

ISRG Journal of Economics, Business & Management (ISRGJEBM)



ISRG PUBLISHERS

Abbreviated Key Title: Isrg J Econ Bus Manag

ISSN: 2584-0916 (Online)

Journal homepage: <https://isrgpublishers.com/isrgjebm/>

Volume – I Issue-I (September – October) 2023

Frequency: Bimonthly



The Relationship Between Islamic Marketing and Competitive Advantage: An Empirical Study on Jordanian Banks

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| **Received:** 20.09.2023 | **Accepted:** 23.09.2023 | **Published:** 01.10.2023

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Abstract

This paper aimed to investigate the connection between Jordanian banks' competitive advantage and the marketing mix from an Islamic perspective. The study's population consisted of 16 Jordanian banks; thirteen of the banks are classified as commercial banks, while three are Islamic banks that adhere to Islamic Shariah. 80 questionnaires were distributed by the researchers; 70 percent of the 56 questionnaires were retrieved. According to the researcher's findings, banks make extensive use of the marketing mix by offering products and services that meet Islamic Sharia's requirements and express their customers' requirements. Additionally, the study demonstrated that many banks avoid offering Shariah-incompatible goods and services to customers. Moreover, despite their awareness of the product from an Islamic perspective, most banks are meeting customers' requirements.

Keywords: Marketing Mix, Islamic Marketing, Competitive Advantage, Islamic Banks, Commercial Banks, Jordan.

Introduction

Islamic marketing lets you use a morally acceptable marketing strategy. Ahmad (2018) states that Islam is an inclusive way of life with rules for everything, including business. The idea of Islamic promoting has advanced during the improvement of the Islamic economy, and a few genuine organizations and banks have applied this idea and accomplished positive outcomes (Alserhan, 2017). According to Al-Nashmi & Almamary (2017), Islamic marketing is anticipated to expand and is regarded as trustworthy due to the

principles that align with society's requirements, which is honesty. According to Syahputra (2002), Islamic marketing is a business discipline strategy that directs the process of creating, bidding and changing the value from the initiator to stakeholders in accordance with Islamic transactional principles and contracts. According to Tieman & Ghazali (2013), this indicates that the entire process of creation, the bidding process, and the process of changing the value in Islam marketing should not conflict with Islamic law.

Customers receive financial services and facilities from Islamic banking institutions (Aris et al., 2013). Marketing managers are interested in the quality of the service and how to market it from an Islamic perspective because of its impact on performance and its connection to the tangible aspect represented by the individuals working in the bank (Echchabi & Olaniyi, 2012), and they operate in an extremely competitive environment, whether it comes to traditional commercial banks or the competition between them. As a result, they develop appropriate plans and programs to achieve the highest level of competitive advantage. According to Raza, Umer, Qureshi, & Dahri (2020), this is due to the fact that they have an impact both on the quality of service that is provided and the quantity of that service that is provided. The purpose of this study was to present an Islamic perspective on marketing founded on the fundamental principles of justice, equity, and general assets. The study also proposed a definition of the concept of Islamic marketing, which has firm roots in the Islamic religion's spiritual, ethical, and legislative values. From an Islamic point of view, this study focuses on the connection between the marketing mix's dimensions and competitive advantage.

Problem Statement

Numerous options have been made available in the banking environment due to the intense competition among businesses that provide banking services in general and Islamic banks in particular. These businesses have adopted marketing strategies and advanced products and services to maintain and occasionally increase their market share (Hussain, Khatoon, & Sarwar, 2019). According to Di Bella & Al-Fayoumi (2016), commercial and Islamic banks in many nations, including Jordan, strive to meet customers' needs by providing halal services and products that are legal and legal with mutual consent between the seller and the buyer to achieve material and spiritual well-being and educate customers about it through ethical halal advertisements. The researcher conducted field trips, met with several bank employees, and gathered the opinions of a sample of customers to find that there is a gap between how people perceive the idea of Islamic marketing and how much it is used in banking operations. This makes it harder for some banks to gain a competitive advantage. This study aims to investigate how Jordanian banks' competitive advantage is affected by the marketing mix.

