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Prioritizing operational strategies of saman bank

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Abstract--The extant study aimed to prioritize the identified operational strategies of Saman Bank based on a scientific method considering the effective factors identified inside and outside this Bank. Operational strategies are common banking strategies worldwide that first-class banks implement. The scientific segmentation steps, techniques, and criteria in Saman Bank were described and the identified strategies were tested using a scientific assumptions-based method. The obtained results were analyzed in the next step. The statistical population of the study comprised managers of Tehran branches and staff managers of Saman bank. The data were collected through a questionnaire. Eighty-four questionnaires were gathered from staff and line managers. Regression, Friedman test, and ANOVA were used to test hypotheses considering the questionnaire data. According to findings obtained from hypothesis testing, corporate banking was introduced as the best operational strategy in Saman Bank considering the competitive advantages of this bank and factors affecting the internal and external environment of the bank. Moreover, private banking, investment banking, retail banking, and international banking were at the next ranks of strategies.

Keywords--*Operational Strategies, Competitive Advantages, Corporate Banking, Saman Bank.*

Introduction

Strategy is one of the main concerns among managers in the current era. Managers adopt different strategies to overcome uncertainty and achieved their considered goals. Strategy is a fundamental model comprising current and planned goals, resource exploitation and allocation, and interaction between an organization, markets, competitors, and other environmental factors (Walker,

2001). Strategy centralizes activities, creates consistency, and adjusts new ideas and images of the organization's future (David, 2001).

On the other hand, we are living in the era of customer orientation and audience-centeredness. It means every organization's success depends on the attention that the organization pays to customers and their demands. If the famous motto "customer is always right" (Kotler, 2003) is well understood and implemented, it will provide the field for success and effectiveness in banks. All bank activities are done to meet customers' needs and demands (Zaki, A.E., et. al., 2020; Manal M., et. al., 2020). Customer orientation means all banking activities should be designed in a way that provides customers best services. Therefore, meeting customer demands is the best decision. To do this, organizations should propose the desirable services. Therefore, a successful bank can make long-term relationships with customers. However, banking strategies should be designed based on customer needs, so all activities and efforts in the bank must be customer-oriented. In this case, a bank should evaluate its performance in terms of customer satisfaction. Nowadays, banking is responsible to evaluate its performance by considering customer satisfaction. The banking system should also try to perceive customers' demands and desires and achieve customer satisfaction in the competitive environment. If the banking system loses customers in current marketing conditions, it will lose all interests derived from services customers need in their lives (Moradian, 2010).

Accurate identification of banking strategies and priorities will expand and develop banking activities. Bank planners and managers should determine the importance of strategies within the long-term decision-making and prioritization process of the organization. Therefore, those banks can achieve a competitive advantage that can identify and meet customer needs sooner than other banks (Rezaee, 2009).

The main strategy of successful banks worldwide is utilizing successful strategies as the main capital. Iranian banks should also follow this rule. The reason is that a bank that improves banking services increases its share of the bank services market. The ultimate goals of doing actions fast and no time loss are the most significant elements for success in Iran and most developed countries. In this case, the technology, speed, and technical specialty of banks are highly important for customers. The ability of the Bank to provide services is a valuable case for customers. Hence, banks should collect adequate information about customers, perceive customers' interests and demands, and develop customer relationships to become efficient (Vahidian, 2010).

As the most important financial organizations, banks play a vital role in today's communities. Banks need to adopt different strategies for their organizational and financial growth and development. Saman Bank is an Iranian private bank with many strategies. Saman bank adopts various strategies to give the customer many choices. According to the abovementioned points, the extant study aims to prioritize the operational strategies of Saman Bank.

Theoretical Foundations

Concept of Strategy

Strategy is a fundamental model comprising current and planned goals, resource exploitation and allocation, and interaction between an organization, markets, competitors, and other environmental factors (Walker, 2001). Strategy centralizes activities, creates consistency, and adjusts new ideas and images of the organization's future (David, 2001). Strategic management is defined as the art and science of designing, implementing, and evaluating multiple functional decisions, which enable the organization to achieve its long-term goals. Strategic management indeed consists of planning, directing, and controlling the relevant strategic decisions and actions of organizations (David, 2001).

