Customer Orientation and Firm Competitiveness of Selected Banks in Ekiti State, Nigeria

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Abstract
The study explored the relationship between customer orientation and firm competitiveness of selected banks in Ekiti State. A descriptive survey research design was adopted for the study. One hundred and fifty (150) respondents were sampled using random sampling. Primary data used for the study was gathered through the administration of structured questionnaire. Data gathered were analyzed using Pearson product moment correlation and linear regression analysis. The correlation result showed that there is significant relationship between customer focus and firm competitiveness. Furthermore, it was shown that there is significant relationship between customer responsiveness and firm competitiveness. Moreso, the result showed that there is significant relationship between customer analysis and firm competitiveness. Thus, in conclusion, it was found that there is significant and positive relationship between customer orientation and firm competitiveness particularly among the selected banks in Ekiti State.

Keyword: Customer Orientation, Firm Competitiveness, Competitiveness

1. INTRODUCTION
Nowadays, customer orientation is considered a basis for the onward movement and survival of firms operating in competitive markets like banking sector where there is intense competition (Mokhtaran & Komeilian, 2016). In other words, all the paths to survival and profitability of an organization tends to result to preserving and promoting customer loyalty, assuring them of their access to the expected services in the shortest possible time span and with the best possible quality (Barkur, Varambally & Rodrigues, 2007). Therefore, customer orientation is not only traced to profitability and customer loyalty alone but the competitive advantage which tends to have a
long term effect on organisation performance. Customer orientation is a key focus for any firm's relationship to its market (Leeffang, 2011). As the central component of market orientation, customer orientation is also a key driver of firm performance (Kirca, Jayachandran, & Bearden, 2005). The effectiveness of customer orientation depends on environmental circumstances. The environmental circumstances tend to depend on the volatility, heterogeneous of the environment with respect to the complex behaviour of the customers which firms cannot do without.

The service industry considering banking sector is becoming more competitive and complex to deal with, particularly when it comes to customer needs, analyses, focus, responsiveness and whether those needs have been met. Needs and wants of customer’s changes consistently, something new in the market must be used to balance the needs and wants of the customer, where the service provider and the customer finds a common ground that services are to be rendered according to the way the service provider wanted at an optimal level and the customer consuming the services yielding to the needs being met (Uyoga, 2018). Effort has been geared towards exploring the effectiveness of customer orientation on performance, effectiveness and other variables but none of the study considers firm competitiveness. In view, bank is one of the major service oriented firm in Nigeria where their major concentration is on satisfying prospective customers than similar firm to capture the market and gain competitive advantage over others, more importantly, balancing the environmental forces and global changes with banking operation that can negatively influence the effectiveness of banking system in Nigeria. Therefore, this study explored the relationship between customer orientation and firm competitiveness of selected banks in Ekiti State. The study will be of benefits to selected banks on the need to know the importance customer orientation on the processes of customer needs or demand being a service oriented firm in Nigeria. This study will also broaden the knowledge of bank managers on the extent to which firm competitiveness is achieved through effective customer focus, customer analysis and customer responsiveness.

Objectives of the Study

The specific objectives are to:

i. examine the relationship between customer focus and firm competitiveness;
ii. investigate the relationship between customer responsiveness and firm competitiveness;
iii. determine the relationship between customer analysis and firm competitiveness.

2. LITERATURE REVIEW

2.1.Customer Orientation

Customer orientation is a core subsidiary concept of market orientation. Customer orientation is a significant issue generally for all firms and particularly for service providing firm. Customer orientation is a conception which focuses on customer thus not excluding customer from other stakeholders (Kim & Ok, 2010). Being customer oriented implies that an organization is actively seeking to create, propagate and respond to market information. Additionally, customer orientation refers to employees’ capacity for relating to customers, which in turn has a positive effect on customer satisfaction. Customer-oriented organizations predict new customer needs and respond to those needs through delivering goods and services which are of higher value and generate customer satisfaction (Brady & Cronin, 2001). In addition, customer-oriented behaviour can build a good relationship between service provider, customers and subsequently bring in enhanced organization performance (Brown, Mowen, Donavan & Licata, 2002). Day cited in Asikhaia (2010) defines customer orientation as a concept which transforms marketing into an effective competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm. Narver and Slater (1990)
asserted that customer orientation is the sufficient understanding of one’s target buyers in order to create continuously superior value for them. Customer oriented culture suggests that a firm concentrates on providing products and services that meet customer needs (Strong & Harris, 2004).

