL MANAGEMENT LLC, 2013, a closer look at the Iraqi banking sector ,May- June.

National investment of Iraq,2015, requirements for investment.

SAXE, R & WEITZ, B 1982. The SOCO Scale: A Measure Of The Customer Orientation Of Salespeople, *Journal Marketing*, Res 9,343-351.

SLATER, S. F., & Narver, J. C. 1999. Research notes and communications: Market-oriented is more than being customer-led. *Strategic management journal*, (20 12), 1165-1168.

SINGH, R. & KOSHY, A. 2011. Does Salesperson's Customer Orientation Create Value In B2B Relationship ? *Empirical Evidence From India ,Industrial Marketing Management* , 40, 78-85.

STRITESKA, M. 2012. Key Features Of Strategic Performance Management Systems In Manufacturing Companies, *Social And Behavioral Sciences*, 58, 1103-1110.

NARVER, J. C. & Slater, S. F. 1990. The effect of a market orientation on business profitability. The *Journal of marketing*, 20-35.

TANG, T. 2014. Becoming An Ambidextrous Hotel: The Role Of Customer Orientation, *International Journal Of Hospitality Management*, 39, 1-10.

TOMAR, S. & BINO, A . 2012. Corporate Governance and Bank Performance: Evidence from Jordanian Banking Industry , Jordan Journal of Business Administration, 8 (2).

THAKOR, M. & JOSHI, A. 2005. Motivating Salesperson Customer Orientation: Insights From The Job Characteristics Mode, *Journal Of Business Research* , 58, 584- 592.

VALENCIA, J., JIMÉNEZ-JIMÉNEZB, D., SANZ-VALLEB, R. 2016. Studying The Links Between Organizational Culture, Innovation, And Performance In Spanish Companies. Revist Latinoanericana De Psicologia, 48, 30-41.

ZAMAN, K., JAVAID, N., ARSHAD, A. & BIBI, S. 2012. Impact Of Internal Marketing On Market Orientation And Business Performance, *International Journal Of Business And Social Science*, 3

(12), 76-87.

WHEELEN, T. L., & HUNGER, J. D. 2010. Strategic Management and Business Policy. Prentice Hall, New Jersey, USA, 65.