Achieving a competitive advantage is the initial goal of the strategy. This goal can be achieved through two paths. For this purpose, a firm should follow those strategies that are designed based on the available resources and capabilities (competencies), and other strategies that provide the firm with extra capabilities (i.e., creating new competencies). Therefore, these strategies give the firm a long-term competitive position (Report published by Institute for Trade Studies and Research, 2006).

Strategy Levels

Strategies can be designed for groups and activities inside an organization. An individual or function is at the bottom level, while the highest level consists of all individual or internal activities of the organization. The most common classification of strategy levels includes functional, business, and corporate levels (Robert, 2003).

Corporate-level strategy: this level of strategy determines how an organization performs to fulfill its determined mission. This level also indicates what activities and growth policies should be done. At the corporate level, managers should distinguish the activities done in legal units. Decisions pertained to the organization realm and resource allocation in activity sectors are at the center of attention of firm strategy (Walker, 2001).

Business-level strategy: this level of strategy determines how a company should compete in the relevant industry. The critical issue of business strategy is how an entity competes in its industry. Sustainable competitive advantage also is a vital issue in this strategy. This strategy answers the question "in which and how many sectors of the market the firm should compete?" Finally, this strategy observes synergy in all operational and market-product departments of the company (Walker, 2001).

Functional-level strategy: the third level of strategy is at the operational level of the organization. This strategy addresses how an organization's components and individuals can effectively and efficiently implement firm and business-level strategies in the framework of resources, procedures, and human resources (Walker, 2001).

Banking Operational Strategies

Retail Banking: this type of banking provides common and required services to major actual customers in the market. Banks adopt this strategy to attract and provide services to the majority of customers without considering their financial resources. Retail banks provide the following services: paying loans, providing deposit services, credit cards, and debit cards (Stephan, 2006).

Corporate Banking: this is a type of banking in which, banks try to provide specialized services to corporates within the shortest time to make them satisfied. Banks adopt this strategy to provide bank services only to legal customers fulfilling their needs (Allan et al., 2004).

Private Banking: private banking includes providing banking services to a target market with customers that have a certain level of assets. Private banking's customers differ from retail banking's customers. These customers have certain specifications considered by these banks (Scorpion, 2011).

Investment Banking: Banks adopt this subset of banking to increase customers' capital through capital management by providing investment advice and services to customers (including natural and legal individuals, and governments) (International Financial Services Organization, London, 2010).

International Banking: banks use international banking to expand their activities in other countries identifying customers that are aligned with the bank's cross-border goals. In this banking, banks do activities in foreign countries after identifying services required for local customers (Boland, 2010).

Factors Affecting the Strategy

Macro-Environment: this factor consists of factors that affect the organization but are beyond the organizational control. Economic, social, cultural, technological, political-law, legal, and global factors are the most significant effective factors in this environment. The macro-environment factors can be effective at both international and national levels (Roger, 2009).

Micro-Environment: this environment comprises individuals and stakeholders the organization has regular mutual relationships with them. These stakeholders include customers, suppliers, competitors, governmental institutions, local communities, industrial groups, unions, and intermediaries at national and international levels. Unlike the macro-environment, the organization can affect or control the micro-environment (Roger, 2009).

