

## **The Study of Effect of Social Networks to Attract Banking Customers by Taking the Competitive Advantage Index (Case Study: Bank Refah, South of West Azerbaijan Province)**

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**Abstract:** The aim of this study was to investigate the influence of social networks to attract banking customers a competitive advantage with regard to the index of bank branches in the Southern province of Western Azerbaijan. The method of study was a descriptive correlational. The statistical population is staff of Refah bank branches in the Southern of Western Azerbaijan Province. Their number is ... people. Of the population, according to Morgan, people were randomly selected. To measure social networks, an author-made questionnaire was used consisted of 12 questions on a 5-item Likert scale and to measure customers a researcher made questionnaire was used including 8 questions 5-item Likert scale and to measure competitive advantage of scale, Geo-Lee was used consisting of 17 questions. Validity was confirmed by a professor of management. The reliability of the questionnaire was confirmed by Cronbach's alpha. Structural equation modeling was used to test the hypothesis. The results showed that due to the intermediary role of banks competitive advantage and its components (quality, flexibility, accountability and efficiency), social networks have a positive impact on attracting customers.

**Key words:** Competitive advantage, social networks, attracting customers, bank branches, confirmed

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### **INTRODUCTION**

Today, most markets are mature stage, competition is increasing and the cost of attracting new customers has also increased. It is therefore, imperative for financial institutions to focus attention on developing appropriate strategies for survival and increase their profits and market share. Porter and Millar (1985) companies lack a clear strategy "stuck in the mud" and predicted that their performance will be poor. The main function of the strategy to create competitive advantage and improve the position of the competitive environment. Competitive advantage is a factor that would rival organization by the customer. Advantage strategy should be able to participate effectively in competition (distinctive competence assemblies) and for customers to create more value than competitors. Service organizations to attract customers when marketing professional must do three things; different management practices, attention to quality of service and productivity (Hooley *et al.*, 2005). One of the strategies identified and useful to competitors

or a distinct management practices that can be effective in attracting customers is being active in social networks.

Today, the use of social networks has become one of the daily work and its users increasingly were added. The network is one of the most popular sites and most visited according to availability and free access. News and events surrounding the propagation spread and is easily available to everyone with the highest speed in the network multiply and in just a few minutes with no limitations on boundaries, time and geographical location (Barney, 2000).

With the increasing popularity of the product offer, websites, social networks and online chat programs and major social networks exist everywhere. Social networking has changed the way e-Commerce and lead it into a new direction with this method, the business of e-Commerce and e-Business has overcome the existing problems. When we talk about changes in business or whether the changes in the organizational structure and the import of new technology, it is necessary to ensure that the decision to change is strategic and efficient. It is difficult

to measure about good or bad investment in mobile technology and electronics judgment although, social networks are one of the examples of such investments (Kolek and Saunders, 2008). To make the right decision about the use of social networks, it is necessary to select a method other than Monetary Model. So, doing research on the social networks and the impact on competitive advantage and attract customers banks is a necessity. Because this will help to spread knowledge and would help managers of banks to realize the importance of social networks and the impact (Kirschner and Karpinski, 2010).

