

Studying the Effective Factors on Failure of Sepehr Benefit Plan of Bank Saderat (Case Study: Bank Saderat in Isfahan Province)

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Abstract

Today, the business world has become a dynamic and competitive environment and different organizations are faced with the challenge of market share increase and finding new ways to attract and maintain the customers. In recent years, banks and financial institutions have tried to attract customers' attention via offering different services and besides offering services to customers, they use these plans as a tool to achieve competitive advantages. The current study was carried out to explore the effective factors on failure of Sepehr benefit plan of Bank Saderat. It was conducted using descriptive-field method. The statistical population included all employees of Bank Saderat in Isfahan Province who have been participated in marketing of Sepehr benefit plan in 2014 (N=56). Questionnaire was tool of data collection which contained 46 questions based on the Likert scale. The reliability coefficient using Cronbach's alpha coefficient was obtained equal to 0.762 and data analysis was performed by means of SPSS 21 software. The obtained results disclosed that factors of fees deduction known as "advertising cost" and not adhering of the executive company (Zagros) to its obligations with regard to acceptors of the plan, incompatibility of the community's culture with not bargaining and systematic discount among the intra-organizational factors are effective on the plan's failure. Among the extra-organizational factors, misuse of recipients of the plan and not adhering to their

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obligations are effective on the plan's failure and there is a significant relationship among these variables and Sepehr benefit plan failure.

Key words: Sepehr Benefit Plan, Bank Saderat, Intra-organizational Factors, Extra-organizational Factors

1. Introduction

Transition of industrial economics and destruction of geographical boundaries for business and thus intensification of competition have been led to consider customers as the basic element and major axis of banking activities. Organizations have found out that retaining the current customers is cheaper than attracting the new customers and the best way to retain customers is to attract their satisfaction. Also, studies reveal that customer satisfaction can be resulted in brand credibility and profitability of the firm.

Banks are one of the firms and enterprises which offer services and their role and importance in economics and development are known to all. They have to know that how they can offer high quality services to maintain a long-term relation mingled with customer satisfaction (Venous & Safaeian, 2006).

Undoubtedly, it can be stated that customers are more important for banks and financial institutions than other firms, because not only the major capital and financial resources of banks are supplied via customers' investments but also customers are purchasers of all banking services. Therefore, customers guarantee the survival of banks (Hassani, 2009).

The interpretation of customer at present is totally different from the past, that is, the customer is no longer the mere purchaser of goods or services; rather he/she is an active and influential member in all commercial activities. Therefore, having a modern strategy, paying attention to important points in making, maintaining and developing relations with customers and trying to attract their satisfaction in all steps enhance efficiency of a firm towards fulfillment of customer-oriented purposes and there will be loyal customers in long-term. The terms *customer* and *customer satisfaction* in service organizations especially banks are very important due to total dependence on customers for survival. Offering various bank services to retain the existing customers and attract the new ones and finally gaining a higher share of the competitive banking market illustrate this importance. Losing just one customer in the highly competitive financial services market will have heavy expenses for banks and financial institutions and huge investments of the firms for diversity in productions and services, quality improvement, and

offering favorable services are important more than anything else. All these are intended to attract the current customers' satisfaction and prevent decline of the new customers (Rashidi, 2003).

Bank Saderat as one of the biggest banks in Iran offered Sepehr benefit plan to retain and attract the customers. In this plan, Sepehr card holders of Bank Saderat enjoyed discount when they purchased from the shops that were members of this plan. Despite high expenses, unfortunately customers did not welcome the plan and it failed. Therefore, the current survey explored the effective factors on failure of Sepehr benefit plan of Bank Saderat in Isfahan province.

2. Research purposes

1. Identification of the effective factors on failure of Sepehr benefit plan of Bank Saderat

Research questions

1. Which internal factors of Sepehr benefit plan are effective on its failure?
2. Which external factors of Sepehr benefit plan are effective on its failure?

3. Methodology

This survey was conducted using descriptive-field method. The statistical population included all personnel of Bank Saderat in Isfahan province in 2014 who have marketed Sepehr benefit plan. Among them, 70 persons were selected randomly and ultimately 66 questionnaires were utilized for analysis. One part of the required data was collected by means of historical study and questionnaire was used for field studies. The questionnaire contained 37 questions based on five-option Likert scale. Reliability coefficient was calculated equal to 0.79 using Cronbach's alpha coefficient and data analysis was carried out via SPSS21 software.

