

The Challenges of Creating Sustainable Competitive Advantage in the Banking Industry in Iraq

Helal Mouneer Alalie

School of Business Innovation and Technopreneurship

Universiti Malaysia Perlis, Malaysia

E-mail: helal.mouneer@yahoo.com

Yoshifumi Harada

School of Business Innovation and Technopreneurship

Universiti Malaysia Perlis, Malaysia

Idris Md Noor

School of Business Innovation and Technopreneurship

Universiti Malaysia Perlis, Malaysia

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Abstract

Sustainable Competitive Advantage plays a key role in evaluating the strategic performance of an organization. The purpose of this study is to contribute to the understanding of how Sustainable Competitive Advantage is developed and applied in evaluating the performance of a large local bank in Iraq. Due to lack of research work in this area of banking sector in Iraq, this study shall contribute to the knowledge on how banks in Iraq may apply the Sustainable Competitive Advantage and how they might turn strategic vision into potential performance. The use of the Sustainable Competitive Advantage developed here is limited to the very bank studied here; however, the approach could trigger off reflections among policy makers and other banks to start using the Sustainable Competitive Advantage. The customers tend to deal with the banks that are able to develop their banking services in distinctive way as well as wishing to respond quickly to the wishes of customers, especially if we know how much similarity there is between those services. Thus, the need is urgent for excellence as well as for achieving a competitive advantage compared to other banks. Yet, that cannot be

done on the long term unless the bank has the ability to adapt to environmental variables in general and to customers desires in particular. This requires adopting a comprehensive strategy for the purpose of accommodating and amending the procedures for the provision of the service. Lately, plenty of banks are being brazen-out due to confronting considerable rivalry. This is mostly due to these banks failing to have the power of proposing for attractive offers or even having acceptable ties with customers of theirs. This paper aims at analyzing means that can help a bank securing an agile rivalry in a market that is always about competition and winning customers and business accordingly. According to what the discussion has brought up, the idea of sustainability is growing faster lately as a vital criterion marking the size of corporations react for challenges that bear a strategic core nature. According to the conclusion of the paper, there is a necessity for a bank to have the capability of overcoming the inertia of change as well as intersecting new opportunities of the relevant market.

Keywords: Competitive advantage, Sustainable competitive advantage, Human resource management, Challenges of banking industry in Iraq

1. Introduction

The greater the number of customer of a bank the more esteemed be its signature within the market. The competitive advantage pertaining to a bank is almost nullified in case its market approach is weakened, this is irrelevant with any powerful financial service that such a bank is said to have and provide. Banks have to review their marketing strategy in order to survive as long as they act in a highly competitive atmosphere. Such a preview and routine examination procedure helps banks maintain better level of performance. Banks have to acquire a highly influencing marketing strategy because customers' buying trends vary with time and also due to other banks competition and rivalry (Haron & Azmi, 2005).

Through field observations and interviews with directors in the banking sector in Baghdad (capital city of Iraq), the authors arrived at three important facts. Firstly, Sustainable Competitive Advantage in the banking sector in Iraq does not attract many researchers. Secondly, the Sustainable Competitive Advantage is an approach that is not known within the banking sector in Iraq. Thirdly, Iraqi banks are still using primitive bureaucracy systems such as annual, quarterly and monthly reports. More specifically, we found that a lot of branches throughout Iraq depend on traditional financial measures.

In today's highly-competitive environment, business organizations need to act fast in order to secure both financial situations and market positions of theirs. If management is the organization of people and resources in order to achieve a particular goal or objective, then strategic management represents that progress more swiftly, reducing our reliance upon the external environment while at the same time providing ever greater opportunity to those with an interest in the affairs of the organization. We may term this strategic approach to business management being an accelerated progress and the ability to deliver such achievement consistently over a long period of time as a "Sustained Progress".

Management scholars have long searched for methods which more effectively, efficiently and consistently provide not just an accelerated progress but also sustain these achievements throughout a changing business environment.

