An Investigation into the Effect of Organizational Factors and Customers’ Motivation on Business Performance of Eghtesad-e-Novin Bank

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Abstract

The present study investigates the influence of organizational factors and customers’ motivation on business performance of Eghtesad-e-Novin Bank. The method applied in the study is a descriptive and correlational one. The study population consisted of all senior managers, marketing managers, employees and experts in Eghtesad-e-Novin Bank. Using Cochran's formula, the sample size was determined as 207 ones and simple random sampling technique was used as the sampling method in the current research. The data were collected by library and field methods and the instrument used was a questionnaire. Running Cronbach's alpha coefficient, the reliability of the questionnaire was obtained as 0.766 and the validity was confirmed using content validity. All research data were analyzed using LISREL software as well as descriptive and inferential statistic tests. The results of this study suggested that the impact of organizational factors (innovation in services, risk taking, human resources, financial resources, organizational structure and trust) on business performance of Eghtesad-e-Novin Bank is not significant. In addition, the results showed that the effect of the variables of information structure and customer needs on business performance of Eghtesad-e-Novin Bank is not significant.

Keywords: organizational factors, customers’ motivation, business performance.
1. Introduction
In today's world, scientific and technological change is considerably accelerating. To keep up with such changes, countries try to provide their field of growth and development by investing in organizational structure and the development of communication with customers who are associated with these changes (Abzari et al., 2009). Increasing the capabilities of organizational factors commensurate with the importance of customer orientation to improve competitive situation is considered as a strategic direction in order to survive and save vital part of the company's competitive advantage (Kuban, 2012). So the complexity of the environment in the field of business competition and the increase in customers’ expectations has revealed the need for awareness of the strengths and weaknesses of the organization, paying attention to risk-taking and continuous improvement of business performance beforehand. In this regard, organizational factors, assessment and improvement of customers’ motivation are considered as proper instruments to improve business performance. (Chen, 2007).

Organizational literature suggests that improvement of business performance requires an organizational structure, information systems, dynamic human and financial resources and innovation in services and style of management to become a special strategy of the enterprise. These organizational factors are a model in the process of decisions and activities whose main characteristic is the relationship between organization and its environment and is a decisive factor in achieving organizational objectives. In addition, relying on customers’ motivation factors (trust and enough motivation), it is a way to improve sales volume, market share, cash flow, return on capital, dividends, and market value of companies ans service institutions (Gounaris, 2010).

However, it is obvious that judgments about the role that organizational factors and customers’ motivation and the customers of banking services can play to improve the business performance of Eghtesad-e-Novin Bank requires a lot of theoretical and empirical study. In total, there is a dearth of research on the above-mentioned issue. Therefore, understanding the important organizational factors listed along with the continuous improvement of customer relations in order to motivate them has a significant effect on successful business performance and achievement of banks and at a broader level, the proper match of the two can be tailored to a thriving business performance of the bank. Accordingly, the present study seeks to answer the question whether organizational factors and customers’ motivation have a significant and positive impact on the business performance of Eghtesad-e-Novin Bank or not.
2. Conceptual model of the study

Organizational factors

Innovation in service
Risk taking
Human resources
Financial resources
Information systems

Customers’ motivation

Need
Trust

Business performance

Figure 1: Conceptual model of Augusto, Ricardo (2015)

3. Research hypotheses

1- Organizational factors have a positive effect on the business performance of Eghtesad-e-Novin Bank.
2- Customers’ motivation has a positive effect on the business performance of Eghtesad-e-Novin Bank.
3- Innovation in service has a positive effect on the business performance of Eghtesad-e-Novin Bank.
4- Risk taking has a positive effect on the business performance of Eghtesad-e-Novin Bank.
5- Human resources have a positive effect on the business performance of Eghtesad-e-Novin Bank.
6- Financial resources have a positive effect on the business performance of Eghtesad-e-Novin Bank.
7- Information systems have a positive effect on the business performance of Eghtesad-e-Novin Bank.
8- Organizational structure has a positive effect on the business performance of Eghtesad-e-Novin Bank.
9- Customers’ need (necessary to motivate) has a positive effect on the business performance of Eghtesad-e-Novin Bank.
10- Customers’ trust has a positive effect on the business performance of Eghtesad-e-Novin Bank.

4. Methodology

This is a applied study in terms of the objective and descriptive and correlational in terms of the method for data collection. The study population consisted of all senior managers, marketing managers, employees and experts in Eghtesad-e-Novin Bank that were 207 ones. Therefore, using Cochran formula, the sample size was determined as 207 people and using simple random sampling technique, questionnaires were distributed among members of the sample. In this study, in order to ensure the reliability of the questionnaire and measure it, Cronbach's alpha coefficient and composite reliability was used. The results of the tests confirmed the reliability of the questionnaire. Also, to collect data, library research and field study (questionnaire) was used.
To analyze the data, structural equation modeling (SEM) technique and LISREL software were used.

