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**Asare Joseph**

### **CLIENT SERVICE ORIENTATION AS A FACTOR OF ECONOMIC SECURITY OF BANKS**

Client service orientation is the strategic actions by companies aimed at trying to be different from its competitors, gain competitive advantage and achieve economic security. This concept would be shown through the use of system model and the 3M pyramid. Studies have shown that the traditional product-oriented is gradually becoming customer service oriented in accordance with the basic principles of relational marketing, which focuses on customer loyalty as its main goal to achieve economic security. Fig. 2, Ref. 22.

Key terms: client service orientation, economic security, system model, banks, methodology, method, methods, 3M pyramid.

**Асаре Джозеф**

### **ОРІЄНТАЦІЯ НА КЛІЄНТА ЯК ФАКТОР ЕКОНОМІЧНОЇ БЕЗПЕКИ БАНКІВ**

Орієнтація на клієнта під час надання послуг являє собою стратегічні дії компаній, спрямованих на досягнення конкурентних переваг та економічної безпеки. Ця концепція представлена з використанням системної моделі та моделі «Піраміда 3М». Дослідження показали, що традиційно орієнтовані на продукт компанії стають клієнт-орієнтованими у відповідь на базові принципи маркетингу відносин, який сфокусований на лояльності клієнтів як головної мети для досягнення економічної безпеки. Рис.2, дж. 22.

**Асаре Джозеф**

### **ОРИЕНТАЦИЯ НА КЛИЕНТА КАК ФАКТОР ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ БАНКОВ**

Ориентация на клиента в предоставлении услуг представляет собой стратегические действия компаний, направленные на достижение конкурентных преимуществ и экономической безопасности. Эта концепция представлена с использованием системной модели и модели "Пирамида 3М". Исследования показали, что традиционно ориентированные на продукт компании становятся клиент-ориентированными в ответ на принципы маркетинга отношений, который сфокусирован на лояльности клиентов как главной цели для достижения экономической безопасности. Рис.2, ист. 22.

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## **INTRODUCTION**

***Problem statement in a general view.*** The increasing competitive, complex and dynamic environments of the banking industry requires effective customer orientation, this is because the slightest differences in banking services and products often leads to a greater transformation in client perception in the industry. Excellent customer

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service is very important in banking today. Operating in a global climate characterized by financial nervousness after the shock of the global financial crises, banks would have to pay the most critical attention to their varied customer audiences in order to rebuild trust and foster new customer loyalty ties.

The banking sector in Ghana has undergone a dramatic change with the emergence of competition. As of the year 2013, there were over 27 commercial banks operating in Ghana compared to 12 banks in the year 2010, and over 100 Rural banks in the year 2013 compared to 60 rural banks in the year 2010 [1]. The increasing number of banks in Ghana has resulted in fierce competition in the banking industry in Ghana. Another form of challenge that the increase number of banks in Ghana has brought is the rise in operations costs as they strive to provide quality service. Also, firms operating in the non-bank and insurance sectors (Savings and Loans companies) also add to the challenges that the formal banking institutions face as they compete for customers. The fierce competition within the banking industry requires banks operating in Ghana to be client service oriented to ensure their economic security.

**Actuality of the study:** the study uses system model and the 3M pyramid to prove client service orientation as a factor of economic security of banks. Also it uses system models to identify the major elements of client service orientation that need to be considered to enable banks stay on-top of competition. Furthermore, the study shows how the elements in the system model contribute to ensuring activity continuity of banks and how they can be controls using the 3M pyramid. Lastly the study present useful information on system model and the 3M pyramid to support the already existing knowledge, and recommend a further research be conducted on the topic.

**Analysis of the last researches including attempts to solve the problem, highlighting of its unsolved part.** Researchers in banking industry have long recognized the importance of developing and maintaining enduring relationships with customers of banks. Studies in the service sector focusing on issues relating to relationship marketing and service satisfaction are also fairly rife [2].

