Competitor Focus and Organisational Effectiveness of Money Deposit Banks in Port Harcourt

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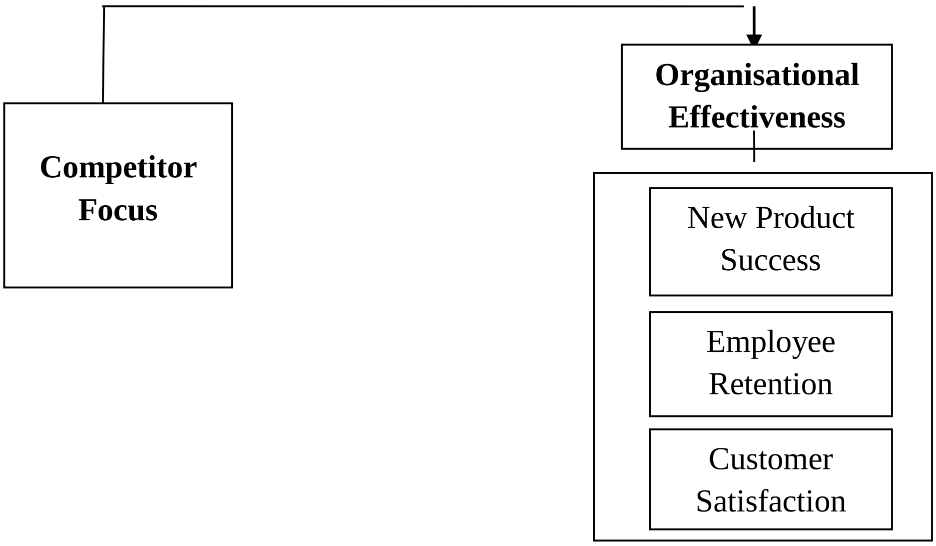
Abstract
This paper examined the influence of Competitor Focus on Organisational Effectiveness of money deposit banks in Port Harcourt. Competitor Focus represents the independent variable. New Product Success, Employee Retention and Customer Satisfaction were used as measures of Organisational Effectiveness. 94 copies of the questionnaire were subjected to Data analysis. Hypotheses were tested using the Simple Regression method. The results revealed that there is a strong positive influence of Competitor Focus on all the measures of Organisational Effectiveness (New Product Success, Employee Retention and Customer Satisfaction). It was concluded that higher Competitor Focus leads to higher Organisational Effectiveness.

Keywords: *Competitor Focus, New Product Success, Employee Retention, Customer Satisfaction, Organisational Effectiveness*

1. Introduction

Today's business environment is changing faster than ever before and the companies' success in the market depends on the timely possession of quality information (Malinic *et al*., 2012).
Competitor focus/orientation practice in organisations is particularly important in creating a strong information base for making the right strategic decision and achieving performance. To make good strategic decisions, and thus achieve competitive advantage, firms must obtain information about important competitors and using that information to predict competitor behaviour and improve their own operations. Without information on current and potential competitors, the contemporary company does not have many opportunities for survival and development. To meet the challenges of the environment and make good strategic decisions, a company must know its competitors and market situation.
The purpose of this study is to determine how Competitor Focus impact on Organisational Effectiveness in money deposit banks in Port Harcourt. In view of this, an attempt was made to address the following research questions:

- To what extent does competitor focus impact on the new product success of money deposit banks in Port Harcourt?
- To what extent does competitor focus impact on the employee retention of money deposit banks in Port Harcourt?
- To what extent does competitor focus impact on the customer satisfaction of money deposit banks in Port Harcourt?



SOURCE: Desk research, 2019

2. Literature

Competitor Focus

Competition is now the center of strategic thinking. Firms are inventing modern ways of creating value because of the changing environment, technological change and the materialization of new economics. According to Kotler and Keller (2006) there are two main concepts of competition in marketing. Industry Concept of competition is the first concept and it follows the tradition of neoclassical economics. The primary point of this concept is the industry. That is, group of firms that offer close substitutes products. The second is the Market Concept of competition that places emphasizes on customer needs. The need to monitor thoughtful and respond to competitors has been recognized as important to marketing activities (Wright *et al*, 2002).