5. Data analysis

Reliability

In this study, to determine the reliability of the questionnaire, Cronbach's alpha and composite reliability were used. The results are given in Table 1 below.

Table 1: Cronbach's alpha coefficient and composite reliability of the variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s alpha</th>
<th>Composite reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation in services</td>
<td>0.814</td>
<td>0.842</td>
</tr>
<tr>
<td>Risk taking (risk)</td>
<td>0.795</td>
<td>0.799</td>
</tr>
<tr>
<td>Human resources</td>
<td>0.709</td>
<td>0.753</td>
</tr>
<tr>
<td>Financial resources</td>
<td>0.709</td>
<td>0.769</td>
</tr>
<tr>
<td>Information systems</td>
<td>0.832</td>
<td>0.868</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>0.830</td>
<td>0.723</td>
</tr>
<tr>
<td>Customers’ needs</td>
<td>0.721</td>
<td>0.834</td>
</tr>
<tr>
<td>Trust</td>
<td>0.745</td>
<td>0.714</td>
</tr>
<tr>
<td>Business performance</td>
<td>0.702</td>
<td>0.688</td>
</tr>
</tbody>
</table>

Given that the right amount of Cronbach's alpha is 0.7 (Cronbach, 1951) and the appropriate amount of composite reliability is 0.7 too (Nanly, 1978) and according to the findings of Table 1, the value obtained for all variables are greater than 0.7 or close to this number, we can say that the overall reliability is good.

Validity

In this study, convergent validity (criterion AVE) was used to test the validity of the questionnaire. To study the convergent validity, average variance extracted was used. The average variance extracted for each of the study variables is given in Table 2.

Table 2. The average variance extracted (AVE) of the study variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Average variance extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation in services</td>
<td>0.845</td>
</tr>
<tr>
<td>Risk taking (risk)</td>
<td>0.653</td>
</tr>
<tr>
<td>Human resources</td>
<td>0.660</td>
</tr>
<tr>
<td>Financial resources</td>
<td>0.609</td>
</tr>
<tr>
<td>Information systems</td>
<td>0.647</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>0.567</td>
</tr>
<tr>
<td>Customers’ needs</td>
<td>0.689</td>
</tr>
<tr>
<td>Trust</td>
<td>0.659</td>
</tr>
<tr>
<td>Business performance</td>
<td>0.635</td>
</tr>
</tbody>
</table>

Given that the right amount of AVE is 0.5 (Fornell and Larcker, 1981) and according to the findings of Table 3, the value obtained for all variables is greater than 0.5. So it can be said that the convergent validity is good.
Normal distribution of the variables

Before we examine the relationships between variables, it is necessary to examine the normality of variables. One way to verify the claims about the normal distribution of the variables is the use of Kolmogorov-Smirnov test. The results of this test are presented in the table below.

Are the variables designed are normally distributed?

Null hypothesis: variables are normally distributed.

Hypothesis one: variables are not normally distributed.

Table 3: normal distribution of the variables

<table>
<thead>
<tr>
<th>Components</th>
<th>Kolmogorov-Smirnov</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation in services</td>
<td>0.809</td>
<td>0.121</td>
</tr>
<tr>
<td>Risk taking (risk)</td>
<td>0.660</td>
<td>0.880</td>
</tr>
<tr>
<td>Human resources</td>
<td>1.512</td>
<td>0.193</td>
</tr>
<tr>
<td>Financial resources</td>
<td>1.822</td>
<td>0.681</td>
</tr>
<tr>
<td>Information systems</td>
<td>1.995</td>
<td>0.051</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>1.643</td>
<td>0.09</td>
</tr>
<tr>
<td>Customers’ needs</td>
<td>0.539</td>
<td>0.221</td>
</tr>
<tr>
<td>Trust</td>
<td>0.718</td>
<td>0.0612</td>
</tr>
<tr>
<td>Business performance</td>
<td>0.745</td>
<td>0.159</td>
</tr>
</tbody>
</table>

Test distribution is Normal.

The results of this test indicated that the level of significance of a number of variables is greater than 0.05. It should also be noted that SPSS software detected the results of this questionnaire as normal according to the Central Limit Theorem; therefore, the null hypothesis i.e. the normality of the variables is confirmed.

Goodness of fit index of the structural model

Table 4 shows the goodness of fit indices of the structural model.