Core competencies are also highlighted in this study as a requisite for each bank to focus on while simultaneously exploring all opportunities that are available on the market in order for the bank to avoid loss of customers and business opportunities too. Competitive advantages are secured through core competencies that can aid the bank in matters of excelling over its rivals as per distinguishing its services and also offering better costs and service charges in contrast with other banks. Customer value is in fact created through core competencies and decides upon structure and features of global competition. Another advantage of core competency is that it contributes to innovation too. Banks can also develop new technologies through core competencies to ensure that services at esteemed quality standards are provided for the customers. Studying earlier literature and researches forms the methodology of this research that is about a case study indeed (Porter, 1980). Many researchers and business people might ask themselves a simple question: "What is the secret of a successful company?" For years, researchers from all over the world spent their efforts trying to find out why some companies are successful on a market and why others fail. By analyzing successful

and failed companies, they try to find out what the commonalities of the leaders are and what strategies they do follow.

There is a considerable amount of literature on strategic management, which gives useful advices for business people about how to be successful in a market. Different authors agree that reason of successful performance in a market for many companies is a possession of a Sustainable Competitive Advantage (SCA).

Competitive Advantage is at the heart of a firm's performance in competitive markets (Porter, 1985). Yet, maintaining existing advantage is difficult, because its sources may be imitated by new industry entrants who intentionally imitate the distinctive competencies of industry leaders (Stalk, Evans, & Shulman, 1992).

2. Iraqi Banking Sector- An Overview

The Iraqi economy is one of the recognized systems in the developing countries. Iraq offers an example of active banking systems with a total of seven state-owned banks, twelve Islamic ones, twelve foreign banks and finally forty-seven private banks. The whole banking sector of Iraq is controlled and governed by the Central Bank of Iraq.

Going back in history, Iraqi state owned all banks in Iraq with the Al Rafidain Bank that was established in 1941 being the first. Right now, this bank is controlled by the federal government of Baghdad. Later on and during the late nineties of last century, the Iraqi state allowed private banking. Speaking of now and according the US Department of State, assets in the order of 96% are managed by banks that are all state-owned.

3. Competitive Advantage and Sustained Competitive Advantage

Critical to a corporation's growth and prosperity is gaining and retaining competitive advantage. Although corporations may pursue many paths to this end, one that is frequently not recognized is capitalizing on superior human resource management. Currently, many companies recognize the growing importance of their human resources, but few are conceptualizing them in strategic terms - in ways to gain a competitive advantage. As a result, many companies forego the opportunity to seize competitive advantage through human resource practice initiatives. However, there are a few companies that do not forego the opportunity.

The vision for determining the precise and specific definition for competitive advantage varies a lot. When we want to go historically further in the concepts of competitive advantage, the competitive advantage is sensed as being the source that enhances the organization position in the market in order to achieve its monopoly profits and through concession on its competitors in the areas of product, price, cost and focus on production (Hax & Majluf, 1996).

If a company possesses resources and capabilities which are superior to those of competitors, then as long as the firm adopts a strategy that utilizes these resources and capabilities effectively, it should be possible for it to establish a Competitive Advantage. The pursuit of Competitive Advantage is an idea very much at the heart of the strategic management literature (Burden & Proctor, 2000). This defines competitive advantage as the ability to

create more economic value than competitors, and also distinguishes between two types of competitive advantages: temporary and sustainable. Competitive Advantage typically results in high profits, but these profits attract competition and competition limits the duration of competitive advantage in most cases, therefore; most of Competitive Advantage is temporary. On the other hand, some Competitive Advantages are sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering (Hesterly & Barney, 2010). To achieve the competitive advantage, an organization must also pay attention to its external position as well as internal capabilities (Barney, 1991). The organization must consider its internal capabilities and its competitive position in the market not as spate elements but rather think of the interactive elements as sources of gaining the competitive advantage and marketing strategy (Hooley, Greenley, Cadogan, & Fahy, 2005). It had been pointed out that resources alone are frequently not enough to generate competitiveness over other firms. In creating a competitive advantage, a firm needs the ability to make good use of resources defined as the capability to handle a given matter and, as the ability grows over time, to utilize the available resources to create new resources, such as skills (through new technology or software application), or to open new doors to the development of new types of product (Gupta, Woodside, & Dubelaar, 2009).