Competitor focus is defined as the ability to understand the competitor's short term strengths and weaknesses and its long term capabilities and strategies, in order to generate competitive advantage in the organisations (Zhou *et al*., 2009). Competitor focus means that a seller understands the short-term strengths and weaknesses and long-term capabilities and strategies of both the key current and the key potential competitors (Aaker, 1988). Narver and Slater (1990) posited that competitor focus is the key part of a firm's strategic orientation which focuses on understanding the strengths and weaknesses of existing and potential competitors. Furthermore, Competitor focus essentially focuses on identifying current and potential competitors, the technologies they utilize, and whether they represent an attractive alternative from the perspective of the target customers (Narver & Slater, 1990). Also, Competitor focus stands as organisational culture that considers the short-range fortes and flaws and long-range abilities and tactics of existing and possible main rivals (Grawe, Chen & Daugherty, 2009; Hamilton-Ibama & Nwokah, 2016).

To meet the challenges of the environment and make good strategic decisions, a company must know its competitors and market situation. To survive, organisations must adapt to the changing business environment. In order to effectively adapt to the changing environment, achieve set goals and objective as well as improve organisational effectiveness, an organisation needs to develop strategies that match the changing needs. This can be achieved by having policies that is focused on understanding, the weaknesses and strengths of the firms' competitors (Sorensen, 2009; Han *et al*., 1998; Gray *et al*., 1998).

Organisational Effectiveness

Organisational effectiveness is the concept of how effective an organisation is in achieving the outcomes the organisation intends to produce (Etzioni, 1964). Organisational effectiveness is defined as the extent to which an organisation by the use of certain resources fulfils its objectives without depleting its resources and without placing undue strain on its members and/or society. Organisational effectiveness is the degree of congruence between organisational goals and observable outcome. Organisational effectiveness is critical to success in any organisation. In present competitive era, without effectiveness, existence itself is impossible for organisations. Organisation's survival depends on the ability of the manager to analyze, interpret and cater for the environmental needs.

Lingle and Schiemann (1996) demonstrate that while financial information is still very important, nonfinancial measures like customer satisfaction, operating efficiency, employee retention/employee performance, community and environment as well as innovation and change are highly valued by executives. Subramanian and Gopalakrishna (2001) measured organisational effectiveness using growth in overall revenue, return on capital, success of new products and services, ability to retain employees/customers, and success in controlling operating expenses. Sayareh and Lewarn (2006) used performance measures to measure organisational effectiveness. They measured organisational effectiveness using adaptability, productivity, profitability, efficiency, growth, planning, communication/information management, stability, output quality, customer satisfaction, leadership, human resource management and professionalism.

New Product Success

Cooper (1993) suggests that "Newness" can be defined in two senses: new to the company, in the sense that the firm has never made or sold this type of product before, but other firms might have; new to the market or "innovative": the product is the first of its kind on the market. Kotler (1994) also agrees that "newness" is all about perceptions, however, he suggests it is about the perceptions the customer has, rather than internal perceptions. New products can be: new-to the- world/country products, new product introduction relative to largest competitor and new or substantially improved products. Success of any new product offering is relying on how well an organisation is capable to acquire information from the external environment and how well the intelligence program of any firm are working to acquire information about their competitors is considered to be a worthy component during NPD design stage (Siohong, 2016). Azaze-Azizi and Jublee (2010) defined the success of a new product as the success of the products or services in fulfilling customers' requirement which will contribute into high sales generation. New Product Success is defined as the relative success rate, the profitability and revenue generated from the new products of the firms (Calantone, Chan & Cui, 2006; Paladino, 2007). New product success is defined as a percentage of sales by the firm in previous year through improved or new addition in product line that were launched by the firm in last three calendar years under review. It normally comprises of two major components that are percentage of sales from last products that are new to the market and percentage of sales from products that are new to the firm (Dul & Ceylan, 2014).

