

The relationship of strategic orientation on organizational performance and organizational participation in Refah Bank

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Abstract: Objectives: In this study, the relation between strategic orientation and organizational performance is evaluated. Methods: Methodology of the study is survey-applied. Based on this research, eight hypotheses have been explained. The questionnaire has been distributed among 194 employees in Refah Bank to collect data. Cronbach's alpha coefficient of questionnaire is 0.901 that reliability of this questionnaire is approved. Data obtained from the questionnaires were analyzed using logistic regression. Findings: The results obtained of this study show that the strategic orientations affect organizational performance and organizational participation, and these three are positively correlated with each other.

Keywords: Strategic Orientation, Organizational Performance, Organizational Participation

Introduction

Nowadays, most manufacturing and service organizations are operating in a dynamic and complex environment, an environment that is full of competition, the development of emerging markets, uncertain environmental factors, prevalence of high technology and expanding trade, so the use of traditional resources and thinking doesn't lead to competitive advantage for the organization^{1,2}.

So, competition one hand and constant changes on the other hand face organizations with complex conditions that require long-term planning strategy. In fact, main objective of the strategies in the organization is to achieve a competitive advantage that allows organizations to compete with other competitors in this dynamic environment to achieve their goals in the long term^{3,4}.

One of the measures that the organization must do to develop strategy is to determine strategic direction. Strategic orientation is defined as a specific management perception, preparations, desires, motivations and demands to guide strategic planning and strategic development process in fact, the kind of strategic orientation is the common framework for business strategy^{5,6}.

While some studies suggest that knowledge management will lead to the development of strategic and organizational performance improvement^{7,8,9}. But other studies show that the human resources of the organization improve organizational performance².

In this regard, employees are people who are responsible for introducing new innovations to provide new services to customers based organizations, play an important role in implementing the organization's strategic orientation. This direct connection with customers, employees cause to convert the performance of the staff to a key factor effectiveness of customer service¹⁰.

So, one of the preparations for the successful implementation of strategic orientation is to select an appropriate strategic orientation and good organizational performance¹¹.

Strategic orientation

Strategic orientation is guiding principles affect on strategic decisions of organization and marketing activities. In fact, strategic orientation is a reflection of strategy approach which the organization adopted to gain competitive advantage which contributes to the proper functioning of the organization¹² and in this orientation, the development philosophy of that organization is based on a set of values and beliefs¹³.

Marketing research is primarily focused on maintaining the strategic direction of a market based on the adoption and implementation of their marketing concept. However, the strategic orientation as integral components of market orientation have been studied in various researches includes:

Innovation orientation, competitor orientation, customer orientation, entrepreneurial orientation,

employee orientation and integration costs^{13, 10}. Some researchers believe that organizations can complete strategic direction with respect to these components as well as its concern for the environment, to maximize their performance¹⁴.

Most of definitions agree that innovation is first and foremost philosophy of learning in organizations in which the organization's beliefs and certain standards that guide all activities in the field of organizational learning and knowledge¹⁵. It can be said that innovation-orientation is strategic orientation in which the outdoor and active search for new ideas and such ideas are created.

Several studies by different researchers demonstrated that innovation-orientation is the best strategy for organizations to gain competitive advantage¹⁶. Strategic customer-orientation supports the continuation of the situation in order to meet the needs of customers¹⁷. In fact, this strategy guides the organization to resolve customers' needs for an active and dynamic situation¹⁷.

Competitor orientation reflects the organization's ability to understand short term strengths and weaknesses also understand the capabilities and strengths and weaknesses in the long term. Both these strategies are important for current and future state of the organization^{18,14}. Based on this strategic direction, business unit goals, strategies, activity and supply, resources and capabilities of competitors, as well as the dissemination of information gathered are focused by these assessments¹⁹.

Finally, costs orientation represents the organization's emphasis on efficiency in all parts of the value chain that is associated with Porter leadership strategy¹⁹.

Organizational Performance

Armstrong²⁰ defined performance to achieve the goals that they set the quantity and quality and Bernadin²¹ defined performance as business results.