Objectives of the Study

The following are the current study's goals:

- To ascertain the connection between Jordanian banks' competitive advantage and Islamic marketing.
- To ascertain the reality of the marketing mix in Jordanian banks from an Islamic perspective.
- To ascertain whether age, gender, qualifications, experience, and career level—are all demographic variables.
- Have an impact on the relationship between Islamic marketing and competitive advantage; and
- To offer suggestions based on the study's findings that could assist bank executives in achieving success by implementing marketing from an Islamic perspective.

Research Questions

The following research questions are the focus of the current study:

- 1- From an Islamic perspective, how does Jordanian banks' competitive advantage relate to their marketing mix?

- What is the connection between an Islamic prospect's product and a competitive advantage?
- What is the connection between a competitive advantage and an Islamic prospect's price?
- What is the connection between competitive advantage and location from an Islamic perspective?
- What is the connection between a competitive advantage and a promotion from an Islamic prospect?
- Is there a statistically significant difference between the demographic variables (gender, age, level of education, experience, and position) and the market mix?

Significance of the study

The fact that this study aims to reach several findings that will benefit researchers on both a practical and scientific level underscores its significance. The following is a summary of this:

- **Relevance to science:** The aim of this study, which is to investigate a significant problem with marketing in the banking industry, particularly the use of an Islamic marketing mix, demonstrates the study's scientific significance.
- **Relevance in Practice:** The purpose of this study, which is to investigate the connection between product, price, location, and promotion with a competitive advantage, reveals the practical significance.

Methodology

The researcher formulated some hypotheses and then conducted some analyses to verify these hypotheses to elucidate the current situation regarding marketing from an Islamic perspective in Jordanian banks. This was done to answer the aforementioned research questions and achieve the objectives that had been established. From an Islamic perspective, the researchers attempted to describe and evaluate the actual relationship between the marketing mix and competitive advantage using analytical and descriptive methods. In addition, the researcher attempted to compare, interpret, and evaluate the results using a descriptive-analytical method in the hope of making meaningful generalizations about the subject under investigation. The data for this study was gathered using both primary and secondary research methods. Through a review of previous studies on the topic of interest, secondary data were gathered.

A questionnaire was distributed to marketing managers, sales and information systems managers, and sales coordinators to collect the primary data. The developed questionnaire had three sections (general information, independent variable and dependent variable questions) to collect data to answer the research questions. The purpose of the first section was to collect demographic information, specifically gender, qualifications, overall experience, age group, job title, number of years in the workforce, and management level. Indicators measured the adopted marketing mix in the second section, which covered the independent variable. The dependent variable and indicators used to measure competitive advantage were covered in the third section of the questionnaire.

Study Population and Sample

The number of inhabitants in this study is all neighborhood banks adding up to (16) banks. A comprehensive survey was used to select all of the banks by the researcher. The researcher administered the survey to the marketing staff in all banks under study, resulting in 56 valid responses out of 80 responses at a rate

of 70%. The sample distribution in relation to the study variables is shown in Table 1.

Table 1. The distribution of the sample according to the study variables

Variable	Category	Frequency	Rate
Gender	Male	22	39.3
	Female	34	60.7
Age	20 to 30-yrs	31	55.4
	30yrs to 40-yrs	15	26.8
	40 yrs to 50-yrs	10	17.8
Educational level	Diploma	11	19.6
	Undergraduate	37	66.1
	graduate	8	14.3
Total Experience	1 to 5-yrs	19	34.0
	5yrs to 10- yrs	18	32.1
	10 yrs to 15-yrs	6	10.7
	15yrs to 20- yrs	9	16.1
	20yrs +	4	7.1
Post	Sales manger	11	19.6
	Marketing Manager	14	25.0
	Quality manager	9	16.1
	other	22	39.3
Experience in a recent job	Less than 5yrs	27	48.2
	5yrs to 10- yrs	15	26.8
	10 yrs to 15- yrs	5	8.9
	15 yrs +	9	16.1
Level	Top management	3	5.4
	Middle management	43	76.8
	Low management	10	17.8
Total		56	100.0

Instrument validity

The instrument was standardized based on the responses of an expert group of faculty members from various universities, and content and face validity were used to determine validity. Items were changed or canceled by the raters. The raters requested that the researcher modify the instrument.