4. Research background

The results obtained from some studies which have been conducted to propose a conceptual model in order to explain the process of quality-satisfaction-loyalty in banking industry indicate the direct effect of mental image of bank chain on mental image of bank and loyalty. Mental image of bank has a direct effect on customer satisfaction; service quality has a direct effect on satisfaction and mental image of bank chain. On the other hand, service diversity has a significant effect on mental images of bank and bank chain (Taleghani & Sadraee, 2009).

Also, results of another study that was conducted to explore the role of quality of service offering in customer satisfaction and retention in Bank Tejarat in Tehran province showed that specialty and employees' dominance regarding their tasks, and behavior are effective on customers' retention and attraction in Bank Tejarat (Boluri, 2012).

Results of a study that investigated the effect of customers' long-term relations with bank and their satisfaction showed that customers' confidence in the bank has a significant effect on their satisfaction (Molina et al., 2007). In a study entitled "customer relationship management in banking sector and proposing a model to improve banking performance", the results indicated that the role of customer relationship management in banking sector and its need to increase customer value is possible via some analytical methods in applied plans (Ebrahim et al., 2009).

Similarly, results of a research entitled "measuring the effectiveness of customer relationship management in retail banks in India" revealed that relation with customers is one of the success factors in some banks. Besides, it explored the problems related to the changeable banking industry in India and the challenges (Bolaji et al., 2012).

5. Research literature

All firms look for attracting customer and increasing his/her satisfaction. This is especially important for banks that permanently deal with customers. On the other hand, competition among the banks, financial institutions and other forms of attracting monetary resources is increasing; hence, creating a competitive advantage for banks seems essential. Modern banking services that are closely associated with the information and communications technology are very important in creating competitive advantage for banks and attracting customers and their satisfaction (Alimohammadi, 2003, p. 34). Various plans that the banks define and create to attract customers and offer services to them are one of the modern banking services. Bank Saderat as one of the prominent and pioneer private banks in offering banking services tried to retain and attract customers by presenting several plans. Sepehr benefit plan was one of the most important plans of Bank Saderat. Major core of this plan was focused on organizing a suitable system among economic activists of the supply side including tradesmen, shopkeepers and business units (manufacturing, distribution, and service) from one side and consumers of their products from the other side by giving discount to Sepehr card holders of Bank Saderat. The product and service supplier stimulates the consumer to purchase more by adopting the reduced price policy. Despite

the planning and predictions, unfortunately Sepehr benefit plan was not welcomed by customers and sellers and this was led to failure of the plan. The effective factors on failure of Sepehr benefit plan can be classified into two groups generally: 1- intra-organizational factors and 2- extra-organizational factors. These factors will be explained briefly in the following.

A. Intra-organizational factors

Certainly, there are many factors and causes involved in success or failure of any plan. Factors such as ignoring price elasticity of demand by planners, fees deduction referred to as "advertising cost", and lack of market research (marketing research) before operationalization of the plan are mentioned as the most important intra-organizational factors related to the failure of Sepehr benefit plan.

Price elasticity

Price elasticity of demand is a parameter to explain consumers' behavior against different products in terms of degree of priority in consumer's viewpoint (Fergossen, 1983). Acceptors of Sepehr benefit plan did not observe increased number of customers in lieu of the discount offered, use of POS terminals was gradually declined and customers preferred to take discount in shops via traditional bargaining and thus Sepehr benefit plan was no longer used.

Deduction of fees as advertising costs

Deduction of fees as advertising costs decreases attraction of the plan in viewpoint of the plan acceptors. Sellers have to pay fees as soon as they sell a product before they observe the increased number of their customers (due to accepting the plan) and this reduces their enthusiasm psychologically (Venous, 2004). Having observed the activity of the new software and deduction of fees at the beginning, some sellers acknowledged that they had not read the contents of the agreement for Sepehr benefit plan when signing it and the marketers did not explained them clearly and hence, they wanted to decline. Some others tried to use other POS terminals as much as possible.

Lack of market research (marketing research)

Marketing research is collecting, analyzing, and presenting the data and findings systematically about a special marketing situation (Kotler, 1996). Most addresses of Sepehr benefit plan were the low-income and moderate classes who were generally middle-aged and older. This group was not familiar much with the Internet and searching websites. Thus, the only tangible advertising

for sellers who accepted this plan was its logo in their shop as well as TV advertising which introduced the plan briefly to people.

B. Extra-organizational factors

Several extra-organizational factors were effective on failure of Sepehr benefit plan. Incompatibility of the community culture with systematic discount, nonprofessional marketing of Bank Saderat personnel, exaggerated advertising, misuse of the acceptors of the plan, and not accepting the plan by shops can be mentioned as the most important extra-organizational factors.

