Market orientation in Islamic banks – a qualitative approach

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Abstract

Purpose – The purpose of this paper is to explore the nature of market orientation that exists in the Islamic financial institutions. The study further aims at identifying the antecedents and consequences of such market orientation.

Design/methodology/approach – Considering the explorative nature, the study uses qualitative research approach, collecting data in words using in-depth interview technique, drawing sample from Islamic financial institutions of both Bangladesh and United Arab Emirates. Data were coded and categorized using inductive reasoning method and similar responses were identified from a prepared data matrix. The results were presented in a narrative way using simple frequency for the agreements and disagreements of respondents considering "street language" without being mediating the meaning of the responses.

Findings – A different nature of market orientation called Islamic market orientation has been identified by the results of the study. The study identifies five elements (orientation on Islamic customer, orientation on information, orientation on integration, orientation on competition, and finally orientation on responsiveness) that embody the formation of Islamic market orientation. The study also identifies a different set of antecedents (attitude toward Islamic values, Islamic leadership, risk partaking, inter-relationships, government legislations, and management training) that are responsible for determining the extent of Islamic market orientation. The study further identifies a set of consequences (profitability, customer satisfaction and retention, gaining new customers, increase of employees' team spirit and satisfaction, service quality improvement, increase of market share, and increase of work efficiency) when market-oriented behavior is being adopted by the Islamic financial institutions.

Originality/value – To the best of the knowledge of the authors of this study, the results offer a different kind of market orientation along with its antecedents and consequences which can be considered as completely original and unique.

Keywords Bangladesh, Islamic banks, Islamic financial institutions, Islamic market orientation, United Arab Emirates (UAE)

Paper type Research paper

Introduction

Over the past six decades there has been a realization that business undertakings should be customer oriented and that marketing is a view or philosophy of business as a whole. This philosophy is known as marketing concept that suggests a company should focus all of its effort on satisfying its customer at a profit to itself. Kohli and Jaworski (1990) visualized marketing concept as market orientation from a practitioner's perspective. They concluded that a market-oriented organization is one in which the three pillars of the marketing concept (customer focus, coordinated marketing, profitability) are operationally manifest.

The issue of market orientation has generated considerable interest and synergy in the academic and business circles considering the critical role that market orientation can play in business success. Jaworski and Kohli (1993) found market orientation to be the key to business success. Webster (1994) went further by proposing market

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orientation as the survival element of the competitive business world. Webster (1994) also noted that, for the sake of survival in the increasingly competitive markets in the future, every business needs to be customer-focussed, market driven, global oriented, and flexible to be able to deliver superior value to customers. Customer preferences and expectations are changing rapidly with the increasing exposure to new product offerings and communicating the new offerings to customers. As a consequence, market orientation has emerged as a vital element in current market practices as well as in contemporary marketing literature and in marketing thoughts and theories (Svensson, 2001). The above research findings tend to suggest an increasing recognition of the growing importance of customer orientation of modern businesses. Therefore, marketers should pay adequate attention to the customer needs and wants. This will help maintain a successful business relationship aimed at gaining superior financial performance in a rapidly changing competitive posture in domestic as well as in international markets.

In spite of the fact that market orientation has been identified to be a universal element of business success, the application of this has been viewed differently considering the cultural and market variability. Thus, different market orientation theories have been developed and tested to date in different parts of the world (Shapiro, 1988; Kohli and Jaworski, 1990; Narver and Slater, 1990; Ruekert, 1992; Deshpande *et al.*, 1993). As can be followed the trend of the business world, a new addition known to be Islamic banking have been emerged in the financial service sector during the last few decades that generated a considerable amount of attention and interest by the entrepreneurs and so the Muslim customers. Dubai Islamic Bank is considered to be the world's first full-fledged Islamic bank which was established in 1975. In the same year, Islamic Development Bank (IDB) was established as a follow-up of decision of the Conference of Finance Ministers of Muslim Countries. According to Dubai Islamic Bank (2013) there are 280 Islamic banks in operation in 48 different countries, with a total deposit of US$400 billion. These Islamic financial institutions proved to be more profit making compared to the regular financial institution. To this end, it can be noted that Islamic Bank Bangladesh Limited has been ranked as the number one commercial bank in Bangladesh whose deposit reached to US$4.2 billion (Islamic Bank Bangladesh Limited, 2010). In addition, the current total assets of Dubai Islamic bank counted at AED93.7 billion and the total customer deposit reached to AED66.9 billion (Dubai Islamic Bank, 2012). Seeing the success of the Islamic financial institutions, today, many regular financial institutions adopted a separate Islamic wing in order to attract the Muslim customers. According to Dubai Islamic Bank (2013) this number has reached to at least 300 that opened either branches or wings to provide Islamic financial services. Now the questions are; what do these Islamic financial institutions do that gives them an edge over the regular financial institution? Do they have a different nature of market orientation that gives them a competitive advantage? What embodies this market orientation and, what are the determinants and consequences of it? These require an investigation. Thus, this paper aims at exploring the nature of Islamic market orientation along with its antecedents and consequences. The paper further interestingly aims at seeing whether the market orientation identified in the study is aligned with the guided philosophies of Islam. This will certainly help both Islamic banks and conventional banks operating with separate Islamic wings, claiming the extent of their devotion and application to the Islamic fundamentals in developing and operating business model.