Instrument reliability

A pilot study was used to determine the instrument's reliability; a sample of 25 people from the study population responded. The tool as a whole and the marketing mix had reliability coefficients of 0.86 and 0.88, respectively, indicating that they could be used with a Jordanian population.

Statistical measures

Using the statistical package for the social sciences, the data were processed by clearly coding the variables and recording each

variable's symbol in the list. After that, the data were processed in the computer using various measures like the F-test, correlation coefficient, ANOVA, reliability measures, and multiple regressions. The computer then processed the data in the following manner: presenting weak positive degrees, average positive degrees between 2.5 and 3.49, and high positive degrees between 3.5 and 5.00.

Study Findings

The First Inquiry: What is the connection between an Islamic prospect's marketing mix and its competitive advantage?

In order to respond to this question, the means and standard deviations for each domain were calculated. Table 2 displays the calculated means and standard deviations for the study dimensions and their relationship to the competitive advantage.

Table 2. Means and standard deviations for the study dimensions and their relationship with the competitive advantage

Rank	Domain	M	SD	Degree
1	Product	3.54	0.43	High
2	Price	3.91	0.49	High
3	Place	3.67	0.52	High
4	Promotion	3.5	0.39	High

As per the data in Table 2, the study domains' means ranged from (3.5-3.91), indicating a strong positive relationship with a competitive advantage, as shown by the means and standard deviations for the study dimensions and their relationship with the advantage. Price ranked first, with a mean of (3.91), while promotion ranked last, but to a high degree of positive significance.

Table 3. Simple regression analysis for the effect of the product on the competitive advantage of Jordanian banks

	R	R ²	Beta	F	Sig.
Quality	.721	.521	.721	332.218	.000
Efficiency	.708	.501	.708	306.686	.000
Innovation	.039	.002	-.026	.161	.368

Table 3 demonstrates that the product has a positive effect on the competitive advantage in all of its domains, with the exception of innovation, and Table 4 demonstrates that price has a positive effect on quality as a dimension of competitive advantage.

Table 4. Simple regression analysis for the effect of price on the competitive advantage of Jordanian banks

	R	R ²	Beta	F	Sig.
Quality	.309	.095	.309	9.167	.003
Efficiency	.225	.032	-.016	4.451	.724
Innovation	.022	.000	-.011	.041	.685

In addition, the table demonstrates that innovation and efficiency are not significantly affected by price.

Table 5. Simple regression analysis for the effect of the place on the competitive advantage of Jordanian banks

	R	R ²	Beta	F	Sig.
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Quality	.484	.235	.484	26.655	.000
Efficiency	.081	.007	-.081	.572	.452
Innovation	.110	.012	.110	1.058	.306

According to Table 5, location positively impacts quality but does not affect the other domains. Except in innovation, the relationship between promotion and competitive advantage is positive, as shown in Table 6.

Table 6. Simple regression analysis for the effect of promotion on the competitive advantage of Jordanian banks

	R	R ²	Beta	F	Sig.
Quality	.422	.178	.422	18.879	.000
Efficiency	.212	.045	.212	4.079	.047
Innovation	.163	.027	.163	2.389	.126

The researcher used the Pearson coefficient to examine the connection between the marketing mix and competitive advantage, as shown in Table 7.

Table 7. Pearson coefficient of the relationship between marketing mix and competitive advantage

		Innovation	Efficiency	Quality
Product	R	.371**	.570**	-.039
	Sig	.000	.000	.714
Price	R	.309**	.278**	.022
	Sig	.003	.008	.840
Place	R	.484**	-.081	.110
	Sig	.000	.452	.306
Promotion	R	.422**	.212*	.163
	Sig	.000	.047	.126

The dimensions of the marketing mix and innovation are shown to have a significant positive relationship at the level of (0.05) in Table 7 and how well the marketing mix works, except place. In addition, there is a correlation between price and quality.

The Subsequent Inquiry: Are there any significant statistical differences between the demographic variables (gender, age, level of education, experience, and position) and the competitive advantage?

To respond to this question, standard deviation and (t) tests were used to examine the relationship between gender, age, experience, position, and competitive advantage. Except for quality, there was no statistically significant difference at the level of (0.05) attributed to gender in terms of efficiency or innovation as shown in Table 8.