Customer orientation is the set of beliefs in sales through which organisation prioritize customer needs and satisfaction. Customer orientation focuses on dynamic interactions between the organization and customers as well as competitors in the market and its internal stakeholders and it involves a continuous improvement in business processes. Customer orientation is the business orientation or the customer is treated as king which is a keyword of the business management and missing customer orientation can reduce the conversions. The causes for the lack of customer orientation lie frequently in the culture, the structure, and the processes of the enterprise. Therefore, customer orientation as strategy requires new processes and a new organizational culture. In global marketing concept, customer orientation should have a favourable impact on business unit performance and presumably this should be true regardless of whether customer orientation is measured in terms of the perceptions of the seller or those of the customer (Acar, Zehir, Ozgenel & Ozsahin, 2013). Therefore, customer orientation is regarded as a strategic orientation that reflects the firm’s ability to create and deliver superior customer value through the processing of market intelligence. This market intelligence involves the acquisition of customer information; the analyses of this information to create customer knowledge; the dissemination of customer knowledge throughout the firm and the planning and coordinating of an organization-wide response, such as solving customer problems or exploiting embryonic customer segments, that is based on what is learned from that market intelligence (Racela, 2014). Customer orientation can be seen from the context of the study as customer focus, customer analysis and customer responsiveness.

2.2. Customer Focus

The practice of customer focus has been identified as crucial for any organization seeking to achieve a level of sustainable performance (Cai, 2009; Mokhtar, 2013). Sustainable performance refers to an expectation that an organization is able to respond rapidly and efficiently when faced with emerging customer-related issues, including a desire for changes within the operations being performed (Ahire, Golhar & Waller, 1996). This is an important factor, given the dynamic nature of customer expectations (Mukerjee, 2013). Thus, in order to implement the practice of customer focus successfully, the organization must dwell extensively on customer data which typically provides information that enable employees to engage more fully to address customer-related issues. The long term focus of customer focus strategy creates tension for managers who at the same time need to meet the financial performance requirements which is generally measured on yearly financial results.

2.3. Customer Responsiveness

Pehrsson (2014) described customer responsiveness as how the organisation involve customers in their decision making in value addition activities like solving customers’ problems, building relationships, and customizing service offering. In this context the organisation respond to the customer needs. Similarly, Grandey, Goldberg and Pugh (2011) looks at responsiveness as a central dimension of service quality which becomes the responsiveness of employees to attend promptly to customers’ needs, requests and helping customers. Therefore understanding the changing needs of customers and performing a prompt fulfilment of them in an effective approach will provide a firm with sustaining competitive advantage. Indeed, one of the most important determinants of the firm’s success in competitive markets like banking sector is the firm’s capability in providing its customers with proper response to their needs (Jayachandran,
Hewett & Kaufman, 2004). A rapid response to customers’ requests may position the firm as a first mover in the market and as a result enhances the performance of the firm in the market (Sousa, Carlos, Ruzo & Losada, 2010). According to Daugherty, Ellinger and Rogers (1995) and Parasuraman, Zeithaml, Valerie, Berry and Leonard (1991) customer responsiveness is meeting customer requirements through market intelligence that involves reacting to or anticipating the wants of the customers which becomes an externally focused tool used by firms to improve customer relations and enhance overall substantial goals to gain efficiency.

2.4. Customer Analysis

Customer analysis encompassing customer data collection, profitability measurement and lifetime value estimation, is a crucial component of several well-known marketing concepts, such as customer relationship management (Reinartz, Krafft & Hoyer, 2004), customer lifetime value management (Doligalski & Tomczyk, 2014; Tomczyk, 2014; Akroush, Dahiyat, Gharaibeh & Abu-Lail 2011) customer equity management (Bruhn, Georgi & Hadwich, 2008) and interaction orientation (Ramani & Kumar, 2008). Customer analysis represents a key element in the measurement of customer lifetime value which is based on estimating a current amount of net benefits accrued by a company over the length of its relationship with a customer (Doligalski, 2015; Borle, Singh & Dipak, 2008). The key value streams here comprise cash flows which are a discounted difference between revenues and marketing costs incurred to maintain the relationship with a customer (Gupta & Lehmann, 2003; Berger & Nasr, 1998).

2.5. Firm Competitiveness

Competitiveness is a global contemporary concept which market forces determine economic outcomes. Competitiveness determines the ability to overcome new markets, to outplay other actors in the market, to attract investment and to grow. Competitiveness is a germane key for policy makers who need to understand how competitive their organisations are relative to others and how their competitive position develop overtime (Fagerberg & Srholec, 2017). Competitiveness is a multidimensional concept. It can be looked at from three different levels like country, industry, and firm level. Though, this study will be captured from the firm level. Competitiveness originated from the Latin word, competor, which means involvement in a business rivalry for markets (Ambasther & Momaya, 2004). It has become common to describe economic strength of an organisation with respect to its competitors in the global market economy in which goods, services, people, skills and ideas move freely across geographical borders (Murths, 1998). Porter (1990) defines competitiveness as the ability of a given firm to successfully compete in a given business environment.