Literature review

The concept of Islamic financing is same old as the history of the religion Islam. Although the era of this kind of financing started during the period of Prophet Muhammad (peace be upon him) with the prohibition of interest, it became official only when the IDB was established. Since then it spreads through both Muslims and non-Muslims countries all over the world (Munuswamy *et al.*, 2013). Today, multinational banks like Standard Chartered, HSBC, Grindlays, and Citibank, they all operate with a different Islamic wing considering their operations in Islamic countries not only differentiating with the concept of interest but guided by the Islamic laws and principles. Alaro and Hakeem (2011) suggested Islamic banking system more suitable in risk management compared to its counterpart conventional banking system. This was augmented by the financial stability report 2011 which claimed Saudi Arabia as ranking number one opposed to USA and UK that rank 41 and 42, respectively (Rahim and Zakaria, 2013). This is due to the fact that Islamic banks are different in their business model as they channel their investment in less risky ventures. For this purpose Dridi and Hasan (2010) suggested that the assets growth and credit in the Islamic banks were double in the period of 2007 and 2009 compared to those of conventional banks.

Considering the growth in the Islamic financial markets, a significant interest for Islamic financial products can be seen among the world's leading conventional centers, including London, New York, Hong Kong and, today, western investors are increasingly considering investment in this sector (Bennett and Iqbal, 2013). In addition, a significant interest also can be seen among the marketing scholars that studied the different aspects of Islamic banking and financial system in different Muslims and non-Muslims countries (Miniaoui and Gohou, 2013; Ahmed and Khatun, 2013; Ahmad, 2011; Haque *et al.*, 2009; Hassan and Chachi, 2008).

Regardless the nature of business, the success of the banks depends on their ability to understand and satisfy their customers' needs and wants (Selamat and Abdul-Kadir, 2012). Tahir and Abu Bakar (2009) suggested investigating the level of customers' perceptions and expectations. In this connection, long earlier, Shaw (1912, p. 736) noted that, "goods are being made to satisfy rather than to sell." He also mentioned that, "today the more progressive business man is searching out the unconscious needs of the consumer, and is then producing the goods to gratify them" (p. 708). This concept is known as marketing concept that suggests a company to generate profits through satisfying its customers better than its competitors. Kohli and Jaworski (1990) suggested the implementation of this concept to better fit in the organizations known as market orientation.

Two key research topics seem to be relevant to study market orientation. The first one examines the conditions required for practicing market orientation (Kohli and Jaworski, 1990; Kelly, 1992; Ruekert, 1992; Jaworski and Kohli, 1993; Wood and Bhuian, 1993; Avlonitis and Gounaris, 1999; Harris and Piercy, 1999; Cervera *et al.*, 2001). The second topic relates to the examination of the consequences of market orientation (Narver and Slater, 1990; Deshpande *et al.*, 1993; Jaworski and Kohli, 1993; Siguaw *et al.*, 1994). Following these studies, the relationships of market orientation with its antecedents and consequences were further established (Deng and Dart, 1994; Soderlund, 1998; Dawes, 2000; Gounaris and Avlonitis, 2001; Kirca *et al.*, 2005; Qu, 2009; Zebal and Goodwin, 2012). In addition, market orientation in the conventional banks were also explored and found to be effective in attaining business performance (Zebal and Goodwin, 2011; Bhuian, 1997).