Table 4: Goodness of fit indices of the structural model

<table>
<thead>
<tr>
<th>Fit index</th>
<th>Desired value</th>
<th>Value of the model</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2/df$</td>
<td>&lt;3/00</td>
<td>1.6</td>
<td>Good fit</td>
</tr>
<tr>
<td>GFI (Goodness of Fit Index)</td>
<td>&gt;0/90</td>
<td>0/91</td>
<td>Good fit</td>
</tr>
<tr>
<td>AGFI (Adjusted Goodness of Fit Index)</td>
<td>&gt;0/90</td>
<td>0/95</td>
<td>Good fit</td>
</tr>
<tr>
<td>RMR (Root Mean square Residual)</td>
<td>&lt;0/05</td>
<td>0/011</td>
<td>Good fit</td>
</tr>
<tr>
<td>NFI (Normed Fit Index)</td>
<td>&gt;0/90</td>
<td>0/91</td>
<td>Good fit</td>
</tr>
<tr>
<td>NNFI (Non-Normed Fit Index)</td>
<td>&gt;0/90</td>
<td>0/95</td>
<td>Good fit</td>
</tr>
<tr>
<td>IFI (Incremental Fit Index)</td>
<td>&gt;0/90</td>
<td>0/95</td>
<td>Good fit</td>
</tr>
<tr>
<td>CFI (Comparative Fit Index)</td>
<td>&gt;0/90</td>
<td>0/91</td>
<td>Good fit</td>
</tr>
<tr>
<td>RMSEA (Root Mean Square Error of Approximation)</td>
<td>&lt;0/08</td>
<td>0/062</td>
<td>Good fit</td>
</tr>
</tbody>
</table>

The resulting values for the variables of the model show that most models have suitable conditions. Since most indicators show good fit, it can be said that the model fit is very good.
6. Findings
Table 5 and Figure 2 show significant coefficients and the results of testing the hypotheses in a nutshell.

Table 5: The results of the primary and secondary hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Standard</th>
<th>Significance</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational factors have a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.55</td>
<td>5.11</td>
<td>Conformed</td>
</tr>
<tr>
<td>Customers’ motivation has a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.72</td>
<td>10.20</td>
<td>Conformed</td>
</tr>
<tr>
<td>Innovation in service has a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.81</td>
<td>6.54</td>
<td>Conformed</td>
</tr>
<tr>
<td>Risk taking has a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.55</td>
<td>3.39</td>
<td>Conformed</td>
</tr>
<tr>
<td>Human resources has a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.46</td>
<td>5.87</td>
<td>Conformed</td>
</tr>
<tr>
<td>Financial resources have a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.52</td>
<td>8.45</td>
<td>Conformed</td>
</tr>
<tr>
<td>Information systems have a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.37</td>
<td>0.59</td>
<td>Rejected</td>
</tr>
<tr>
<td>Organizational structure has a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.51</td>
<td>4.55</td>
<td>Conformed</td>
</tr>
<tr>
<td>Customers’ need (necessary to motivate) has a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.23</td>
<td>0.77</td>
<td>Rejected</td>
</tr>
<tr>
<td>Customers’ trust has a positive effect on the business performance of Eghtesad-e-Novin Bank.</td>
<td>0.54</td>
<td>7.32</td>
<td>Conformed</td>
</tr>
</tbody>
</table>

Figure 2: Measuring general model of the hypothesis using factor analysis in significant state

7. Discussion and conclusion
Hypothesis 1: Organizational factors have a positive effect on the business performance of Eghtesad-e-Novin Bank.
Statistical analysis between these two variables shows the significance number of routes between the two variables is 5.11, and since this amount is greater than 1.96, the hypothesis is confirmed.
The results of this hypothesis are consistent with the results of the studies by Mehrjoy (2014), Asfidani (2013), Fazli (2012), Golrokh, Khanlori (2014), Rezvani (2013) and Chen (2007) so that the results indicate the importance and influence of organizational factors such as organizational resources, organizational objectives and liabilities, perception, organizational representative, technology, organizational values and organizational structure on the development of performance.

**Hypothesis 2: Customers’ motivation has a positive effect on the business performance of Eghtesad-e-Novin Bank.**
Statistical analysis between these two variables shows the significance number of routes between the two variables is 10.20, and since this amount is greater than 1.96, the hypothesis is confirmed.
However, this hypothesis was confirmed in studies conducted by Yaghoubi (2013), Latif (2013) and Arayer (2010) so that there is a complementary relationship among customer orientation, development and investment to overall profitability which increases the profitability and performance of business and service companies.