4. Sustainable Competitive Advantage

The concept of sustainable competitive advantage (SCA) was introduced in 1984 when Day was explaining the competitive advantage maintenance strategies. The term “Sustainable Competitive Advantage” was seriously developed in 1985 by Porter and in terms of a variety of competitive strategies (cost, leadership, differentiation and focus) to achieve long-term Competitive Advantage. Nevertheless, Porter did not provide a formal definition for Sustainable Competitive Advantage. The closest definition of Sustainable Competitive Advantage is the continuity of benefits and application of unique value creation strategies asynchronously with potential competitors that are not able to copy such benefits (Barney, 1991). The term “Sustainable” is not marked by a period of time of which the firm has the advantage but is rather marked by the inability of the competitors to duplicate the advantage. This means that a firm can lose its Sustainable Competitive Advantage at any given time when competitors are able to replicate the effects of the value creating strategy. However, taking up the notion of dynamic capabilities, it is argued that not the resources are the basis for competitive advantage, but rather the configurations of the resources which are the result of the ability to manipulate the resources. These are the basis for implementing the value creating strategy which leads to competitive advantage. The competitive advantage in resources can become a competitive advantage in the marketplace that companies combine resources and skills with core competencies so that they can successfully create sustainable competitive advantage in a consistent and unique way (Hoffman, 2000). The durability represents the pace at which a firm’s underlying competitive resources, competitive capabilities or core competencies depreciate or become obsolete or irrelevant owing to causes including new technology and innovations. A further postulate is that the longer it takes for the competitors to achieve an imitation, the greater is the chance for the successful firm to improve on the core competencies or build new core competencies, to stay a number of steps

ahead of the competition (Arthur & Thompson, 2014). Thus, the firm's ability to delay imitations or duplication of its competitive resource base is essential to derive maximum benefit from any competitive advantage. While other sources of Sustained Competitive Advantage exist, Core Competencies are the direct source of Sustainable Competitive Advantage on which most scholars widely agree. This explains that core competencies are special skills and technologies that enable a firm to provide a specific value added to the customers, as they provide the foundation of core products and services which are at the center of a firm's activities (Grant, 2010).

5. Sources of Competitive Advantage

The source of success in banking sector is viewed today in light of the state of competitiveness which relates to that bank. Value adding strategies within the chain of value as well as resource capabilities account for the core competencies of a bank is in fact about its internal environment (Haywood & Kenley, 2008). For a bank to attain competitive advantage there is a need for a strategy that is perfectly-designed. The following sources can result in such an advantage.

5.1 Differentiation

A differentiation strategy helps a firm in matters of providing services or /and goods where other competitors fail to provide or simply had never thought of providing or even copying them. Another key aspect is the state of being unique in products types, technology and brand too (Porter, 1980).

5.2 Low cost strategy

Low Cost strategy is based on leadership cost with tight cost control and efficiency (Porter, 1980). Operational costs can be reduced via making use of alternative tools of promotion for products like having a superior information system, acquiring a flat organization structure, the efficient application of capital or using social media, as an example. Existing customers' loyalty for the organization can be won through quality customer service. This way, a word of mouth can help in spreading good news in welfare of the organization. This act can attract more and more customers without the typical advertisement costs to pay, that is to say; promotion costs are nullified.

5.3 Capability

The competitive advantage of an organization relies on its capability to transform its own resources such that it can lead the market due to this act. Such a view can give an idea of how an organization can gain competitive advantage due to transforming its resources (Ren, Xie, & Krabbendam, 2009). Based on the view (that is already a resource-based), the resources that a firm needs to acquire should be hard to replace, hard to imitate and both scarce and valuable. Competitors ought to face extreme hardship when trying to imitate a competitive advantage. Such a target can be obtained in case the source is hard to understand by the competitive rivals, and also in case the competitor fails to duplicate the circumstances the define how a resource actually work in addition to failing in duplicating the relevant

component of the human resources capital pool.