Roca-Puig et al²³ states that the performance of the organization indicate results that the organizations to achieve the goals. Various researchers states that although the organization can adopt different directions of the strategy, but to accomplish these objectives need to run and develop strategies for the selection, intensive training of staff, active participation, performance appraisal and motivation of the organization (to achieve the best performance of systems) by human power²⁴.

In the complex and dynamic world, enterprises to survive continuously review and improve its performance. In fact, performance evaluation is an important development tools and many working

people can provide feedback through empowerment, involvement and encouraging information sharing, and through the expected high performance. In fact, measuring organizational performance allow managers to focus on areas that need improvement²⁵.

Shih, H. A., & Chiang²⁴ measured organizational performance through market share, sales growth and return on investment (ROI) that the information is subjectively measured by responding to the questions managers and obtained by Likert scale .

Pelham²⁶ to measure organizational performance used criteria for organizational effectiveness (relative quality products, successful introduction of new products, the ability to keep the customers), share and market growth (sales, sales growth and share of the market) and profit data (return on investment and profit margin) in their studies²⁷.

First hypothesis: innovation-orientation in strategic orientation has a positive impact on organizational performance.

Second hypothesis: competitor-orientation in strategic orientation has a positive impact on organizational performance.

Third hypothesis: customer- orientation in the strategic orientation has a positive impact on organizational performance.

Fourth hypothesis: entrepreneurial - orientation in strategic orientation has a positive impact on organizational performance.

Fifth hypothesis: cost - orientation in strategic orientation has a positive impact on organizational performance.

Organizational participation

Participation means the members of the organization share in the decision-making process as well as a sense of ownership and responsibility that is generated as a result of it²⁸. Employee participation known as shared management, which means the information, knowledge, rewards and power that is shared among staff across the organization^{29,30}.

McShane et al³¹ argue that in the case of participation, some decision-making power in the hands of staff who has already been assigned to them. They believe that the participation of the individual exceeds the resources available to control and influence the decisions of the business unit and the organization³². higher participation leads to more power over decisions, processes and their results.

Employee participation in the sharing of power need to share information and knowledge as well as the staff to have an effective role in the decision-making process requires more knowledge³¹. Employee participation is done in various types of

organizations. Official participation in companies that structures and official expectations are that this type of partnership support. Informal participation is done in companies with normal or not registered activities.

Employee participation could be voluntary or mandatory. If employees participate in the program without authority or law is voluntary and if there is a government directive is mandatory. (Such as collective management rules that are different from country to country.)³³ Employee participation can also be directly or indirectly.

Direct participation is when employees personally participate in decision-making and participation through representatives means that employees choose representatives. (Such as employees of the European collective management system)^{31,32} Employee participation has the following dimensions: power, select the group and the development of capacity²⁸

Seventh hypothesis: there is a correlation between the dimensions of strategic orientation and dimensions of organizational partnership

The main hypothesis

Strategic orientation is effective on organizational performance and organizational participation.

Research methodology

Research method in this research is descriptive and correlative. This is survey research in the territory of Refah Bank in Tehran and in 2015. Sampling method is stratified random and using Morgan table 194 members of the community Refah bank employees about 1,300 people have been selected. For data collection a questionnaire was used. Questions on this questionnaire will be closed on the Likert scale was used for evaluation.

Questions in the questionnaire consisted of two parts. The first part consists of individual questions and 4 questions. The second part includes specific questions on the questionnaire that includes 27 original questions. This research questionnaire model is in this model¹⁴, strategic direction includes 6 items (innovation- orientation: 3 questions, cost-orientation: 3 questions, competitor orientation: 5 questions, customer- orientation: 3 questions, entrepreneurial orientation: 4 questions and employee- orientation: 3 questions.

Organizational performance (6 questions) are examined based on Pelham model and at the end of the seven-part scale participation were measured by organizations designed based on a questionnaire survey was used. To check the reliability and stability of internal questionnaires, Cronbach's alpha coefficient was used to assess the reliability of the technique and

the Cronbach's alpha coefficient was 0.901, the questionnaire has good reliability.