The three most common new product success measures are: new product success rate (Baker and Sinkula, 2005); new product sales revenue (Atuahene-Gima *et al*., 2005); and profitability of new products (Calantone *et al*., 2006). Other new product success measures, such as quality

(Kohli and Jaworski, 1990), market share (Jaworski and Kohli, 1993), new product development cycle time (Song *et al*., 2006), return on investment (Matsuno *et al.*, 2002), return on assets used (Narver and Slater, 1990), sales growth and market share growth (Matsuno *et al*., 2002) are also commonly used.

Employee Retention

In the age of cut throat competition every organisation tries its level best to give the best facilities to its employees. Satisfying the employees is one of the toughest tasks which majority of the organisations faces today. Bidisha (2013) described employee retention as a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Mita, Aarti and Ravneeta (2014) defined employee retention as a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements. Baker (2006) stressed on the fact that hiring new employees are far difficult as well as costlier than to keep the current employees in the organisation. That is why the core issue in any organisation is to give a continuous ongoing effort to identify and try to keep all the best performers irrespective of their age. The loss of an employee from an organisation is a direct loss to the organisation because of the cost incurred, not only during the recruitment but also during replacement.

Customer Satisfaction

In 1993 Oliver suggested in his study that customer satisfaction formed the basis of any organisation's marketing strategy because it determined overall success (Sabir, Irfan, Akhtar, Pervez, & Rehman, 2014). Also, according to Oliver (1997) customer satisfaction is the core philosophy of marketing strategy of any organisation and plays a key role in an organisation's success.

Customer Satisfaction can be described as that feeling of having accomplished one's individual inner desires, the feelings of elation or deflation that come from a comparison of the products' perceived performance and expectations. In the case that the performance exceeds the expectations then customer feel satisfied (Al-Hersh, Aburoub, & Saaty, 2014). Kotler (2000) believes that satisfaction is the overall customer attitude or behaviour towards the difference between what customers expect and what they receive, regarding fulfillment of a goal. Zethaml and Bitner (2003) in their service marketing approach define customer satisfaction as the customer evaluation of a product or service in terms of whether that product or service has met their needs and expectations. Anderson (1994) concludes that customer satisfaction is the key factor used to measure the company's internal and external performances and assigning funds to each and every activity within the organisation. He further asserts that the importance of customer satisfaction cannot be dismissed because happy customers are like free advertisers. Youjae (2010) defined customer satisfaction as a measure of how products and services supplied by a company meets or surpasses customer's expectation.

3. Methodology

The population of this study is the 21 consolidated money deposit banks operating in the Nigerian economy. 94 copies of the research questionnaire were retrieved and used for the analysis. The inferential statistical analysis was done using simple regression analysis.

4. Findings and Discussion of Findings

Findings

Table 1: Results of the Inferential Test of Competitor Focus and New Product Success

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.785[a]	.616	.612	1.272

a. Predictors: (Constant), COMPETITOR FOCUS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4.082	1.081		3.776	.000	1.935	6.230
	COMPETITOR FOCUS	.764	.063	.785	12.146	.000	.639	.889

a. Dependent Variable: NEW PRODUCT SUCCESS

From Table 1, at R=.764, there exist a high positive influence of Competitor Focus on New Product Success as could be observed that 62% of the variation in New Product Success is explained by Competitor Focus. Also, this influence is statistically significant ($p<0.05$) which implies that there is a positive and significant influence of Competitor Focus on New Product Success. This means that higher levels of Competitor Focus translate into better New Product Success.

Table 2: Results of the Inferential Test of Competitor Focus and Employee Retention

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700[a]	.490	.485	2.209

a. Predictors: (Constant), COMPETITOR FOCUS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	8.666	1.877		4.617	.000	4.938	12.395
	COMPETITOR FOCUS	1.028	.109	.700	9.406	.000	.811	1.245

a. Dependent Variable: EMPLOYEE RETENTION

From Table 2, at R=.700, there exist a high positive influence of Competitor Focus on Employee Retention as could be observed that 49% of the variation in Employee Retention is explained by Competitor Focus. Also, this influence is statistically significant ($p<0.05$) which implies that there is a positive and significant influence of Competitor Focus on Employee

Retention. This means that higher levels of Competitor Focus translate into better Employee Retention.