5.4 Positive Reputation

One of the sources that a sustainable competitive advantage has is in fact the brand identification and reputation of the firm or how outsiders view it (Porter, 1980). Due to brand identification and reputation, a state of crossing-over from one market to another is usually made by customers. One may conceive positive reputation of a firm as if an informal social relationship correlating key stakeholder of a firm to the firm itself; the stakeholders themselves are to be regarded as imperfectly inimitable due to being socially complex. So far, studies and papers had never stated whether (or whether not) positive reputation and guaranties can be substitutes. Nevertheless, there are firms that invest in positive reputation and in guaranties too, so if any of them is never a substitute to the other then the first one (which is both imperfectly imitable and scarce too) can be a source for competitive advantage.

5.5 Learning Organization

Commitment to feedback for development (both pursuing and applying) forms the central criteria of the learning organization. Such an organization encourages its members as per enhancing their qualities and personal skills. That way; members can both develop and learn as well as learning through experiments (both negative and positive) and skills of others in addition to their own skills of course. A considerable contribution is begotten through each member of the various levels of an organization due to continual learning that covers all parts of the company along with its employees. It is the responsibility of all members of the workforce to practice creation and innovation and this helps the learning organization to adapt to the competition efficiency, technology and changes that hit the market. A firm can presume being in the forefront and scoring the leadership in the market based on such adaptation to meet the dynamic nature of the business environment. Additionally, enhanced synergy is enhanced due to such creativity. Results that overmatch preliminary expectations can be obtained as high performing teams practice interaction during work. A typical firm can compete with others when it gets in a position of broadening opportunities for learning because of diversity pertaining to operating environment.

6. Planning for Competitive Advantage

Gaining an advantage by a firm ensures that the business is secured. In case this business is ample in size, the firm has better chances of flourishing and winning the 3 market.

Based on what M. Porter concluded, there are three kinds of strategy available for companies and firms pursuing competitive advantage to choose from. The first is differentiation strategy; the second is called Low-Cost strategy while the third kind is a niche or focus strategy that is mostly followed by entrepreneurs. As for the first kind, the relevant firm relies on its own capabilities to compete with other rivaling firms through acting in an alternate style. In the second type of strategy, an emphasis is put on offering services (or providing goods) at the lowest costs (and prices, accordingly) so as to get a competitive advantage. As for the third type of strategy, the firm can thrive in case the entrepreneurs persist to lower the costs as

compared to costs and prices of other firms. Differentiation and low cost strategies care top create competitive advantages over the whole market but according to Porter's niche strategy cares to put an emphasis on one or more of the followings: a particular component out of the whole product or service range that is offered, a certain target groups or market niches and finally a limited geographical location rather than all. Most of the times, those who compete according to niche strategy are specialized in marketing as they focus on a narrow segment rather than the whole market aspects. This segment may be national or local sometimes. Following niche strategy can benefit in matters of building certain skills which match a certain market in a unique way. Ample profit shares are directed to such specialist most of the times. An efficient entrepreneur is well acknowledged that maintaining and establishing a competitive advantage poses a great challenge for him/her. Such an advantage can be wasted if no careful vigilance and attention is paid (Bateman & Zeithaml, 1989).

7. Strategic Planning and Sustained Competitive Advantage

Strategic planning is intended to help governments, communities and organizations deal with and adapt to their changing internal and external circumstances. It can help clarify and resolve the most important pressing issues they face. It enables them to build on strength, take advantage of opportunities and become much more effective in what seems to be a more competitive world.

Alternatively, it is the process of identifying, choosing and implementing activities that will enhance the long-term performance of an organization by setting directions and by creating an ongoing compatibility between the internal skills and resources of an organization and the changing external environment in which it operates (Wu, He, Duan, & O'Regan, 2012).

Somehow, there are studies (Pearce, Freeman, & Robinson, 1987) that seem to disapprove of the idea that strategic planning can be any capable of developing a sustained competitive advantage. Somehow, solving such conflicting findings demands that there should be an evaluation of strategic planning being a resource for the firm or organization. It is not enough to have strategic planning and replace competitive advantage sources, even if they are very valuable as long as most organizations engage within the same activity and it is not scarce. Thus, any other organization that is interested in formal planning is in fact free to do likewise and while doing so it is considerably imitable.