Further studies on customer satisfaction stated that 'a satisfied customer is six times more likely to repurchase a product and share his experience with five or six other people further unsatisfied customer can banish more business from the organization than ten highly satisfied customers do [3]. Another study has also indicated that 'with higher customer satisfaction the level of loyalty increases'. With the study proving that there is a significant positive relationship between customer satisfaction and customer loyalty [4].

Economic security system model's relevance can be measured base on the state and the ability of the system to counteract against the threats of destruction of the organizational structure and status, and to counteract against the threats of achieving the objectives of development [5]. The condition and developmental trend of vital interest security of the society and its structures from internal and external threats defines the economic security system of an organization [6]. In the formal business sector, economic security of business transaction covers such aspects as management in the economic system, commercial risk in domestic and international transactions, an assessment of partners, unofficial economy and the state budget, economic aspects of business, and the laws of the state governing businesses [7].

**The unsolved part of the general problem:** Unfortunately most researchers in the academia have not done much to establish the role client service orientation play in ensuring the economic security of banks. Also little attempts has been made by researchers to develop a general economic security system which includes client service elements (quality service, price strategy, monitoring and control, and motivation) to ensure activity continuity of banking institutions, most especially those

in Ghana. Furthermore, these elements of client service orientation have not been properly connected to the economic security system of banks, and how the elements can be controlled using the 3M pyramid have not been properly established. These have necessitated a study to be conducted on this topic.

**Aim of the article:** The aim is to use system model and the 3M pyramid to establish how client service orientation can be used as a factor of ensuring economic security of banks. Also the aim is to develop economic security system model using the elements of clients services orientation that banks can rely on to survive in the competitive environments they operate, and to further strengthen and ensure activity continuity of banks.

#### **MAIN FINDINGS**

**Basic part of the research:** Customer service orientation is the psychological manifestation of the belief that customers and their perspectives are of the highest value and consequence in an organization [8]. While economic security is the state and the ability of the economic system to counteract against the threats of destruction of their organizational structure and status, and to counteract against the threats of achieving the objectives of development [5, 9]. The study is presented based of system models of economic security. The inter-connection of elements in the system (quality service, price strategy, monitoring and control, and motivation) is shown in the system, to establish how all the elements in the system are connected to each other. The economic security model was also used to prove the role customer service orientation elements paly in ensuring activity continuity of banks. The 3M pyramid was used to show how the elements in the system model can be controlled.

As one can see from the above economic security system of banks, the starting point is the setting of a goal. There are internal and external threats that influence the goal and all the elements in the system. The external threats are political and legal, social, economic, and spiritual. The internal threats consist of policies and strategies, personnel, customers, and supplies. The goal of the above system is to achieve customer satisfaction, and the expected result is competitive advantage. The goal influences those elements that go into the security system. As can be seen from the above system, the elements in the system are linked and inter-connected to each other. The inter connection of the elements in the system helps to ensure activity continuity in other to achieve the expected result(s). while the elements in the system are working and coordinating efforts together to achieve the expected results, other factors such as political and legal, social, economic, and spiritual which surround the elements in the system also exerts some form of opposing forces on the elements, making their efforts very challenging.