Table 8. Means, standard deviation, and (t) tests were used for the relationship between gender and competitive advantage

	Gender	No	M	SD	T	F	Sig
Quality	male	22	3.90	.638	-2.156	87	.034
	Female	34	4.13	.344			
Efficiency	male	22	4.15	.496	.234	87	.816

	Female	34	4.13	.458			
Innovation	male	22	4.30	.265	1.351	87	.180
	Female	34	4.19	.419			

There are differences based on age category, as shown in Table 9.

Table 9. Means and standard deviation were used for the relationship between age and competitive advantage

	age	No	M	SD
Quality	20 to 30-yrs	31	4.03	.556
	30yrs to 40-yrs	15	4.30	.240
	40 yrs to 50-yrs	10	4.04	.491
Efficiency	20 to 30-yrs	31	4.19	.469
	30yrs to 40-yrs	15	4.16	.513
	40 yrs to 50-yrs	10	3.91	.357
Innovative	20 to 30-yrs	31	4.19	.370
	30yrs to 40-yrs	15	4.18	.398
	40 yrs to 50-yrs	10	4.46	.217

As a result, those differences were gathered using ANOVA, as shown in Table 10.

Table 10. ANOVA analysis for the effect of age on competitive advantage

	Source	Cq	M	F	Sig
Quality	between groups	1.335	.667	2.890	.061
	In groups	19.859	.231		
	total	21.194			
Efficiency	between groups	.906	.453	2.094	.129
	In groups	18.601	.216		
	total	19.507			
Innovation	between groups	.911	.456	3.554	.033
	In groups	11.023	.128		
	total	11.934			

According to Table 10, there were no statistically significant differences at the level of (0.05) attributed to age, with the exception of those aged 2 to 30 and 40 to 50 in favor of the latter. There are differences based on the category of educational level, as shown in Table 11.

Table 11. Means, the standard deviation was used for the relationship between educational level and competitive advantage

	Educational level	No	M	SD
Quality	Diploma	11	4.13	.306
	undergraduate	37	3.98	.554
	graduate	8	4.19	.326
Efficiency		56	4.04	.491
	Diploma	11	4.14	.679
	undergraduate	37	4.10	.372
	graduate	8	4.29	.548
Innovation		56	4.14	.471
	Diploma	11	4.14	.350
	undergraduate	37	4.22	.386
	graduate	8	4.43	.236
Total		56	4.23	.368

As a result, those differences were gathered using ANOVA, as shown in Table 12.

Table 12. ANOVA analysis for the effect of educational level on competitive advantage

	Source	Cq	M	F	Sig
Quality	between groups	.611	.305	1.276	.284
	In groups	20.583	.239		
	total	21.194			
Efficiency	between groups	.330	.165	.739	.480
	In groups	19.177	.223		
	total	19.507			
Innovation	between groups	.615	.307	2.335	.103
	In groups	11.319	.132		
	total				

Table 13. Means, the standard deviation was used for the relationship between experience and competitive advantage

	Experience	No	M	SD
Quality	1 to 5-yrs	19	4.18	.249
	5yrs to 10- yrs	18	3.76	.671
	10 yrs to 15-yrs	6	3.79	.348
	15yrs to 20- yrs	9	4.25	.200
	20yrs +	4	4.50	.000
Efficiency		56	4.04	.491
	1 to 5-yrs	19	4.30	.452
	5yrs to 10- yrs	18	4.20	.468
	10 yrs to 15-yrs	6	3.95	.635

	15yrs to 20- yrs	9	3.80	.304
	20yrs +	4	4.14	.000
Innovation		56	4.14	.471
	1 to 5-yrs	19	4.23	.374
	5yrs to 10- yrs	18	4.14	.401
	10 yrs to 15-yrs	6	4.43	.247
	15yrs to 20- yrs	9	4.17	.329
	20yrs +	4	4.57	.000
Total		56	4.23	.368

Table 13 shows a statistically significant difference of (0.05) attributed to years of experience between one and five years in favor of the first and five to ten years in favor of one to five years. In addition, there were advantages for the latter between 5 and less than ten years and 15 to less than 20 years. There were differences in quality between 15 and less than 20 years and more than 20 years, favoring the latter group.