Firm competitiveness can be defined as the ability of firm to design, produce and or market products superior to those offered by competitors, considering the price and non-price qualities (D'Cruz, 1992). Competitiveness enhances the ability of an organisation to compete more effectively. Lall (2001) defines firm competitiveness as the ability of a firm to do better than benchmark companies in terms of profitability, sales or market share. Similarly, Buckley, Pass and Prescott (1992) consider competitiveness to be synonymous with a firm’s long-run profit performance, its ability to compensate employees and generate superior returns for shareholders (Akben-Selcuk, 2016). A firm’s ability to compete at a given moment in time is reflected in its ability to meet quality, quantity and time requirements of the market at a competitive price. In business administration, the same concept is described as the optimization of a production process, where the management plays a key role in designing and monitoring that process.

Indeed, competency of the manager turns out to be a good predictor of how well a firm performs in the market. Management practices can improve productivity, through their impact on marginal productivity of inputs and resource constraints as well as growth and longevity.
In view of this, there is intense competition in the Nigerian banking sector which their main concentration is to offer services to customers. Many banks operate across the nation through putting up enough strategy to be relevant in the banking sector. This has led to banks concentrating on prioritizing professionalism among staff for better handling of customers to increase their market share and build up competitive advantage through technological trend, service quality and establishing customer relationship.

3. THEORETICAL FRAMEWORK

Customer Service Theory

The customer service theory was invented by Anderson, this theory posited that customer retention can be achieved by taking into cognizance loyalty and satisfaction of customers. A firm’s lack of understanding of customer service basic principles such as their concerns and comforts, this can result to firm’s failure as it puts off purchasers. Thus, firm that wants to be successful must be fully involved in fulfilling needs of its customers. A lack of compliance by firms means being unsuccessful which is bad for business. Therefore, customers must be paid attention to if their loyalty is to be achieved (Anderson & Mittal, 2000). However, identify the exact needs of customers and meet them with great efficiency through checking and re-checking those needs to ensure they suit. Remember, the objective of creating a friendly and personal relationship that could lead to further positive association and in turn improve competitiveness. A customer usually has expectations concerning particular goods or services that hope to be confirmed. If confirmed the firm is a step ahead to customer loyalty. The more customer’s expectations are fulfilled the more they want to come back and the vice versa is also true. The key to expectation confirmation is for firms to be reliable, consistent and trust. This is based on the fact that customers are more attached to firms they fully trust to deliver and it can take time to create such. This is a virtue also applicable to the firm’s employees as they need some psychological safety. Therefore, when trust is build, long term relation is assured (Anderson & Mittal, 2000). In view of this, this theory tends to best describe the potential link between customer relationship and firm competitiveness.

4. METHODOLOGY

4.1. Research Design

This study employed survey research design. The survey design give room for investigation of possible relationship between variables. In this way the survey design is more appropriate for the study because it enables data collection from broader category as well as comparisons between variables. This study adopted primary data. The instrument for primary data collection was through the use of questionnaires, closed ended questionnaires to be precise, where questions are structured in line with the research hypotheses and other relevant questions in the study. The use of questionnaire was adopted because it ensure that data collection will be standardized such that each respondents will get the same question and in the same format.

The population of this study includes staff of six selected banks in Ekiti State. However, the selected banks are: Access Bank, Zenith Bank, GT Bank, Eco Bank, Wema Bank and UBA. These banks were selected among others based on their branch extension on Tertiary Institution campuses in Ado-Ekiti metropolis. This is because banks in this position tend to handle more customers due to the huge number of tertiary institution students in Ado-Ekiti. The study population will cover only the core staff excluding the gatemen, messengers and cleaner whose function does not directly deal with customers. Therefore, the study population as shown from each bank managers in Ado-Ekiti are: Access Bank 78, Zenith Bank 48, GT Bank 29, Heritage Bank 45, Wema Bank 36 and UBA 43, bringing the total to two hundred and seventy nine (279)
respondents. However, the banks were selected using purposive sampling. The study will cover all bank staff except supportive staff like gatemen, cleaner and messengers. Therefore, the study selected 25 respondents each from the six banks to make one hundred and fifty (150) respondents using random sampling.

4.2. Descriptive Statistics

Descriptive statistics were used to present and analyze demographic data of respondents in frequency tables. The demographics were sex, marital status, age distribution, academic background and work experience distribution of respondents.