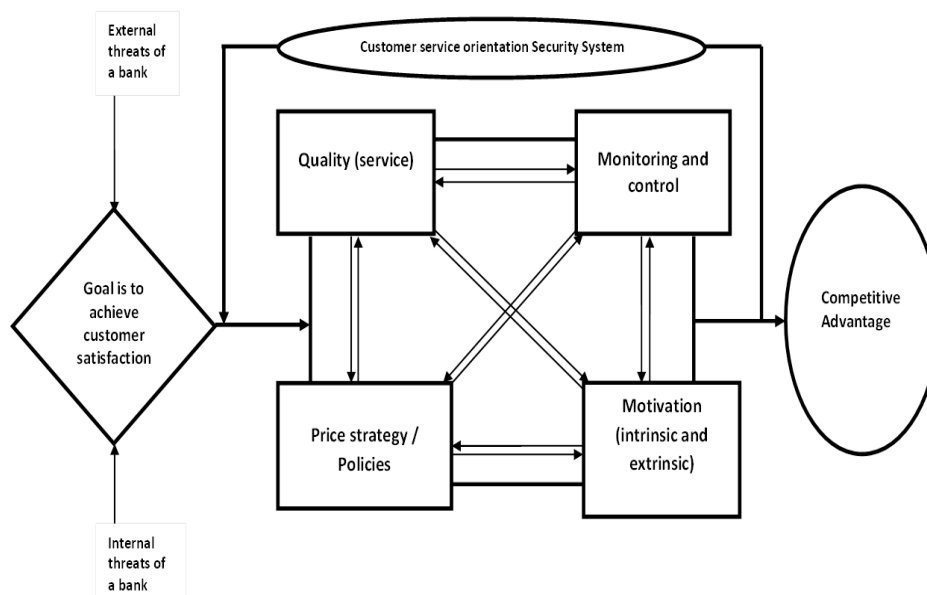


Fig.1 Customer service orientation security system of banks

One of the elements in the above system model is **Quality service**; this from the above system has direct connections with price of the services rendered, monitoring and control, and motivation of the staff who are assigned to carry out the services. Quality sensitive orientations like 'value for bank charges' has a very broad focus. Banka must aim to become recognised as the market leader in the banking industry by being perceived as the best company on a non-price basis.

Becoming the market leader means that it is the preferred choice of most consumers. It could also mean to some customers that the product or services have an added value, and the company can demand a higher price for this added value. The quality service in the above system would allow banks to achieve market leadership in the banking industry where quality of customer service is considered more important. Quality service in the economic security system cannot be achieved in isolation; it needs the coordinated efforts of the other three elements in the system.

Another important element that can be seen from the above economic security system is **Price strategy**. Price strategy that firms use to price their services has great influence on the demand for their services. Price strategy form the above security system has interconnections with quality of service, monitoring and control, and motivation elements in the system. Irrespective of the industry a firm operates; they cannot rule out the fact that customers are sensitive to how much they pay for the benefits they enjoy. The price strategy element in the system involves targeting customers who are mainly focused on the charges they pay for the services they enjoy from banks. This orients a company toward a potentially large market segment (anyone who is price sensitive). To be successful with this strategy, banks need to be efficient with the lowest possible overhead. This will allow banks to have a low cost which means that they can afford to sell their services at a discount compared to competitors in the marketplace. This strategy casts a very wide net for consumers and can be effective in gaining a large market share in the banking industry.

Also from the above system is **motivation** element. Motivation in the above system is strongly connected to price strategy, quality of service, and monitoring and control. Motivation as element in the security system can either be intrinsic of extrinsic

factors that affect the persons involved in coordinating the activities in the system. Intrinsic motivation is defined as the motivation to seek rewards derived directly from content of the task or job itself whereas extrinsic motivation is the motivation to seek rewards derived from the environment surrounding the task or work-associated with the context of the task or job [10]. In this direction, banks need to pay much attention to the kind and expected motivations that its customers and staff who are involved in the day-to-day activities of the institution expect. The result of this if properly done would be high customer satisfaction which the above system believes could lead to a competitive advantage.

A fourth element that one can see from the above system is monitoring and controls (managerial influence). The effectiveness of every economic system depends on the extent to which management is committed to ensuring the success of the system. The ability of all the elements in the above system to function as expected is highly influenced by proper monitoring and control. Most studies have established that organizations that do not have customer service orientation depend on its management. This shortfall has been identified as due to lack of inter-functional integration; political manoeuvring; weak management skills; and executive inexperience [11]. These behavioural obstacles can severely restrict client service orientation development and thus organisational performance. In order to ensure banks in the industry survive in the competitive environments they operate, there is the need for proper monitoring and control of all the elements in the system by management.