Between 1 to less than five years and 15 to less than 20 years in favor of the first, there was a statistically significant difference of (0.05) between 5 to less than ten years and 15 to less than 20 years in favor of the first, and the differences were in favor of 5 to less than ten years in favor of the efficiency. The differences in innovation were too small and insignificant. The following table shows the SDs and Means used to for the relationship between competitive Advantage and job title.

Table 14. Means, and standard deviation were used for the relationship between post and competitive advantage

	Post	No	M	SD
Quality	Sales manger	11	3.88	.402
	Marketing manager	14	4.00	.469
	Quality manager	9	3.62	.739
	Other	22	4.28	.214
Efficiency		56	4.04	.491
	Sales manger	11	4.14	.422
	Marketing manager	14	4.11	.544
	Quality manager	9	3.92	.717
	Other	22	4.24	.246
Innovation		56	4.14	.471
	Sales manger	11	4.21	.441
	Marketing manager	14	4.25	.405
	Quality manager	9	4.07	.175
	Other	22	4.29	.365
Total		56	4.23	.368

According to Table 14, there was a statistically significant difference attributed to the position of (0.05) between the sales

manager and other categories in favor of the sales manager, as well as between the marketing manager and quality manager in favor of the marketing manager, as well as between the quality manager and other categories in favor of another category.

Discussion

One of the dimensions of competitive advantage was found to have a positive effect that ranged from weak to strong between the marketing mix and efficiency. According to the researcher's findings, banks make extensive use of the marketing mix by offering products and services that meet the requirements of Islamic Sharia and express the requirements of their customers. A small number of banks, according to the study, avoid offering customers products and services that violate Islamic Sharia. Moreover, regardless of whether customers are aware of the product from an Islamic perspective, the majority of banks strive to satisfy customers' requirements.

Under the so-called simple profit, which is compatible with the Islamic legal perspective, a simple category of Jordanian banks set a reasonable and easy profit rate in line with the current and fair custom between the seller and the buyer. In addition to complying with Islamic Sharia regulations by offering customers an appealing and clear pricing system. This result is in line with studies that have been done in the past, like those (Haneef & Smolo, 2014).

In addition, there are no significant distinctions between the creativity systems and the marketing mix. This is because banks act in a way that doesn't try to keep up with what's happening in the marketing environment. The development of means and methods for delivering goods and services to beneficiaries, which meet service goals and customer aspirations, may not be of interest to some banks. In addition to not utilizing cutting-edge marketing tools like interactive marketing and integrated marketing communications, both of which make use of numerous inventive channels. According to the study by Saleem & Abdul Wahab (2017), the Islamic marketing mix is one of the pillars upon which consumers must rely in order to influence their purchasing decisions. This finding is consistent with the findings of the study. From the perspective of the current study, this necessitates some kind of enhancement and innovative service delivery.

Due to the strong correlation between the two variables, the outcomes demonstrated that the marketing mix and competitive advantage have a positive average effect. In addition, the significance of some banks' successful marketing efforts in developing new marketing trends is to attract more customers and enhance services by conducting marketing studies and surveys to ascertain customer opinions and attitudes. The study (Abbas, Nisar, Mahmood, Chenin, & Aubair (2020) aligns with this result.

The effects of the marketing mix as an independent variable and competitive advantage as a dependent variable were correlated in varying degrees, ranging from strong to weak. These distinctions can be credited to the error in the jobs of the advanced promoting blend in impacting the upper hand and its successful jobs in arranging, examining, and connecting showcasing activities to impact the market decidedly. This finding is consistent with the study (Anning-Dorson, 2018).

Recommendations

The following recommendations are made by the researcher in light of the findings of this study:

- 1- Urging the Jordanian banks in this study to adopt a cutting-edge marketing strategy that ensures continued innovation and improvement in distribution channels that make it easier to fulfill customers' needs.
- 2- Establishing a link between integrated marketing communications and banking services, particularly interactive marketing and the Internet.
- 3- Promotion on an ongoing basis, both locally and globally, and the provision of services and prices that are competitive.
- 4- Adding process, physical evidence, and people and their effect on competitive advantage to additional studies on the marketing mix.
- 5- Due to the lack of research in this area, conducting additional studies on Islamic marketing.

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