Amiri conducted a study entitled "Effect of Customer-Oriented Services Market in the Process of Absorption". The results showed that good behavior will attract employees and customers as well as policies and right approaches of managing lead to a better understanding of customer organizations and customer satisfaction causes the better understanding of quality of care and customer loyalty to the bank. Hasiri conducted a study as "Factors Affecting Customers Within the e-Marketing Methods" (the case of Dey bank branches in the province of Mazandaran). The results show that internet marketing methods used has a significant effect on the bank's customers in selected branches in the province is key to the effectiveness and importance: based email marketing, marketing on search engines, marketing based advertising on other sites, branch of marketing and advertising-oriented marketing program based game. Danaee and Sadri conducted a study titled "The Impact of Internet Marketing Customer Adsorption Hotel in Isfahan" (based on the Technology Acceptance Model). The results show that components of the ease of use, reliability and usefulness of the internet adsorption city hotel customers had a positive effect and influence customer satisfaction. Youssefian Mathur conducted a study titled "The Effect of Dynamic Capabilities to Attract and Retaining Customers in Food Manufacturing Companies". Studies show that dynamic capabilities affect the attracting and retaining customers and among dynamic capabilities, ability to attract and retain has the most effective strategic customers. Gharibi conducted a study as "The Study of Investigating the Factors Influencing Customers to Choose a Bank". The results show that the factors of technology, finance, behavioral and attitudinal factors and physical factors affect the attraction of customers. Based on the results, behavioral and attitudinal has the most important and financial facilities has least important.

Increased penetration of these networks between different groups of people has been increased so that the

biggest brands in every area has its own pages and the latest achievements of your products and services would be visible in this way. Organizations as an example of an institution that is made up of employees, customers and society and the public should be able to exploit the opportunities inevitable. Social networks along with many industries have become a tool serving the customer and the banking industry is not excluded from this industry. Banks in social networks can shoot directly to target. In this regard, banks and payment companies are reputable but the leaders of these networks. Increase physical branches and if the bank does not cost effective to continue this trend of banks and companies are doomed to failure. According mentioned material above, the main research question was worded. So, the aim of this study was to investigate the role of social networks and competitive advantage to attract customers of Refah bank branches in South of West Azerbaijan Province.

## **MATERIALS AND METHODS**

The research method is a descriptive correlational. This study is among the field studies. The statistical population of the research is the staff of Refah bank branches in South of West Azerbaijan Province who are ... people.

Of the population according to Morgan, ... people were sample stratified random sampling. Thus, after determining the Refah bank branches in South of West Azerbaijan Province in each of the branches, the number of questionnaires were distributed randomly. To measure social networks, an researchers-made questionnaire was used consisted of 12 questions on a 5-item Likert scale and to measure customers an author-made questionnaire was used including 8 questions 5-item Likert scale and to measure competitive advantage of scale, Geo-Lee was used consisting of 17 questions. The dimensions of competitive advantage including 4 items quality, flexibility includes 4 items, meet customers include 3 items, measures the performance of 3 items. The validity of the measure was confirmed by experts in the field of management. To assess the reliability of measurement tools, 30 questionnaires distributed by the researcher and after the study by SPSS-20, reliability was assessed by Cronbach's alpha. The reliability of the questionnaire for network inventory social was 0.89, attracting customers 0.91 and competitive advantage was 0.92. To analyze the data, descriptive statistics such as mean, standard deviation, frequency, percentage and tables were used. Structural equation modeling was used to

test the hypotheses. It should be noted that all the statistical operations carried out by LISREL Software.

**RESULTS**

**Kolmogorov-Smirnov test:** In this part, the statistical distribution of data variables tested using the Kolmogorov-Smirnov test (Table 1). It is seen that for all variables statistically significant level of error is larger 0/0.5 ( $p > 0/0.5$ ) meaning that distribution of all the variables with 95% is normal and the null hypothesis (assumption of normal) is confirmed.

According to Kolmogorov-Smirnov test, results showed that the variables of research follow the normal statistical distribution, thus LISREL Software and path analysis can be used to test hypotheses.

**Testing research hypotheses:** To test the hypothesis, path analysis and LISREL Software were used main hypothesis: with the intermediary competitive advantage of bank, social networks have a positive impact on the customers of Refah bank in the South of Western Azerbaijan Province.