One of the theories for proper monitoring and control of the elements in the above banks economic security system is the 3M pyramid [12].

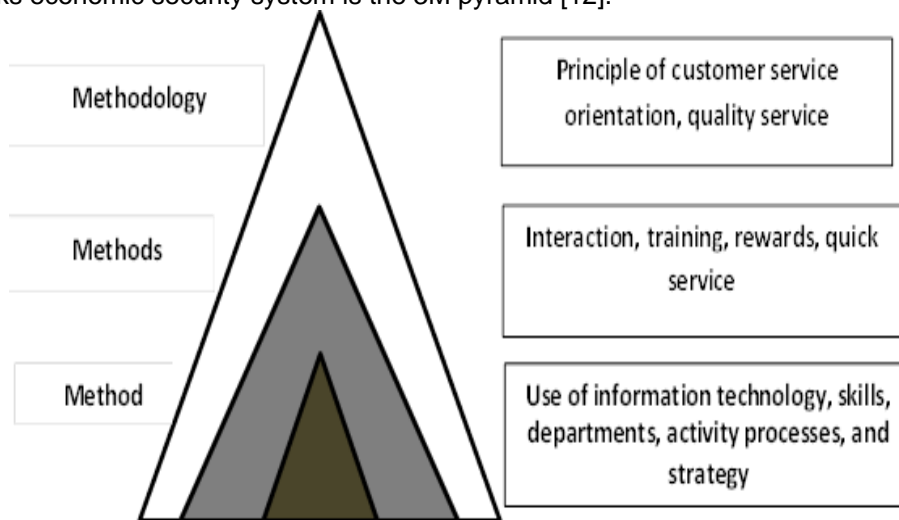


Fig.2 The methodological pyramid for customer service orientation

The above pyramid highlights the elements in the pyramid that would help financial institutions to effectively monitor and control all the elements in the system in fig.1.

The above pyramid basic elements would aid banks to achieve economic security through client service orientation, but to achieve this banks in the industry must identify and apply the appropriate principle of customer service orientation and also offer quality service. The principle of customer service orientation and quality must be developed based on broad principles or rules (**M**ethodology) from which specific methods or procedures may be derived to interpret or solve different problems that are

posed by the external environment. Unlike a procedure, the methodology banking institutions adopt should not be a formula but a set of practices that will enable them coordinate and control properly all the elements in the system in order to gain competitive advantage.

Client service orientation from Fig.1 requires the application of a regular and systematic **Method** (way), the way includes: interactions (face-to-face, SMS, Phone calls, e-mails etc.), training, rewards and speedy service. This would enable banks deal with employee's erratic characters and interact with customers in a way that will not affect productivity and interaction at the work place. Monitoring and controlling the elements in the system is one of the crucial stages in ensuring activity continuity within the system. Banking institutions should also combine all the **Methods** (technology, skills, structures, process, and strategy) within their reach to support their efforts to ensuring client service orientation.

**In conclusion**, the study has used system model to prove the role factors of client service orientation play in ensuring economic security of banks. Also the research has highlighted that the 3M pyramid helps to monitor and controls the elements in the economic security system properly. The use of system model makes it possible to prove the interconnection between the elements in banks economic security system. The system model when used together with the 3M pyramid would enable banks to properly monitor and control activities, and mitigate risks, dangers and threats. Economic security system model enables banks to: understand and improve operational processes; identify problems quickly and systematically; establish valid and reliable service performance measures; measure customer satisfaction and other performance outcomes; gain competitive advantage; and activity continuity. Banks are increasingly interested in retaining existing customers while targeting non-customers and customers of competitor, therefore ensuring customer satisfaction through the use of system model and the application of appropriate **Methodology**, **Method**, and **Methods (3M)**; banks would gain competitive advantage.

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Рецензент статті  
д.т.н., доц., Медведєва О.М.

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