Developing future strategies is most of the times confronted with the following problems: coping with emerging technological trends, availability of financial resources, customer retention due to rivaling firms developing new products, talent retention in human resources risk of inflation and risk relevant to that.

Since a firm's resources can represent resources for sustained competitive advantage; the formal strategic planning must empower that firm to recognize and exploit those resources. Developing strategies through emergent processes is an available option for companies too.

So far, informal strategies had been regarded as scarce and hard to imitate. Somehow, the research had clarified that firms ignore the strategic insights or simply prevent these processes from unfolding (Burgelman, Christensen, & Wheelwright, 2009). Somehow, those

firms which comprehend the potential value of informal strategic processes are deemed as having scarce strategic resources.

8. A Resource Based Approach to Sustainable Competitive Advantage: An Overview of the Connections between Resources and Competition

A central premise of the resource-based view is that firms compete on the basis of their resources and capabilities (Peteraf & Bergen, 2003). Most resource-based view researchers choose to “look within the enterprise and down to the factor market conditions that the enterprise must contend with, to search for some possible causes of sustainable competitive advantages” holding constant all external environmental factors (Peteraf & Barney, 2003).

This inward-looking approach has proven to be both influential and useful for the analysis of many strategic issues, among which are the conditions for sustained competitive advantage and diversification (Foss & Knudsen, 2003). The beneficial aspects of companies are their strength or perhaps the organization's might that includes human competencies, process capabilities, products and services, financial resources customer goodwill and brand loyalty. Examples of organizational strengths are huge financial resources, patents, broad product line, no debt, committed employees, good reputation among customers, and strong brand names.

Whenever strength is not available, it is considered a case of weakness that is defined as a factor failing to meet the standard anticipated to be. Such cases of weakness spoil influencing factors that ought to contribute to growth and success of an organization.

The sources of weakness in a company can be due to a decision poorly-made, a narrow range of a product or simply some machinery subjected to depreciation among many other causes. Nevertheless, such weaknesses can be controlled through elimination or at least minimizing them. As an example, here; purchasing new machinery can replace and deal with out-of-date existing ones. There are other causes like lack of access to better natural resources, shortage of R&D facilities as well as other causes which sometimes can be the flip side of strength.

Additionally, there should be an integration of internal analysis within objectives, aims, mission and vision of the company. Internal analysis ought to contribute to assisting in identification of a sequential list of strategic options which the firm may consider and create choices.

9. Value Chain

The concept of value chain disaggregates a firm into its strategically relevant activities in order to better understand the behavior of costs and potential sources of differentiation. Every firm is a collection of activities that are performed to design, produce, market deliver and support the product/service. The value chain identifies nine strategically relevant activities that create value and cost in a specific business (Porter, 1980). The nine value-creating activities consist of five primary activities and four support activities. Michael Porter identified a set of interrelated generic activities common to a wide range of firms. The resulting model is known as “The Value Chain”.

Value Chain covers the activities involved in the physical creation of the product/delivering

of the service. In a firm, primary activities can be divided into five generic categories. Inbound Logistics, Operations, Outbound Logistics, Marketing and Sales, and Service.

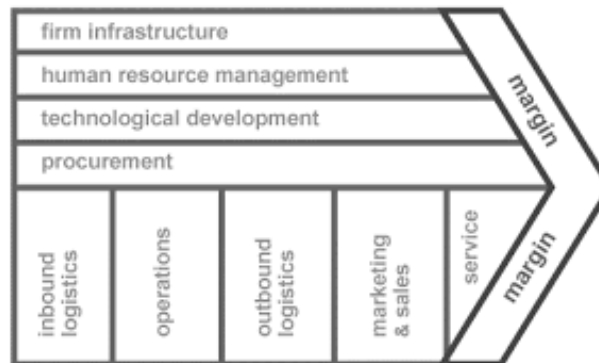


Figure 1. The value chain description

Inbound logistics include the receiving, warehousing and inventory control of input materials. Operations are the value-creating activities that transform the inputs into the final product. Outbound logistics are the activities required to get the finished product to the customer, including warehousing, order fulfillment, etc. Marketing & Sales are those activities associated with getting buyers to purchase the product, including channel selection, advertising, pricing, etc.