**Hypothesis 3: Innovation in service has a positive effect on the business performance of Eghtesad-e-Novin Bank.**
Statistical analysis between these two variables shows the significance number of routes between the two variables is 6.54, and since this amount is greater than 1.96, the hypothesis is confirmed.
However, the results of this hypothesis are consistent with the results of the studies by Asfidani (2013), Golrokh, Khanlori (2014), Rezvani (2013) and Chen (2007) so that the results show the effect of innovation in services on performance.

**Hypothesis 4: Risk taking has a positive effect on the business performance of Eghtesad-e-Novin Bank.**
Statistical analysis between these two variables shows the significance number of routes between the two variables is 3.39, and since this amount is greater than 1.96, the hypothesis is confirmed.
However, this hypothesis was confirmed in studies conducted by Rezvani (2013), Fazli (2012) and Alnahivi (2014) so that considering organizational risk taking in external environment results in increasing organizational performance.

**Hypothesis 5: Human resources has a positive effect on the business performance of Eghtesad-e-Novin Bank.**
Statistical analysis between these two variables shows the significance number of routes between the two variables is 5.8, and since this amount is greater than 1.96, the hypothesis is confirmed.
The results of this hypothesis are consistent with the results of the studies by Mehrjoy (2014), Soraiai (2007), Golrokh, Khanlori (2014), Alnahivi (2014) and Rezvani (2013) so that the
results of these studies have indicated the significant impact of human resources on performance.

**Hypothesis 6: Financial resources have a positive effect on the business performance of Eghtesad-e-Novin Bank.**  
Statistical analysis between these two variables shows the significance number of routes between the two variables is 8.54, and since this amount is greater than 1.96, the hypothesis is confirmed.  
This hypothesis was confirmed in studies conducted by Pairovian (2013), Rezvani (2013), Asfidani (2013) and Oscar (2013) so that the results indicate that the financial resources realize to the organizational success in the commercial banks.

**Hypothesis 7: Information systems have a positive effect on the business performance of Eghtesad-e-Novin Bank.**  
Statistical analysis between these two variables shows the significance number of routes between the two variables is 0.59, and since this amount is smaller than 1.96, the hypothesis is not confirmed.  
However, the results of this hypothesis are not consistent with the results of the studies by Rezvani (2013) and Fazli (2012) while the results are consistent with the results of the studies by Soraliai (2007) and Lee (2012). The results indicate that information systems can cause to enhance the brand performance.

**Hypothesis 8: Organizational structure has a positive effect on the business performance of Eghtesad-e-Novin Bank.**  
Statistical analysis between these two variables shows the significance number of routes between the two variables is 4.55, and since this amount is greater than 1.96, the hypothesis is confirmed.  
It should be noted that the hypothesis was confirmed in studies conducted by Rezvani (2013), Golrokh, Khanlori (2014) and Oscar (2013) and in which the effect of organizational structure was evaluated on positive performance.

**Hypothesis 9: Customers’ need (necessary to motivate) has a positive effect on the business performance of Eghtesad-e-Novin Bank.**  
Statistical analysis between these two variables shows the significance number of routes between the two variables is 0.77, and since this amount is less than 1.96, the hypothesis is confirmed.  
However, the results of this hypothesis are not consistent with the studies by Yaghobi (2013), Latif (2013) and Arayer (2010), while they are consistent with the studies by Rezvani (2013) and Lee (2012) and these results have indicated the significant effect of customer’s need on the performance of businesses.

**Hypothesis 10: Customers’ trust has a positive effect on the business performance of Eghtesad-e-Novin Bank.**
Statistical analysis between these two variables shows the significance number of routes between the two variables is 7.32, and since this amount is greater than 1.96, the hypothesis is confirmed. This hypothesis was confirmed in studies conducted by Abbasali (2014), Yaghobi (2013), Latif (2013) and Arayer (2010) and the results indicate that consumer’s trust can increase business value.

8. Applied recommendations
In hypothesis 1, the effect of organizational factors on business performance of Eghtesad-e-Novin Bank was confirmed. So, to improve business performance, the following suggestions are recommended to bank managers:

- To clarify the steps that should be taken for better business performance in a company.
- To take advantage of the new approaches and methods of leadership to improve business performance.
- To be ready to face with challenges that will occur as a result of possible changes in business performance.
- To search for new ways to facilitate the path of improving business performance which has not already been considered in planning?
- To identify restrictions preventing the improvement of business performance of the bank.