To test the main assumption, conceptual model is used. The conceptual model is evaluated based on observed data. The t-test for significance test track are in Fig. 1. The software output in following graph indicates that the model is fitted. Significance level of  $\chi^2$  is larger than 0.05 level. The RMSEA (0/0.36) is smaller than 0/0.5. The amounts of AGFI (0.932) and GFI (0.912) is larger than 0.9 indicating the suitability of the model. Also index  $\chi^2$  on degrees of freedom (2/84) also indicates that the model is suitable ( $< 3$  is acceptable). In other words, indices of goodness indicate that the observed data are compatible to a large extent on conceptual model.

According to Fig. 1 of the Student's t-test (t) for the effect of social networks on competitive routes and the impact of competitive advantage on attracting customers is higher than 1.96. Also, for the effect of social networks on customer acquisition as well as the Student's t-test (t) from 1.96. It means that all routes are a significant model. According to Fig. 2, it can be seen that the standard

factor for the effect of social networks on a significant competitive advantage and a positive value is 0.58 which is a significant amount. Also the standard factor for the effect of competitive advantage on customers is 0.63 which is fixed and significant. So, it follows that the role of mediator competitive advantage of social networks and social media to attract customers is positive and significant competitive advantage to attract customers with the mediation of the Southern province of West Azerbaijan Bank Refah has a significant and positive impact of the coefficient standard effects mediated (mediated competitive advantage) social networks to attract customers ( $0.58 \times 0.63$ ) is 0.365. The study hypothesis was confirmed.

**Testing secondary research hypotheses:** To test secondary research hypotheses following model is used. First, the conceptual model is evaluated based on observed data. The t-statistic for the test significant directions is in Fig. 3. The software output in the following figure indicates that the model is fitted. Significance level of  $\chi^2$  is larger than 0/0.5 error level. The RMSEA (0/0.26) is smaller than 0/0.5. The amounts of AGFI (0/911) and GFI (0/910) is higher than 0.9 which is indicating the suitability of the model. The index  $\chi^2$  on the release (2/82) also indicates that the model ( $< 3$  is

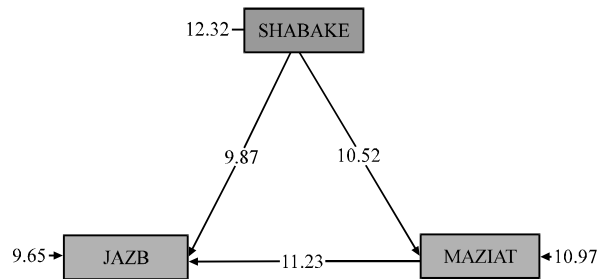


Fig. 1: Fitted model in directions significant test for the main hypothesis ( $\chi^2 = 8.52$ ;  $df = 3$ ;  $p = 0.4312$ ; RMSEA = 0.036)

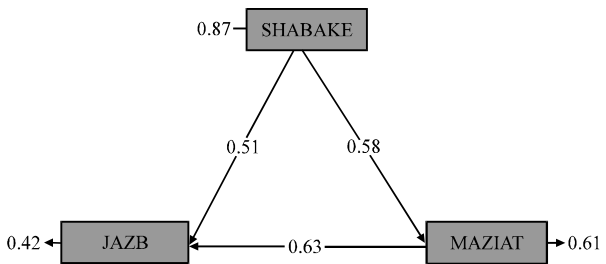


Fig. 2: Fitted model in standard estimate for the main hypothesis ( $\chi^2 = 8.52$ ;  $df = 3$ ;  $p = 0.4312$ ; RMSEA = 0.036)

Table 1: Results of Kolmogorov-Smimov test for normally distributed variables fitness

Variables	Kolmogorov-Smirnov Z	Significant level (Sig.)	Test results
Social virtual networks	1/0.63	0/0.54	Distribution is a normal
Quality	1/0.93	0/124	Distribution is a normal
Responding to customers	1/935	0/432	Distribution is a normal
Flexibility	1/983	0/643	Distribution is a normal
Efficiency	1/0.43	0/076	Distribution is a normal
Competitive advantage	1/214	0/135	Distribution is a normal
Attracting customers	1/321	0/142	Distribution is a normal