4.3. Inferential Statistics

Inferential statistics through Pearson Product Moment Correlation was used to test the hypotheses, to answer the research questions and achieve the objectives of the study. To test hypothesis i, ii, iii, subjective norm (customer orientation) was independent variable and (firm competitiveness) was dependent variable. Pearson Product Moment Correlation analysis was appropriate method to examine the relationships among these variables. The level of significance for the hypothesis was 0.05. The Pearson Product Moment Correlation formula is given as:

\[ r_{xy} = \frac{n \Sigma xy - \Sigma x \Sigma y}{\sqrt{n \Sigma x^2 - (\Sigma x)^2}} \]

Where \( r_{xy} \) = correlation coefficient showing the linear relationship between dependent and independent variables

\( X \) = Independent Variable (Customer Orientation)
\( Y \) = Dependent Variable (Firm Competitiveness)

5. RESULTS AND DISCUSSION

Table 1: Demographic Distribution of Respondents

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<th>Variables</th>
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<td>Gender Distribution</td>
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The demographic distribution of respondents presented on Table 1 revealed the gender distribution that showed sixty three (42) of the respondents are male while eighty seven (58%) of the respondents are female which implies that female respondents are more than the male respondents in this research work. Marital status of the respondent revealed that thirty nine (26%) of the respondents are single while one hundred and one (74%) of the respondents are married which implies that single are more than the married couples. Age distribution of the respondents indicated that nineteen (12.7%) of the respondents are ages below 26 years, fifty six (37.3%) of the respondents are between 26-35years, forty one (27.3%) of the respondents are between 36-45years while thirty four (22.7%) of the respondents are 46 years and above. Educational qualification of the respondents showed that one hundred and thirteen (75.3%) of the respondents are first degree holder, thirty three (22%) of the respondents are second degree holder while four (2.7%) of the respondents are third degree holder. The working experience of the respondents indicated that thirty five (23.3%) of the respondents have below 5 years of working experience, seventy six (50.7%) of the respondents have between 6-10 years working experience while thirty nine (26%) of the respondents have above 10 years working experience.

5.1. Discussion of Results

Table 2: Correlation Co-efficient between Customer Orientation and Firm Competitiveness
The correlation of two variables customer orientation and firm competitiveness of selected banks in Ekiti State were analyzed using Pearson Product Moment Correlation. Data was obtained from 150 respondents. Customer orientation was segmented into three groups (customer focus, customer responsiveness and customer analysis). The results as presented in table 2 showed that for customer focus, there is significant relationship between the customer focus with firm competitiveness; also it was significant \( r(522)=0.000, p>0.05 \). Obtaining a probability of 0.000 which is less than 0.05 level of significance for a two-tailed test, the relationship between customer focus and firm competitiveness of selected banks is found significant. Therefore, we do not reject the null hypothesis and accept the alternative hypothesis. This means that customer orientation being customer focus has significant relationship with firm competitiveness.

In addition, the results as presented in table 2 showed that for customer responsiveness, there is a significant relationship between customer responsiveness with firm competitiveness; also it was found significant \( r(599)=0.000, p>0.05 \). Obtaining a probability of 0.000 which is less than 0.05 level of significance for a two-tailed test, the relationship between customer responsiveness and firm competitiveness of selected banks is significant. Therefore, we do not reject (accept) the alternate hypothesis and reject the null hypothesis. This means that customer orientation being customer responsiveness has significant relationship with firm competitiveness of selected banks in Ekiti State.

Furthermore, the results as presented in table 2 showed that for customer analysis, there is significant relationship between the customer analysis with firm competitiveness; also it was found significant \( r(598)=0.000, p>0.05 \). Obtaining a probability of 0.000 which is less than 0.05 level of significance for a two-tailed test, the relationship between customer analysis and firm competitiveness of selected banks is significant. Therefore, we do not reject (accept) the alternate hypothesis and reject the null hypothesis. This means that customer orientation being customer analysis has no relationship with firm competitiveness of selected banks in Ekiti State.

5.2. Conclusion and Recommendations
Based on the findings, it was shown that customer orientation proxies (customer focus, customer responsiveness and customer analysis) have significant relationship with firm competitiveness. Proxies measured have Positive and significant relationship with firm competitiveness. However, it was shown that customer focus, customer responsiveness and customer analysis all showed a strong and positive relationship with firm competitiveness from which customer responsiveness have the highest significant value from the hypotheses tested on firm competitiveness. The hypotheses were found to be significant thus the alternate hypotheses were accepted and while the null hypotheses were rejected. Hence it was concluded that customer orientation is positively related to firm competitiveness of selected banks in Ekiti State.

Based on the study findings, the study recommends that bank management should effectively do their market survey as to gather reliable data that has to do with the customers and concentrate on solving customer related issues based on the customer information at their disposal. Moreover, customer request, needs and complaint should be timely and accurately responded to in order to increase customer satisfaction and reduce or absolutely avoid loosing customers to competitors. Finally, bank management should strategize more on customer’s retention and prioritizing effective life time value estimation through establishing a valuable and durable relationship with customers to improve their market share and competitiveness.

References