Table 3: Results of the Inferential Test of Competitor Focus and Customer Satisfaction
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.597[a]	.356	.349	1.047

a. Predictors: (Constant), COMPETITOR FOCUS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	7.510	.889		8.443	.000	5.744	9.277
	COMPETITOR FOCUS	.369	.052	.597	7.133	.000	.267	.472

a. Dependent Variable: CUSTOMER SATISFACTION

From Table 3, at R=.597, there exist a moderate positive influence of Competitor Focus on Customer Satisfaction as could be observed that 36% of the variation in Customer Satisfaction is explained by Competitor Focus. Also, this influence is statistically significant ($p<0.05$) which implies that there is a positive and significant influence of Competitor Focus on Customer Satisfaction. This means that higher levels of Competitor Focus translate into better Customer Satisfaction.

Discussion of Findings

Competitor Focus and Organisational Effectiveness

Over the years, many researchers have observed that competitor focus positively influences organisational effectiveness (Ghorbani, Abdollahi, & Mondanipour, 2013; Wren, Souder & Berkowitz, 2000). Also, researchers like Abideen and Saleem (2011) carried out a study to find out the impact of market orientation on new product success in Pakistan and identified that the market orientation practices are significantly associated with new product success. Kam and Wong (2013) research seeks to investigate the influence of market orientation on new product success in the electronics industry in China. Results from the research support the hypotheses that New Product Success is driven by R&D-Marketing cooperation, customer and competitor orientations. Also, Hilman and Kaliappen (2014) carried out a study on the links between the dimensions of competitor orientation, customer orientation and effectiveness/performance in three-to-five star hotels in Malaysia. The findings indicated that hotels in Malaysia practiced competitor orientation as their core marketing strategy and that competitor orientation positively linked to financial and non-financial measures of organisational effectiveness. Furthermore, the principal objective of the study of Njeru and Kibera (2014) was to empirically assess the perceived direct effects of the three components of Market Orientation namely customer orientation, competitor orientation, and the inter-functional coordination on Performance of Tour Firms in Kenya. Regression analyse was carried out in order to assess the relative importance of customer orientation, competitor orientation and inter-functional coordination on firm performance measures (customer satisfaction, employee satisfaction/retention, customer retention, effectiveness, efficiency, relevance, financial viability). The results of the study revealed that the three components of market orientation were all statistically significant.

This study empirical results corroborates with all their studies that competitor focus had statistically positive and significant influence on new product success, employee retention and customer satisfaction. The findings infer that an increase in New Product Success, Employee Retention and Customer Satisfaction was attributed to a unit increase in Competitor Focus. The study findings also corroborates with the conclusions of Tung-Zong, Rajiv, Su-Jane, Pia and Jolanta (1999) results which indicate that market orientation components are positively associated with measures of effectiveness such as service quality, retention, productivity and overall customer satisfaction. Furthermore, the study corroborates the findings of Prayitno, Wahyudi and Farida (2017) that showed competitor focus has positive effect on customer satisfaction.

It is important to note however that some studies posited that there is no significant influence of competitor focus on organisational effectiveness. Like the studies of Jangl (2015), Chee-Hua, Lo, and Ramayah (2013) and Alizadeh, Alipour, and Hasanzadeh (2013). Their studies found no positive significant correlation between competitor focus and the measures of organisational effectiveness. Also, Darmanto, Francicus and Titik (2015) research purpose is to analyze the influence of customer, competitor, innovation, entrepreneurship and change orientation strategy on organisational effectiveness. This research results shows that competitor orientation does not influence the measures of organisational effectiveness.

5. Conclusion

This paper examined how Competitor Focus influences Organisational Effectiveness in Money Deposit Banks in Nigeria. On the basis of the results of this study we conclude that there is a strong significant positive influence of Competitor Focus on all the measures of Organisational Effectiveness (New Product Success, Employee Retention and Customer Satisfaction). This means that the higher the level of Competitor Focus, the higher the New Product Success, the higher the Employee Retention and the higher the Customer Satisfaction. Therefore, organisations that are competitor-oriented and more efficient in providing value for customers are more likely to be effective, to survive and have progress in competitive conditions. Competitor orientation is an important strategy for organisations in Nigeria to achieve organisational effectiveness.

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