Any or all of these primary activities may be vital in developing a competitive advantage. For example, logistics activities are critical for a provider of distribution services, and service activities may be the key focus for a firm offering on-site maintenance contracts for office equipment.

These activities aim at establishing a value that overmatches the cost of service provision. It is this way that profit margin is created (Porter, 1980).

10. Human Resources as a Company Resource

Human capital theory focuses directly on the skills of human beings in organizations. Organizations had been classified based on what is referred to by one researcher as their competencies. In his model, these competencies are found in the knowledge, skills and abilities (KSA's) of organizational members. Both of these approaches recognize the importance of the individual members of organizations as the important resource rather than the practices and/or procedures used by the companies (Wright, McMahan, & McWilliams, 1993).

Human resources are defined as the pool of human capital under the firm's control in a direct employment relationship. Human resource practices, on the other hand, are the organizational activities directed at managing the pool of human capital and ensuring that the capital is employed toward the fulfillment of organizational goals. This leads to recognizing two aspects of human resource.

Human resource is defined as the availability of talented, skillful employees with an access to the relevant know-how needed to carry out daily routine tasks of the specific firm according to the laid strategy. Human resource can be described as the value which is projected by employees as they practice their tasks using their expertise, know-how and skills. Alternatively, human resource is a firm's combined human ability towards meeting and resolving problems pertaining to business itself. In fact, it is also an inherent feature within the employees themselves so it is not liable for "owning" by the firm itself. This way, when an employee quits the firm that human resource of his/hers is taken away from the firm. Human resource also comprises and reflects to what extent a firm is using its employees and their resources with innovation and creativity being the fathoming tool.

In dynamic environments, firms with high levels of human capital resources possess greater capability to respond to environmental changes through sensing the need for change, developing strategies to meet the change and implementing these strategies both quickly and efficiently.

Actually, it is the employees who do implement the strategies of the firm. This is carried out via their own behavior even though they ought to have the competencies that should be there so as to depict their own behavior. Human resource is lately viewed from an alternate perspective in contrast with the past few years. It is regarded as the top valuable resource that a firm has. If there are no competing staff (both at employee and managerial levels and positions too) no goals of the firm's strategy can ever be accomplished.

Based on what has been mentioned above, a company will not share a competitive edge with rivaling companies or firms. To have a perfect and efficient policy mandates that human resource is limited to the least size. This way both cutting of wages and elimination of surplus duplication of efforts are secured. Human resources represent a source of sustainable competitive advantage because they are non-sustainable, inimitable and valuable too.

11. Methodology and Research Design

Database sources and media both offered a source for acquiring data and information for the study. This study can be considered as a secondary research depending on secondary data collected from mainstream banks whose annual prospectus offered the secondary data for the study. Publications, research results pertaining to earlier studies of relevance and news lines all offered another source for secondary data. This urges for further studies to be conducted in future studies.

12. Discussion

The following factors are identified through analyzing the available literature of researches conducted for the subject of sustainability of competitive advantage as being major challenges facing the creation of competitive advantage as per banking sector in Iraq. Iraqi banks are known to have strength due to large financing needs, several sectors with high growth potential, GDP growth over the medium-term and ample amounts of foreign exchange reserves. Alternatively, weaknesses include the following points: weak financial infrastructure, dominance of state-owned banks, underdeveloped banking sector, slow pace of

reformation, bureaucracy and challenging operating conditions (Omran, 2015).