Conducting practical research between dependent and independent variables and the severity of the factor loadings and correlations among the variables using regression coefficients, respectively, at the same time requires the application of factor analysis and multivariate statistical techniques. Structural equation modeling indicates that all of the above analysis is known to hide or practical modeling³⁵. All analysis of this study was performed using SPSS software.

Based on calculation results showed that the Cronbach's alpha for all structures is higher than 0.70, which indicates the validity and interpretation of adequate and equitable response variable related to each structure.

Analyze

Statistical description for participants is shown in the following table (1).

As can be seen in the table (1), the average age of the Refah bank employees is 34 years while the average highest percentage of employees (approximately 87%) had BA and MA degree. It can also be noted that most of the staff have work experience of more than 10 year.

In the second part of the analysis of the results of the factor analysis to investigate the significance of the relationship between the indicators and operating at a significance level of 0.01 in the table presented Table 2.

Since the structural equations, standard value for each factor represents the factor loadings on the latent variable. Therefore, the corresponding value of their contribution to the measured variables showed statistically significant;

Item is significantly lower than the 0.01 significance level for them as well as the load factor is greater than 0.5. Results of factor analysis showed good fitness measurement models and the significance of each variable are approved. Factor analysis was also seen in the attached table that shows that 6 basic items (related to the orientation of the innovation strategy orientation and cost-orientation) the most important items of the staff in the strategic direction of the organization.

Question: Are the dimensions of Tehran Province strategic orientation and organizational performance in the Refah bank are related?

Correlation coefficient Dimensions "strategic orientation" with" organizational performance" showed in the Table (3)

In the table (3), correlation between each dimension of the strategic orientation as the

independent variable and performance as the dependent variable is shown. As can be seen, organizational performance correlated with entrepreneurial orientation of organizations with a 0.674 average. Also in the above table can be seen that all aspects of strategic orientation and organizational performance are positively correlated.

Question: Are the dimensions of strategic direction and organizational participation dimensions of the Refah Bank Tehran Province are related?

The correlation coefficient Dimensions "strategic orientation" with "organizational participation" showed in table (4).

As can be seen in the table (4), dimensions of strategic orientation and organizational participation are

correlated and authority has correlation coefficient of 0.042 as the highest correlation with cost- orientation.

The main question: whether the strategic orientation and organizational performance are correlated to organizational participation?

Table (5) showed that strategic orientation and organizational performance are correlated to organizational participation.

According to table (5), correlation, square of coefficient or coefficient of determination is shown so that the correlation between variables is 0.724 and at relatively high levels. Also coefficient of determination indicates that the 0.524 percent of the dependent variable component of employee performance and contributions of employees covered by the independent variable.

Table 1. Statistical description for participant

Row	Variable		Number	Percent
1	Gender	Men	91	46.9%
		Women	102	52.6%
2	Age	Average	187	34.8%
3	Education	Diploma	10	5.2%
		Associate degree	15	7.7%
		BA	91	46.9%
		MA and PhD	78	40.2%
4	Work experience	Lower 5 years	37	19.1%
		5 to 10 years	66	34%
		10 years and more	87	44.8%
5	Marriage status	Single	63	32.5%
		Married	129	66.5%

Table 2. factor analysis to investigate the significance of the relationship between the indicators and operating

Factorial load	Item	Variable	Factorial load	Item	Variable
0.755	15	Entrepreneurial orientation	0.618	1	innovation orientation
0.546	16		0.723	2	
0.552	17		0.545	3	
0.646	18				
0.559	19	Employee orientation	0.675	4	cost -orientation
0.570	20		0.553	5	
0.657	21		0.749	6	
0.612	22	Performance	0.742	7	competitor orientation
0.553	23		0.512	8	
0.646	24		0.598	9	
0.659	25		0.770	10	
0.682	26		0.679	11	
0.655	27		0.619	12	
0.853	28	Organizational participation	0.727	13	Customer orientation
0.848	29				
0.806	30				