Incompatibility of the community culture with systematic discount

The major characteristic of Sepehr benefit plan was planning to offer systematic discounts to customers. In this way, they enjoyed a discount when they purchased from the member shops and used their bank card. Given that most people wanted to bargain and gain direct discount, this was not so effective on attracting the customers.

Nonprofessional marketing of Bank Saderat personnel

Since marketing is regarded as a vital obligation for businesses at present, firms try to sell their products and services via market recognition and offering applied solutions presented by experts of marketing. In this plan, however, it was tried to employ the bank personnel for marketing and this can be studied and criticized from several aspects. Lack of specialized knowledge and skill of the bank personnel in marketing, inability of the personnel in this regard as well as work interference and lack of an obligation for accurate execution of the plan by employees are the deficiencies in this regard.

Misuse of the acceptors of the plan and not adhering to implement the plan

Because of lack of necessary predictions, some acceptors of the plan had accepted it nominally and just for using the advantages and possibilities provided by the bank. They did not practically try to implement and develop the plan and this brought about several problems in Sepehr benefit plan establishment.

Testing the research questions

Normal distribution test

In order to test the hypotheses, normality of distribution of the collected data should first be determined. This was measured via Kolmogoroff-Smirnoff test. The obtained results are shown in Table 1.

Table 1. Results of Kolmogoroff-Smirnoff test by assuming normal distribution of the statistical population (comparing distribution of scores of research variables with normal distribution)

Variable	Significance value
The effective factors on failure of Sepehr benefit plan of Bank Saderat	0.21

Given to the results in the above table, significance of the dependent variable (Sepehr benefit plan failure) is greater than 0.05 and it means that this variable has normal distribution.

Regression test

Regression test was used for testing the hypotheses and determining which one of the independent variables is effective on failure of Sepehr benefit plan of Bank Saderat. First, validity of the collected data was confirmed in the regression model. Value of Durbin-Watson test statistic for the regression model is almost equal to 2 and ensures the researcher that the data has the adequate validity. Given that VIF value for research variables is less than 10 and Tolerance is less than 1, validity of the regression test is equal to 0.000 and less than 0.05. Therefore, the regression relation is possible and it can be stated that at least there is a significant relationship between one of the independent variables and the dependent variable of failure of Sepehr benefit plan. Now considering the values of test validity in the below table, decisions can be made. The results demonstrate that among nine independent variables only six variables explain the dependent variable. Also R^2 is close to 0.178 and it means that the variables inserted in the equation have explained 0.178 of variance of changes related to failure of Sepehr benefit plan of Bank Saderat. Given that the test validity shows a regression relation, this relation is acceptable.

Table 2. Results of regression analysis test about the effective factors on failure of Sepehr benefit plan of Bank Saderat

Variables inserted in the regression equation (independent variables)	Fees deduction refereed to as "advertising cost", lack of market research before operationalization, not adhering of the executive company (Zagros) to its obligations, incompatibility of the community culture with not bargaining and systematic discount, misuse of the acceptors of the plan and not adhering to their obligations, nonprofessional marketing, not accepting the plan by large shops
Dependent variable	Failure of Sepehr benefit plan of Bank Saderat
Multiple correlation coefficient	R=0.411
Coefficient of determination	R = 0.178
Standard error	S.E= .49
Variance analysis	ANOVA = 10.11
Durbin-Watson	D-W = 1,98
Significance level	Sig =0.000

Now in order to see which variables exist in the regression model, it is referred to the following table in which values of the regression coefficient for each variable are shown.

Table 3. Regression test among the variables effective on failure of Sepehr benefit plan of Bank Saderat

Model	Coefficient	Standard deviation coefficient	Standardized coefficients	Test statistic	Test validity
Constant	1.11	2.254		3.87	0.389
Fees deduction refereed to as "advertising cost"	0.226	0.168	0.269	0.110	0.029
Not adhering of the executive company (Zagros) to its obligations	0.374	0.295	0.054	0.162	0.048
Incompatibility of the community culture with not bargaining and systematic discount	0.279	0.166	0.549	2.149	0.026
Nonprofessional marketing by the bank personnel	0.117	0.115	0.98	0.223	0.173
Misuse of the acceptors of the plan	0.161	0.072	0.183	2.229	0.033
Not accepting of the plan by shops which have a good market	0.014	0.071	0.017	0.201	0.841

Given to the results of the above table, fees deduction refereed to as "advertising cost", not adhering of the executive company (Zagros) to its obligations with regard to acceptors of the plan, and incompatibility of the community culture with not bargaining and systematic discount

are effective on the plan's failure and there is a significant relationship among these variables and failure of Sepehr benefit plan of Bank Saderat.

