

Chapter 14

Strategy Selection for Organizational Performance of Turkish Banking Sector With the Integrated Multi-Dimensional Decision-Making Approach

Hasan Dinçer

İstanbul Medipol University, Turkey

Serhat Yüksel

İstanbul Medipol University, Turkey

İpek Tamara Çetiner

İstanbul Medipol University, Turkey

ABSTRACT

The aim of this chapter is to determine the best strategy for Turkish deposit banks and rank these banks according to the performance regarding strategy development. Within this scope, four different dimensions and 12 different criteria are selected based on balanced scorecard approach and a modified multi-criteria decision-making model is implemented. By using fuzzy DEMATEL approach, it is determined that the criterion of customer expectation has the highest importance. With the help of fuzzy TOPSIS method, it is also concluded that private and foreign banks are more successful than state banks. Thus, it is recommended that Turkish deposit banks should create their strategies based on customer expectations. Within this framework, the banks firstly conduct a survey for their customers to understand their expectations.

INTRODUCTION

The competition in almost all industries increased very much especially after the globalization. This situation is very beneficial for the consumers in many different ways. For example, companies should decrease prices and increase the quality of product or services when there is competition (Fan et. al.,

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2017; Wang et. al., 2018). Due to the high competitive market, companies are demanded to decrease their prices to gain or keep the consumer. However, unpleasant pricing situation takes a toll on the overall profitability for companies. This pushes companies to take strategic actions in order to keep their existence in such competitive environment. (Oliveira and Oliveira, 2018; Compagnone and Simon, 2018).

In addition to these aspects, developing new product or services can be the strategy of the companies in order to survive in such a competitive environment. The main purpose of this kind of strategy is to become different from the rivals so that they can be preferred more by the customers. This situation has an important contribution to the profitability of the customers. Another important point in this condition is understanding the customer expectations. For this purpose, companies make many different analyses to evaluate customer requirements. Therefore, it can be more possible to attract the attention of these customers which contributes the financial improvement of the companies.

Banking sector has also significant competition especially in last years (Jayakumar et. al., 2018; Clerides et. al., 2015). Owing to the technological development, the banks should always update their strategies to have a competitive power. As an instance, some banks prefer to give services with ATMs to reach customers in many different locations. Another important strategy for the banks may be investment to the technological infrastructure. These kinds of strategies give chances to the banks to increase organizational performance (Gonzales et. al., 2015; Andrievskaya and Semenova, 2016).

The importance of banking sector in Turkey increased in the last years. Turkish banking sector suffered from an important financial crisis in 2001. This crisis led to many social and financial problems for Turkey. Because there was a radical devaluation, many companies went bankrupt due to high amount of the debt. In addition to this problem, lots of people became unemployed because of this crisis. This situation caused a significant social problem in Turkey. For example, there is an important deterioration in the family peace since this person lost his/her job (Oktar and Yüksel, 2015).

After this crisis, Turkey took many radical actions to improve their financial system. Most of these actions has an important contribution to the development of Turkish banking sector (Ozkan et. al., 2017; Yüksel, 2017). Especially after this period, Turkish banking sector attracted the attention of many foreign investors (Yüksel et. al., 2016; Oktar and Yüksel, 2016). According to the report of the Banks Association of Turkey, there are 27 deposit banks in Turkey and 15 of them are foreign banks as of March 2018, which make up 27.7% of all banking sector in the region. In addition to the financial crisis in 2001, the global mortgage crisis occurred in 2008 affected Turkey in a negative manner. In the following period, new regulations were developed to manage the risks of the banks.

The aim of this study is to determine a set of strategies for the contemporary organizational success and select the best strategy with a modified multi-criteria decision-making model. The analysis is constructed by using the DEMATEL and TOPSIS methods. Turkish Banking Sector is considered to rank the alternative strategies based on the financial and non-financial items. The novelty of the study is to suggest a modified decision-making analytics and to analyze Turkish banking sector by building the strategies for contemporary organizational performance. As a result, it will be possible to provide recommendations for these banks to develop strategies to reach organizational performance.

This study consists of 5 different sections. After this introduction, in section 2, there is a literature review for the strategies that focus on strategy and organizational performance. By making analysis for these studies, the missing area in the literature is emphasized. In the third section, fuzzy DEMATEL and fuzzy TOPSIS approaches are identified. In addition to these aspects, section 4 gives information about the implication on Turkish banking sector by using the methodology emphasized in section 3. In the last section, conclusion and recommendations according to the analysis results are shared.

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