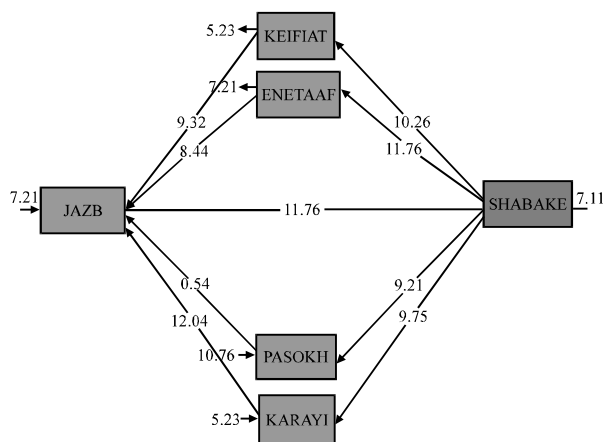


Fig. 3: Fitted model in significant test for secondary hypotheses ( $\chi^2 = 42.35$ ;  $df = 15$ ;  $p = 0.5432$ ;  $RMSEA = 0.026$ )

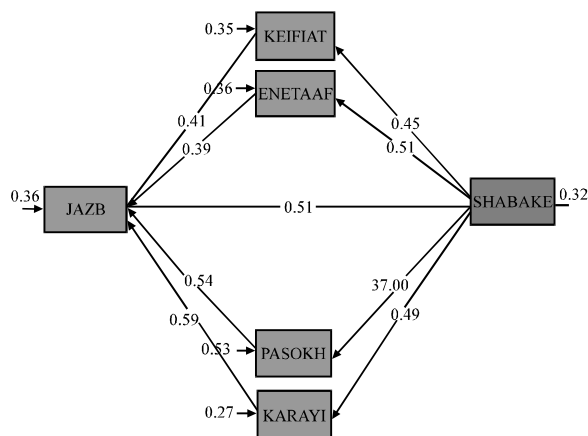


Fig. 4: Fitted model in estimating standard for secondary hypotheses ( $\chi^2 = 42.35$ ;  $df = 15$ ;  $p = 0.5432$ ;  $RMSEA = 0.026$ )

acceptable) is suitable. In other words, indices of fitted goodness indicate that the observed data is compatible to a large extent on conceptual model of research.

**First secondary hypothesis (with intermediary of the bank quality, social networks have a positive effect on attracting customers):** According to Fig. 3 of the Student's t-test (t) for routes, effect of social networks on the quality of the bank and the effect on the quality of bank customers is higher than 1.96. According to Fig. 4, it follows that the intermediary role of banks in relation to social networks and quality to attract customers is positive and meaningful social network intermediary bank on attracting quality customers in the South of West Azerbaijan Province which mediate the effects of the

standardized coefficient (role quality intermediary bank) social networks to attract customers ( $0.46 \times 0.41$ ) is 0.188. Then, the first secondary hypothesis was confirmed.

**Second secondary hypothesis (with the intermediary of bank flexibility, virtual social networks have a positive effect on attracting customers):** According to Fig. 3 of the Student's t-test (t) for routes effect of social networks on flexibility and work flexibility bank on attracting customers is higher than 1.96. According to Fig. 4, it can be seen that the standard factor for the effect of social networks on the flexibility of banks is 0.51 which is a positive value while the standard factor for the effect of bank's flexibility to attract customers is 0.39 which is a result of positive the role of mediator in the relationship between social networks and the flexibility of bank customers is positive and meaningful social network intermediary bank on the flexibility of bank customers being affected in South of West Azerbaijan Province that the standard rate of indirect (role flexibility intermediary bank) social networks to attract customers ( $0.39 \times 0.51$ ) is 0.198. The second secondary hypothesis was confirmed.