Also among the extra-organizational factors, misuse of the acceptors of the plan and not adhering to their obligations are effective on the plan's failure and there is a significant relationship among these variables and failure of Sepehr benefit plan of Bank Saderat.

Other findings of the survey

Prioritization of the effective factors on failure of Sepehr benefit plan

Friedman test was used to determine the importance of the above-mentioned factors and rank them.

Table 4. Friedman test for ranking the effective factors on failure of Sepehr benefit plan

		Mean rank
1	Incompatibility of the community culture with not bargaining and systematic discount	7.42
2	Nonprofessional marketing of Bank Saderat personnel	6.80
3	Misuse of the acceptors of the plan and not adhering to their obligations	5.26
4	Fees deduction refereed to as "advertising cost"	4.67
5	Not adhering of the executive company (Zagros) to its obligations with regard to accepters of the plan	3.12

Since significance level of Friedman test is equal to 0.000 for the effective factors on failure of Sepehr benefit plan of Bank Saderat, there is a significant difference and importance degree of factors is different. The effective factors on failure of Sepehr benefit plan of Bank Saderat in terms of prioritization are as follows: incompatibility of the community culture with not bargaining and systematic discount, nonprofessional marketing of the bank personnel, misuse of the plan's acceptors and not adhering to their obligations, fees deduction refereed to as "advertising cost", not adhering of the executive company (Zagros) to its obligations with regard to accepters of the plan, and not accepting the plan by shops which have a good market.

Discussion and conclusion

Classification of market share among different banks has been exposed to several changes due to the transition of traditional banking and simultaneously the presence of newly-established private banks in the banking network in Iran. The new banks which had started their process of bank marketing academically put themselves forward soon as major competitors for older banks. Thus, the competition arena in the banking industry entered a new phase. Different banks presented plans in order to be successful in this regard and the then management of Bank Saderat in 2010 followed the product diversity policy and proposed new plans by help of its counselors. Sepehr benefit plan was one of such plans. The current study explored the effective factors on failure of Sepehr benefit plan of Bank Saderat in Isfahan province. The effective factors on failure of Sepehr benefit plan were classified into two groups of intra-organizational factors and extra-organizational factors. Then the collected data were analyzed by means of statistical tests. Results of the study disclosed that fees deduction referred to as "advertising cost", not adhering of the executive company (Zagros) to its obligations with regard to accepters of the plan, incompatibility of the community culture with not bargaining and systematic discount are effective on the plan's failure. Moreover, among the extra-organizational factors, misuse of the acceptors of the plan and not adhering to their obligations is the effective factor on the plan's failure. There is a significant relationship among these variables and failure of Sepehr benefit plan of Bank Saderat.

Given to the findings, the following applied suggestions are proposed:

- 1- One of the effective factors on failure of Sepehr benefit plan was incompatibility of the community culture with not bargaining and systematic discount that shows the important relationship among the cultural and social factors in efficiency of tasks. Therefore, it is suggested to the managers to pay attention to cultural, social and political factors where the plans are implemented and addresses of any plan before executive planning.
- 2- Misuse of the acceptors of the plan and not adhering to their obligations were other effective factors on failure of Sepehr benefit plan. Because methods of receiving feedback and controlling the plan acceptors were not predicted, the acceptors who were the operational executives of the plan had no obligation to implement it and thus they did not attempt to establish this plan successfully. Therefore, it is suggested to consider

appropriate tools and methods of receiving feedback to control and improve the execution of plans.

- 3- Fees deduction referred to as "advertising cost" is another factor. Sellers believed that the volume of advertising for their shop was less than the amount of deduced fee; thus lack of prediction for financing the plan was led to their unwillingness in implementation of Sepehr benefit plan. So it is suggested to managers to consider this point in their planning for future plans and use better methods such as financial sponsor.
- 4- Not adhering of the executive company (Zagros) to its obligations was one of the effective factors on failure of Sepehr benefit plan. The sponsoring company undertook to implement suitable advertising to introduce the plan to customers but it did not presented any extensive and influential advertising. As a result, it is suggested to ensure the competency and capability of the sponsoring companies before concluding an agreement and the essential policies and control tools should be considered for better supervision. Also, using two or more sponsoring companies can be led to competition and enhancement of the qualitative and quantitative level of the offered services.

Given to the results of the survey, the following points are suggested to future researchers:

- 1- studying the effective factors on success of banking plans in public and private banks
- 2- studying the relationship between advertising and using the bank plans by customers
- 3- studying the relationship between customer relationship management and success of bank plans
- 4- studying the relationship between employees' capability and quality of customer relationship management in banking network

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