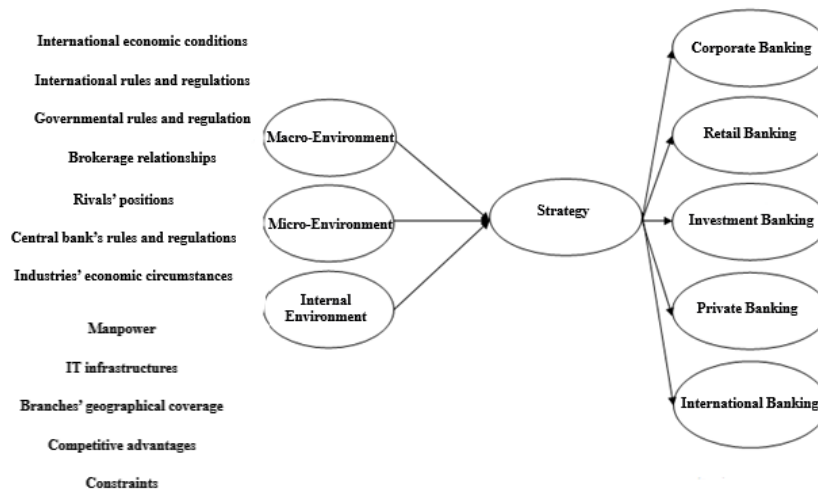
Porter's five competitive forces can be mentioned to know this environment in a better way. This model includes:

- Customers
- Suppliers
- Rivals
- Potential competitors (new entrants)
- Indirect competitors (substitutes)

Internal environment: this environment consists of intra-organizational factors that are under the control of the corporate unlike the macro-and micro-environments mentioned above (Roger, 2009).

Internal factors include some strengths that determine an organization's advantage when selecting its competitive strategy. Strengths are skills and abilities that allow the organization to choose the best strategy. Rivals should not have access to these strengths (Aarabi, 2006).

On contrary, some factors are weaknesses of the organization, so it cannot perform such activities while could do them in past. The weaknesses of organizations are the strengths of their competitors. Weaknesses are a lack of skills and abilities and prevent the organization from selecting or implementing some strategies (Aarabi, 2006).



Theoretical Model of Research: Roger et al., 2009
Figure 1. Conceptual Model

Research Method

The present study was applied in terms of objective and was descriptive research with correlational type in terms of method. The statistical population of this study comprised all branch heads and staff entities managers of Saman Bank in Tehran, Iran. The sampling method was done based on the random (convenient (available individuals)) sampling. Random sampling is a non-probabilistic technique. The sample size equaled 66 (n=66) considering the Cochran formula and N=100. However, 90 questionnaires were given to branch heads and staff managers at the bank for reassurance. The data were collected through a researcher-made 50-item questionnaire. The researcher sent the questionnaires to some experts, including advisors and consultant professors, researchers, and

researchers in the studied organization. Then the researcher applied their revisions. In this regard, the mentioned experts removed some items that were not important for the factors assessment process. They revised some questions.

Therefore, the questionnaire obtained high reliability.

The researcher examined the reliability coefficient of completed questionnaires using Cronbach alpha. To do so, 10 questionnaires were distributed and the results were analyzed through SPSS software. Table 1 reports the mentioned results.

Table 1
Cronbach's alpha coefficients of the questionnaire

Variables and dimensions	Items	Alpha	Results
Internal factors	16	0.81	High reliability
Macro-factors	19	0.83	High reliability
Micro-factors	15	0.74	Acceptable

According to data reported in Table 1, the questionnaire used in the present study had acceptable reliability. Data analysis was done using Chi-square and ANOVA tests to examine the significance of relationships between variables. Moreover, dependent T and F tests were used to measure the mean value of two line and staff managers in terms of prioritizing the banking strategies. Furthermore, Friedman's ranking test to determine banking strategic priorities. Stepwise regression was used to examine the effect of banking operational strategies when chosen simultaneously.

Findings

According to results obtained from 84 samples studied in this research, 51 members were men and 33 members were women. Most samples (n=35, 41.7%) had 5-7-years of work experience in Saman Bank. Followed by this rate, 28.6% (n=24) had 3-5-years of work experience in Saman Bank. The majority of samples (n=49, 58.3%) had BA degrees followed by 21.3% (n=18) and 13% (n=11) with MA and Ph.D., and Associate degrees, respectively.