**Third secondary hypothesis (with the intermediary of bank responding, social networks have a positive effect on attracting customers):** According to Fig. 3 of the Student's t-test (t) for routes effect of social networks on the bank account and the bank account the effect on customers is higher than 1.96. According to Fig. 4, it can be seen that the standard factor for the effect of social networks on accountability bank 0.37 which is significantly positively value the other hand, the standard factor for the effect of bank account of significant value and positive which is 0.54 customers. So, it follows that the role of mediator bank responding on social networks and attract customers is positive and meaningful social network intermediary bank account customers of Refah bank in the South of Western Azerbaijan Province which mediate the effects of the standard rate (the role of intermediary bank account) social networks to attract customers ( $0.54 \times 0.37$ ) is 0.199. The third secondary hypothesis was confirmed.

**Fourth secondary hypothesis (with the intermediary of bank efficiency, social networks have a positive effect on attracting customers):** According to Fig. 3 of the Student's t-test (t) for routes effect of social networks on bank performance and bank performance effect on customers is higher than 1.96. So, it follows that the role of mediator in the relationship between social networks and the performance of banks attract customers is positive and meaningful social network mediation on the

bank efficiency prosperous in South of West Azerbaijan Province bank customers that the effect of indirect value of the standard (the role of efficiency intermediary bank) social networks to attract customers ( $0.59 \times 0.49$ ) is 0.289. The fourth secondary hypothesis was confirmed.

### **DISCUSSION**

Results of data analysis showed that with the bank's competitive advantage mediation, social networks have a positive impact on the bank of Refah in the South of Western Azerbaijan Province customers. According to a study on the impact of social networks to attract customers by taking advantage of the index was not as competitive as mediator variable analog so, it cannot be done. In explaining this conclusion, we can say social networks and new technologies of communication and information increases and knowledge sharing between companies and organizations and this strengthens the competitive advantage and the banks so when customers see that the bank's competitive advantage and brand are attracting more customers is high.

### **CONCLUSION**

Results of the analysis showed that with the quality of mediation with banks, social networks have a positive impact on the welfare of the Southern province of Western Azerbaijan's bank customers. According to a study on the effect of social networks to attract customers by taking advantage of the index was not as competitive as mediator variable analog so, it cannot be done. To explain this result we can say that social networks will increase knowledge sharing and knowledge about the services and products of companies and banks and banks and companies can use this information to improve the quality of their services and improve the quality of service is always an important factor in attracting customers.

The results of data analysis showed that with the flexibility of mediation with banks, social networks have a positive impact on the welfare of the Southern province of Western Azerbaijan's bank customers. According to a study on the impact of social networks to attract customer's flexibility with regard to the index as a mediating variable was found to analog so comparison cannot be done. Organizations will find the power to shift and customer service in accordance with the need and desire to find customers resulting in customer satisfaction and attract more clients.

The results of data analysis showed that with the intermediary bank account, social networks have a positive effect on the welfare of the South of Western Azerbaijan Province's bank customers. As there is not a study on the effect of social networks to attract customers with regard to accountability index as a mediator variable, we cannot do a comparison. To explain this result, we can say that social networks and new technologies of information and communication can provide to share experiences and knowledge among organizations. The social network gives the ability to identify changes, rapid response or reaction to them before returning to action and to the appropriate state agencies and as a result they cause customer satisfaction and thus will attract more customers.

The results of data analysis showed that with the effectiveness of bank intermediation, virtual social networks have a positive effect on the customers of Refah bank in the South of Western Azerbaijan Province. As we could not find a study on the impact of social networks to attract customers with regard to the performance of the index as a mediator so the comparison cannot be done. To explain this result, we can say that social networks and new information and communication technologies for sharing knowledge and sharing experiences between organizations and customers can learn better ways of producing goods and services from each other. As a result, cause more efficient organizations and banks may find that spending remains greater efficiency services to provide more services to our customers and thus, provide more satisfied customers and eventually attract customers.

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