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Conceptualization and examination of success factors in the banking system

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Abstract

Banking competition has intensified in recent years, largely due to globalization, technological process and economic instability. The banking system in this context is supplied with considerable challenges, with customers' characteristics, needs and desires consistent with the current environment (globalization, technological change and economic crisis). It is necessary to identify those features that contribute to the development of competitive advantage. In this sense, this paper shows the results of the analysis of success factors in the banking system. To obtain the results the following methods were used: in-depth questionnaire (for experts), questionnaire (for customers), observation of public information and experimentation by numerous visits conducted. These actions are taken in order to discover and define the characteristics of organizational behavior and clients. The results consist of capitalization and conceptualizing a framework for the features that will underpin the development strategies of the banking system in times of economic instability.

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1. Introduction

The lately unstable economic situation contribute to the adoption of measures and actions in organizations through which themselves to stay in the market and thus to develop competitive advantage. This approach of adopting new measures can be found in organizations in all fields, implicit in banking organizations. In this respect, given the situation in recent years, the banking system is facing two challenges: *reducing costs, and enhancing major changes in the field of digitization*. In this context, the present study aims to identify success factors that define organizational characteristics and customer behavior. Establishing a framework of characteristics answers the question: "How can the banking system be streamlined in an intelligent and effective way?". The design of a framework with characteristics contributes to an assembly of actions that help define the development of strategies to keep the banking system in the current economic market.

The purpose of this paper is to examine success factors (SF), which are relevant in the banking sector. In an industry as complicated as a financial intermediary, a simple formula is to define a set of general actions for the economic crisis. Instead assumption of factors found in the literature, the paper identifies the main factors determining the success of a bank. The methods used to identify success factors are: in-depth questionnaire, questionnaire, observation of public information and experimentation by direct business contact. Today's industry from the banking system is characterized by increased global competition and rapid progress in the liberalization of the banking market.

1.1. The success factor theory

Rochart, in 1979 was the first author which defined the concept of the success factor...`the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization". In studies of the literature (Mehregan et al., 2012; Mosakhani et al., 2010) there is data about the following success bank factors to be important in the development of the strategy:

- A *sustainable management* of product portfolios, covering the entire lifecycle of products and banking services. This can be considered the best way to exclude unprofitable products which are not in sight and optimize processes in an industrial way.
- The *technological ability* to combine clients' affinity to customize products with industrialization processes and banking products.
- *Information management* to meet customer wishes to benefit from quick and quality service. This factor is reflected in the transition to a digital, multi-channel banking sector which is increasingly used today.
- *Safety and security* are two ways that contribute to the launch of safe products and satisfying customers' wishes.
- The *organizational structure* is another important success factor, since it must be compatible with the organization's strategy. The organizational structure is based on the physical structure and social structure.
- *Anticipating and managing the regulations* are important directions in the development of competitive advantage.

From the client perspective (Ika et al., 2012; Cooke-Davies, 2002), factors that contribute to the development of the competitive advantage of banks are headed to:

- **Cost:** competition in the banking system leads to the development of attractive customer pricing policy so as to have a high appeal.
- **Security:** the banking products involve a high level of money supply, so customers want security.
- **Consulting and communication:** providing post purchase support for the purchased products.

These success factors relate to something that must be implemented if companies want to succeed in a banking field. These factors should be controllable, measurable and small in number (Mehregan et al., 2012; Mosakhani et al., 2010). Key Success Factors shall include the conditions, events, and the circumstances contributing to the success of the bank (Pinto et al., 1988; Jugdev et al., 2005; Ika, 2009).

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