13. Conclusion

Strategic leaders of this new millennium find themselves mandated from time to time to face uncertainty and complexities of organizational change (Lawler III & Worely, 2006). For companies to maintain their competitive agility and position, they have to overcome inertia resulting from change. Not only protecting the competitive advantage is vital and essential, it is also essential to make use of new opportunities facing an organization so as to maintain the competitive position for the longest possible time duration. Somehow, the most threatening challenge comes from new banks always occupying the forefront as per using new technologies irrespective of their ample assets base. The more a firm gets committed to its own core competencies, the more be the need for it to amend its direction and have a foresight as per both environment and technology. Although Iraq seems like an ideal origin for banks, Iraqi citizens had a case of uncertainty due to environmental circumstances which contributed to creating an atmosphere of instability and distrust framing the financial system. Fraud and consistently dominating cases of corruption both within the Central Bank and banks of the private sector stigmatized the banking sector of Iraq. Lately, security threats as well as violent political incidents contributed much more to banking reputation of Iraqi banking sector. Based on an estimation analysis, the percentage of Iraqi citizens who have bank accounts to use with their business deals are less than 10%.

One of the prominent phenomena in Iraqi banking sector is about high competence and rivalry amongst banks. The already available banks that are conformist practice a situation of not allowing new entrants to establish their business or even occupy their places. Nevertheless, the rate of growth of banks is considered as both smooth and very good too. It is evident here that the new banks are lagging behind in contrast with conventional ones and there is a need for time to allow seizing a share within the market. Too many hurdles oppose the growth of the Iraqi banking sector. These include inadequacy of qualifications and skills pertaining to incumbents as well as bureaucracy. On the other hand, opening new branches of already available conventional banks had surely contributed to escalation of competition within this sector.

The term "sustainability" when related to competitive advantage does not imply that it is an eternal feature, otherwise it refers to the idea that the advantage will not be wasted through a duplication act of competing firms. This way, banks have to make use of all sources pertaining to competitive advantage so as a unique strategy can be created. It is important also to acquire a properly-planned allocation and assortment of resources since competitive advantage has a life cycle of its own.

14. Recommendation of the Study

The recommendations of this study include the following suggestions that may highlight the way of how to deal with hardships confronting banking sector while laying a plan for attaining sustainable competitive advantage:

Banking sector in Iraq is facing so many problems. The problem of the traditional procedures

and bureaucracy is inevitable and unavoidable in the banking sector. The productivity of the human resources is the most crucial factor as far as the success of an organization is concerned. There seems to be an ample need for organization learning, both on individuals and whole staff levels in the form of work interactions, experimentation and training with the collective activities being held within the organization itself. The idea of including continuous organizational learning has its own cumulative effects which are very hard for competing firms to copy and imitate like is the case with individual learning. Benefits of organization learning include acquiring, distribution and implementing of knowledge as well as translating it to memory of organization. Using Customer Relationship Management (CRM), appointment of young employees with fresh and creative minds and having expertise in latest technology is, as a matter of choice, desirable to survive in the globalized market. The human resources of Iraqi banks are mostly less qualified or unskilled and lacking sufficient knowledge about Iraqi banking system. We have a strong recommendation that feasible training and workshops must be conducted to overcome this lack of both skills and knowledge of staff. The Iraqi banks should start on massive scale the Competitive Advantage - building exercise. The banks should focus their attention on creation of such an outward look that it feels like anything entering the bank. The regent of the bank should be user-friendly with good quality furniture and other attractive infrastructure.

For the sake of surviving in a globalized market, the firm should consider following CRM (or Customer Relationship Management). It is a favorable measure for a firm to conduct appointments with fresh employees whose mentalities are both creative and skillful in matters of new technologies. As for the human resources aspect, unfortunately; the Iraqi banking sector misses a lot in matters of skills and qualifications; most employees seem to lack a lot regarding banking system knowledge. The study recommends here that banks should organize efficient seminars, workshops and training courses in order that the employees get over the shortcoming of insufficient skills. Competitive Advantage Building exercise ought to be initiated by Iraqi banks and on a massive scale too. One of the suggestions that are worth pondering is creating an outward look that allows feeling same as anything accessing the bank itself. The bank's regent has to use attractive infrastructure including sophisticated furniture but on top of all, the regent has to user-friendly.

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