Table 3. The correlation coefficient Dimensions "strategic orientation" with "organizational performance"

Performance	Employee - orientation	Entrepreneurial -orientation	Customer - orientation	Competitor-orientation	Cost - orientation	Innovation-orientation	
				1	0.328	0.225	Competitor-orientation
			1	0.515	0.426	0.493	customer-orientation
		1	0.509	0.494	0.370	0.364	Entrepreneurial -orientation
	1	0.678**	0.451	0.506	0.399	0.336	employees-orientation
1	0.594	0.679***	0.410	0.439	0.304	0.146	performance

Table 4. The correlation coefficient Dimensions "strategic orientation" with "organizational participation"

Developing capacities	Group selection	Authority	Employee - orientation	Entrepreneurial - orientation	Customer - orientation	Competitor-orientation	Cost - orientation	Innovation-orientation	
								1	Innovation-orientation
							1	0.496	Cost - orientation
						1	0.328	0.225	Competitor-orientation
					1	0.515	0.426	0.493	Customer - orientation
				1	0.678**	0.494	0.370	0.364	Entrepreneurial - orientation
			1	0.594	0.679***	0.506	0.399	0.336	Employee - orientation
		1	0.037***	0.026	0.030	0.010	0.042	0.006	Authority
	1	0.770	0.028	0.016	0.006	0.022	0.024	0.008	Group selection
1	0.678	0.696	0.003	0.027	0.003	0.012	0.32	0.035	Developing capacities

Table 5. Correlation between strategic orientation and organizational performance to organizational participation

Estimated standard error	F Change	Square of modified coefficient	Square correlation of coefficient	Correlation coefficient
0.498	22.463	0.500	0.524	0.724

Conclusion

In this study, we investigated the effect of strategic orientation on organizational performance and participation, and the effect of strategic orientation on organizational performance and the impact of these variables on organizational participation directly examined. Results obtained show that use of entrepreneurship-orientation strategies and employee-orientation at Refah bank play important role in

improving bank performance, as well as employee-orientation variable most related to give away³⁶.

The results obtained with the results of other studies and is compatible Teo Dusio et al¹⁴. In above research suggests that there is a positive correlation between innovation-orientation and enterprise performance also results in this study is consistent with their research. In fact emphasizing the trend of innovation in a service organization such as a bank can create an environment in which Bank staff feel freer to

express their innovative ideas. It can be noted due to the positive correlation with this analysis.

Also competing effects activism on organizational performance, the results show a positive correlation can be obtained as a result above competition in the banking industry, in fact due to the competitive environment in the industry, banks are forced to carefully examine the actions and reactions of competitors and to achieve the highest performance, employee customers and satisfaction.

Select the effect of cost-orientation strategy on organizational performance results show positive and low correlation between these two variables with each other. At the same time these results with the results of research Teo Dusio et al¹⁴ is inconsistent. In fact, these results can be analyzed so that by choosing this strategy by the (bank), this strategy leading to overt and covert aspects of customers' needs.

So with this strategy, the bank managed to increase their performance and also the development of value-added products and services¹⁹. It is noteworthy that this study, like other studies faced with some restrictions. The first limitation is the possible bias because people respond to the collection of data through questionnaires filled by people informed. Since this study was conducted in Tehran Refah Banks may therefore be analyzed for the different results.

Although the results of this research can help managers to the importance of strategic orientation on organizational performance, but seems to understand better about how they can do this need to be more research. Hence it is suggested that future studies on the role of strategic orientation on organizational performance to run and operate it.

Suggestions

Present study can help to Refah bank managers in the development and implementation of strategic orientations and applications. According to the results of the research, more attention to employees and their level of participation in the organization can affect performance. So it is recommended that managers to be more involvement of people. However due the limitations of this research and its results and the results of previous research in this area is suggested that further research be conducted in the following areas:

The effect of co-ordination between strategic orientation and organizational behavior
Use other financial and non-financial indicators to determine the type of performance
The effect of coordinating between strategic orientation and financial strategies

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