Table 2
Results of ANOVA in the relationship between corporate banking in Saman Bank and strategic priority

Change sources	Sum of squares (SS)	Degree of freedom (df)	Mean square (variance)	F ratio	Sig.
Between groups	59.245	1	30.620	1.955	0.000
Within groups	2882.357	83	16.852		
Total	2941.602	84			

According to Table 2, ANOVA results indicated the measured significance level (Sig=0.000) was less than 0.05. Hence, the F ratio was statistically significant. In other words, H_0 was confirmed at a 95% probability level. Therefore, corporate banking can be introduced as the prior operational strategy in Saman Bank.

Table 3
ANOVA Results of private banking in Saman Bank and strategic priority

Change sources	Sum of squares (SS)	Degree of freedom (df)	Mean square (variance)	F ratio	Sig.
Between groups	88.326	1	44.123	3.374	0.031
Within groups	2312.803	83	13.257		
Total	2401.129	84			

According to Table 3, the measured significance level (Sig=0.031) was less than 0.05. Hence, the F ratio was statistically significant. In other words, H_0 was confirmed at a 95% probability level. Therefore, private banking can be introduced as the prior operational strategy in Saman Bank.

Table 4
ANOVA Results of retail banking in Saman Bank and strategic priority

Change sources	Sum of squares (SS)	Degree of freedom (df)	Mean square (variance)	F ratio	Sig.
Between groups	38.811	1	36.410	2.651	0.028
Within groups	2420.118	83	12.182		
Total	2488.929	84			

According to Table 4, the measured significance level (Sig=0.028) was less than 0.05. Hence, the F ratio was statistically significant. In other words, H_0 was confirmed at a 95% probability level. Therefore, retail banking can be introduced as the prior operational strategy in Saman Bank.

Table 5
ANOVA Results of investment banking in Saman Bank and strategic priority

Change sources	Sum of squares (SS)	Degree of freedom (df)	Mean square (variance)	F ratio	Sig.
Between groups	76.511	1	26.446	2.111	0.000
Within groups	2226.665	83	12.144		
Total	2303.176	84			

According to Table 5, the measured significance level (Sig=0.000) was less than 0.05. Hence, the F ratio was statistically significant. Therefore, investment banking can be introduced as the prior operational strategy in Saman Bank.

Table 6
ANOVA Results of international banking in Saman Bank and strategic priority

Change sources	Sum of squares (SS)	Degree of freedom (df)	Mean square (variance)	F ratio	Sig.
Between groups	82.344	1	44.177	3.444	0.031
Within groups	2525.744	83	13.289		
Total	2608.080	84			

According to Table 6, the measured significance level (Sig=0.031) was less than 0.05. Hence, the F ratio was statistically significant. Therefore, international banking can be introduced as the prior operational strategy in Saman Bank.

Findings obtained from ANOVA indicated that all identified operational strategies of Saman Bank can be selected as the core operational strategy of the bank considering the error coefficient of 5%.

Table 7 reports the results of the Friedman test on five introduced bank operational strategies:

Table 7
Results of Friedman ranking test on operational strategic priorities of Saman Bank

Row	Variable	Mean	Priority
1	Corporate banking	4.67	1
2	Private banking	4.21	2
3	Investment banking	3.87	3
4	Retail banking	3.54	4
5	International banking	3.02	5

According to the results of the Friedman test, the collected data about operational strategies of Saman Bank indicated that corporate banking (mean value=4.67) was the first rank of priority among operational strategies adopted in Saman Bank. Private banking (mean value=4.21) attained the second rank in the strategic choice of Saman bank. Investment banking (mean value=3.87), retail banking (mean value=3.54), and international banking (mean value=3.02) attained third, fourth, and fifth rank in operational strategies of Saman Bank.