Despite the two contributions of market orientation that have been fundamental in leading to later studies (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Narver and Slater, 1990; Slater and Narver, 1994) are, however, subject to criticisms in the literature (Cervera *et al.*, 2001). Cadogan and Diamantopoulos (1995) compared these two previous contributions/perspectives analyzing convergences and divergences for each of the proposed conceptual and operational dimension and suggested that they must be considered as complementary and not as mutually exclusive. Thus, Cervera *et al.* (2001) proposed that, despite their importance and acceptance, both of these perspectives must be revised. In this purpose, Dreher (1993) argued that Narver and Slater (1990) and Slater and Narver (1994) defined market orientation as a culture, as a behavior, as a decision criterion, and as a way to conceive management, but they did not specify the chosen paradigm to conceptualize culture and did not even operationalize market orientation as a culture.

Narver and Slater (1990) claimed that their conceptualization of market orientation is consistent with Kohli and Jaworski's (1990) market orientation construct but this was opposed by Deshpande *et al.* (1993) who argued that the conceptual distinction made by Narver and Slater (1990) between a customer orientation and a market orientation is not entirely consistent with Kohli and Jaworski's (1990) definition. Deshpande *et al.* (1993) argued that a market is defined as the set of present and potential buyers of a particular product (Kotler, 1991). Thus, they visualized customer and market orientation as being synonymous and distinguished customer orientation from a competitor orientation. Kohli *et al.* (1993) also criticized Narver and Slater's (1990) operationalization in three concrete points. First, they claimed that, Narver and Slater's (1990) study identifies the market only as customers and competitors without considering the factors that influence them (environmental factors). Second, the study does not consider the speed with which market information is generated and disseminated across an organization. Third, their scale items do not reflect specific activities and behaviors that reflect a market orientation.

Kohli and Jaworski's (1990) conceptualization is also questionable. Pelham (1993) noted that to embrace all dimensions of the market orientation construct as market intelligence generation and recognize it as a key element of market orientation is possibly too limited as it does not guarantee the comprehension of customers' needs, the response to those needs, and the capability of the organization to provide value for its customers. Mavondo and Farrell (2000, p. 224) also criticized Jaworski and Kohli (1993) and Kohli *et al.* (1993) stating that, "their final model did not reach any level of acceptability and can be criticized for forcing an extraneous concept (respondent type) into the model". In addition, there has been a contradiction among almost all the studies regarding the results. The significant and positive effect of market orientation on sales growth reported by Appiah-Adu (1997) is consistent with the findings of Slater and Narver (1994) but inconsistent with those of Greenley (1995) and Pelham and Wilson (1996). Further, identification of a significant and positive effect on the profitability levels (ROI) of small firms is consistent with the findings of Pelham and Wilson (1996) but inconsistent with those of Greenley (1995). Other study, for an example, Shapiro (1988) emphasized interfunctional involvements in every step of their conceptualization but did not mention specifically about the profitability or consequence of market orientation. Though he mentioned about the understanding of the strength and weaknesses of the competitors, this was not included in the market orientation construct. This exclusion of competitors from the conceptualization goes against the market orientation as Kotler (1991) mentioned that the key to achieving organizational goals consists in determining the needs and wants of the target markets and providing the desired satisfactions more effectively and efficiently than competitors. Thus, competitors should get an appropriate consideration in the market orientation construct. Ruekert (1992) suggested obtaining and using information from the customer in order to set goals and objectives. In this connection, he identified the customers as the most critical external environmental factor and ignored the competitors in his conceptualization. Brownlie and Saren (1992), Nilson (1992), and Gummesson (1987) suggested that revising, updating, and revisiting market orientation should be done on a continuous basis. Thus, considering the criticisms and contradictions on the results of the above studies, there is need for a new revision and the current study on Islamic banks aims to attain this.

As the significant contribution and growth of Islamic banks can be witnessed all over the world, nothing seems to be done that identifies the state of market orientation of this sector. Identifying and implementing this can help Islamic banks to be more efficient and even to grow faster. In addition, it would be unjustifiable generalizing the findings of conventional market orientation studies for Islamic market orientation considering the differences of cultural and religious dynamics between the two. This is in fact unfair for the policymakers of Islamic banking system as they lack an appropriate and suitable perspective which can be used as a guideline for operating business. This identified gap in the literature needs immediate attention as Islamic banking system has been emerged as a vast business opportunity which makes significant contribution to the general economy worldwide. Thus, in order to fill this research gap, this paper advances to a market orientation framework that identifies the key market-oriented variables along with their antecedents and consequences. Inclusion of this, in fact, will enrich the theory as the existing literature lacks a framework that is more appropriate to the Islamic financial institutions. In addition, the effort of aligning the market orientation variables with the guided philosophies of Islam will definitely help the managers of both Islamic banks and the conventional banks with the Islamic windows to attract Muslim customers that seek full-fledged Islamic banking services.