In hypothesis 2, the effect of customer’s motivation on the business performance of Eghtesad-e-Novin Bank was confirmed. So, in this regard, bank managers are recommended to proceed for strengthening customers’ motivation in long-term objectives of this bank as through which they can increase customers’ loyalty to the bank services and ultimately earn more profits. Given the direct relationship between business performance and customers’ motivation, customers enhance their motivation as a result of the quality of service perceived from these banks and prepare advertises and ultimately development of business performance.

In hypothesis 3, the effect of innovation in services on the business performance of Eghtesad-e-Novin Bank was confirmed. Accordingly, the managers of Eghtesad-e-Novin Bank are recommended:

- To emphasize advantages such as new procedures and processes of services, using new technologies and intelligent systems and the increasing process of applying such systems as the system’s innovative advantages in this section.
- To give financial resources for innovative research and projects to employees and managers.
- To determine the situation of innovation in the service structure of bank and formulate and design the necessary standards for bank.
- To increase employees’ awareness on changes and advantages from the establishment of innovation.
- To review continuously new processes of banking services, procedures and instructions and obviate defects.
- To present new service methods and process to the rival banks.
In hypothesis 4, the effect of risk taking on business performance of Eghtesad-e-Novin Bank was confirmed. Accordingly, the managers of Eghtesad-e-Novin Bank are recommended:

- To not only pursue ideas as career opportunities but also calculate risks in these ideas.
- To proceed to create risk management system for the effective management of risks.
- To assess the quality of allocating resource and accepting a reasonable degree of customers’ credit risk
- To predict risk taking from possible losses on bank assets based on the changes and fluctuations of market factors well.

In hypothesis 5, the effect of human resources on business performance of Eghtesad-e-Novin Bank was confirmed. In this respect, managers are recommended the following cases:

- To encourage employees to persistently improve processes through the implementation of appropriate evaluation.
- To familiarize new employees with their liabilities for better learning how to do the job affairs.
- To present job trainings to employees in order to develop their skills in doing assigned liabilities.
- To promote employees based on their merit and ability in creating learning and development environment in the bank.

In hypothesis 6, the effect of financial resources on business performance of Eghtesad-e-Novin Bank was confirmed. The managers are recommended:

- To possess financial resources with justified costs and proceed for equipping and acquiring the required resources using them.
- To proceed for financing from the company’s internal and external sources and provide their own funds in order to expand and develop their activities.
- To use adequate financial resources for the development of financial markets fitting with the knowledge of economic institutions.
- To expand financial resources to improve performance using banking facilities, borrowing from informal markets, using common financial instruments in the capital market i.e. issuing stocks.

In hypothesis 7, the effect of information systems on business performance of Eghtesad-e-Novin Bank was rejected. Therefore, in this regard, the managers are recommended:

- To establish mechanized systems and proper electronic, computer, and internet facilities to provide services to employees.
- To use applications such as simulation systems, intelligent data bases, etc. for services.
- To ask employees to solve problems and related issues using information applications in order to provide better environmental services.
- To apply advanced information systems with a high degree of security for the confidentiality of customer information and prevent account information leaks and to hold ongoing training courses to update the knowledge of their employees.
- To implement required information systems in order to improve the flow of information needed.

In hypothesis 8, the effect of organizational structure on business performance of Eghtesad-e-Novin Bank was confirmed. Accordingly it is suggested:
To define the organizational structure of the bank in an exact manner and defined for the matter of specialization in the bank.

To do the realization of organizational structure based on organizational realities, division of labor, organization and coordination for the development of business performance.

To integrate and coordinate all units in line with organizational structure and to communicate effectively in the organization.

In hypothesis 9, the effect if customers’ needs on business performance of Eghtesad-e-Novin Bank was rejected. Accordingly, the managers are recommended:

- To have best efforts to provide banking services in line with customers’ needs.
- To apply quality, speed and accountability in order to enhance customers’ motivation.
- To define a measure to assess customers’ needs so as not to waste employees’ time in working hours and to meet customers’ need in due time and increase their loyalty to the services.
- To deal effectively with customers’ complaints in order to meet their need. In fact, complaints have to be taken into consideration as opportunities and as a means to meet the customers’ changing demands.

In hypothesis 10, the effect of customer trust on business performance of Eghtesad-e-Novin Bank was confirmed. Accordingly, the bank managers are suggested:

- To institutionalize a culture of accountability to customers among the employees for additional credit of the customers.
- To earn customers’ trust through perceived trustworthy and honesty.
- Knowledge of the customers about banking services could be the ideal solution to improve customer confidence. The banks that realize this issue and provide quality services to customers will be better for customers. This in turn would lead to enhance credibility from the standpoints of customers.
- To apply banking quality services by creating a favorable image of banking services in order to attract trust.
- To understand the needs of customers in line with their trust.
References