Table 8
Multiple regression of predicting corporate banking of Saman Bank based on
the bank's operational strategies

		Non-standard coefficient		Standard efficient	t	p
		B	Standard error	Beta		
First step	Constant coefficient of corporate banking	48.30	3.51	0.645	13.74	0.001
		4.62	0.358		12.92	0.001
Second step	Constant coefficient of corporate banking	73.36	8.30	0.369	8.83	0.001
	Private banking	4.23	0.368		11.48	0.001
		-0.539	0.163		0.163	-3.31
Third step	Constant coefficient of corporate banking	64.46	8.28	0.525	7.77	0.001
	Private banking	3.76	0.373		10.07	0.001
		-0.757	0.165	-0.240	-4.58	0.001
		Retail banking	0.962	0.270	0.215	4.23

According to the regression result obtained in the first step, the constant coefficient of the regression test was measured and equaled 0.645 for corporate banking strategy. In the second step, the private banking strategy was added to the regression table, corporate banking strategy's constant-coefficient decreased (0.369). According to Table 8, corporate, private, and retail banking strategies in the third step were implemented simultaneously in the third step. One unit rise in corporate, private, and retail banking strategies in Saman Bank led to a .0525, 0.240, and 0.215 increase in strategic choices, respectively.

Table 9
Multiple regression of predicting corporate banking of Saman Bank based on
the bank's operational strategies

	Mean	SD	Levene's test		T-test	
			F	P	t	P
Male	92.10	16.45	1.04	0.308	0.074	0.941
Female	92.27	18.04				

According to the results of Table 9, the observed T was not significant at $p \leq 0.05$. Therefore, men and women had similar opinions about operational strategies' priorities in Saman Bank.

Table 10
Comparing the mean value of respondents' ideas about operations priorities
in Saman Bank

	Mean	SD	Levene's test		T-test	
			F	P	t	P
Diploma and lower	90.37	16.96	0.057	0.9941	1.29	0.272
Associate degree	92.06	18.53				
BA	94.90	16.95				
MA	87.40	18.75				
Ph.D.	89.18	17.66				

According to the results of Table 11, the observed F was not significant at $p \leq 0.05$. Therefore, there was not any difference between respondents' opinions about operational strategies' priorities in Saman Bank.

Conclusion

Private banks hardly try to develop themselves; hence, they equip themselves with capital. Public banks are becoming private. This privatization can eliminate the limitations of the public sector while providing them with some advantages for public accounts. On the other hand, new rivals are entering the banking industry increased the number of agents in this sector. Hence, the former attitude towards the market should be changed in a way to ensure sustainable and profitable growth for the bank.

Accordingly, the design and implementation of a strategic plan are essential for banks. Hence, it was decided to necessarily design a strategic plan for the bank. The following five major strategies were identified after examining the economic and financial structure of society and industry. This process was done based on the customer groups and different parts of the market that demanded banking services. This plan was designed to identify, attract, and maintain target customers who had high value-added.

Operational banking strategies of Saman Bank included corporate banking, private banking, retail banking, investment banking, and international banking. The considered strategies were identified and prioritized based on a scientific assumption-centered method. A hypothesis was designed to test if considered strategies were the same based on the variables in macro-, micro-, and internal environments. The results of this test indicated that operational strategies had different priorities. It means the analyst can choose a tool for operational strategies analysis considering the studied topic and introduced criteria. This tool can generate valuable outcomes for Saman Bank. The operational strategies of Saman Bank have been prioritized based on the findings of the present study.

Corporate, private, investment, retail, and international banking attained first, second, third, fourth, and fifth ranks, respectively. Moreover, findings indicated a significant difference between the operational strategies of Saman Bank in terms of all introduced criteria (macro-, micro-, and internal environments). If internal factors are the highest priorities for the researcher, corporate, private, investment,

international, and retail banking strategies will be the most valuable strategies for Saman Bank.

This study was conducted on Saman Bank; hence, the results cannot be generalized to other banks. The introduced strategies have been the most common options in the banking industry worldwide, and Iranian banks have also considered them. Therefore, it is recommended to do further studies on larger dimensions and statistical populations of other banks' managers to identify and prioritize the introduced strategies. The considered topic can be studied for other industries.

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