Research method

Considering the exploratory nature of this study, it was decided to use qualitative research method that facilitates collecting information in words. Islamic banks operating in Bangladesh and United Arab Emirates (UAE) were considered as the population of this study. Bangladesh was selected considering the fact that it is one of the most populated Muslim countries in the world (Salequzzaman and Stocker, 2001; Zebal and Goodwin, 2011) and UAE was selected due to the fact that it was the originator of the world's full-fledged Islamic bank. Further, the selection of a Middle Eastern and a non-Middle Eastern country was important for this study considering the fact that the religion Islam was mainly originated from the Middle East and then extended to the rest of the world. There are 11 local and foreign own, profit oriented and Shari'ah-based Islamic banks operate in Bangladesh compared to five main in the UAE (The Federation of Bangladesh Chamber of Commerce and Industry, 2009; Global Banking and Finance Review, 2013). Initially, all of them in both countries were targeted to interview but finally 14 of these could be interviewed; nine from Bangladesh and five from UAE. In-depth interviews were conducted using an open-ended questionnaire and one respondent from each financial institution was interviewed. The interviews were conducted in English by one of the researchers of this study considering the fact that all the respondents from both countries were highly educated and were able to speak good English. Considering the key informant technique, the managerial-level employees who may have specific ideas on the topic, were contacted and selected for the in-depth interview. This technique is widely reported in the market orientation literature (Narver and Slater, 1990; Diamantopoulos and Hart, 1993; Appaiah-Adu, 1998; Mavondo and Farrell, 2000). The purpose of using open-ended questions was to obtain information from few situations that were similar to the researcher's problem situation (Zikmund, 1994).

The questions for the in-depth interviews were designed and developed in such a way that the respondents' companies could be properly examined in order to provide a clear insight into Islamic market orientation. Face validity was checked in this study in line with Anastasi (1988) in order to see if the questionnaire looks valid to the respondents. For this purpose, several drafts were made and reviewed with the consultation of two academics in the same area prior to the finalization of the questionnaire. The in-depth interview questionnaire included a set of general questions in order to determine the meaning of Islamic market orientation, identify the antecedents that foster or discourage Islamic market orientation, and the desirable/undesirable consequences of Islamic market orientation. The questionnaire was further given to one of the respondents for his comments before the interviews took place. These general questions were mainly adopted from the work of Kohli and Jaworski (1990) considering their wide acceptance in the market orientation literature (Hart and Diamantopoulos, 1993; Blankson and Omar, 2002).

A review of methodological literature indicates that a small sample of in-depth interviews is more appropriate than a large sample (Yin, 1994). Thus, keeping this in mind and considering the timing, expenditure of the research, and reachability of the respondents, 14 respondents were interviewed; nine from Bangladesh and five from UAE. Previous market orientation studies also considered a small sample size for in-depth interview purposes (Harris and Piercy, 1999; Harris, 2000).

All the in-depth interviews were fully transcribed and then sorted and classified according to the major headings of the questionnaire in the systematic and iterative manner widely recommended in the qualitative literature (Turner, 1981). For this purpose, a data matrix was prepared by assigning the responses for each respondent under each question. This matrix helped the researcher to compare answers from one respondent to another (Martin and Turner, 1986) as the responses were easy to visualize. It is to mention that the individual respondent from each representing Islamic bank was considered as the unit of analysis for the current study.

In view of the subjective and narrative nature of the data, the validity of the data were assessed in line with Goodwin *et al.* (1997). First, the researcher sent the summary of the findings to one of the respondents in Bangladesh for his comments and suggestions. It was done due to the fact that no other respondents agreed to be a part of this process. While the respondent fully agreed with the findings summary, his suggestions regarding the use of "as many statements from the respondents as possible" were incorporated in the final analysis. Second, two academics (one from marketing and another from outside the marketing discipline) were given copies of the draft version of the findings for their comments. Both of them have approved the content of the draft and no negative comments were received from them. Nachmias and Nachmias (1996) suggested use of the inductive coding method if the study is exploratory in nature. Thus, the inductive method was used in this study for coding, categorizing, and identifying the themes from the audiotapes and transcripts (Lincoln and Guba, 1986). This method is popular in the qualitative literature (Wolcott, 1990; Feldman, 1995; Harris and Watkins, 1998; Shaw, 1999; Blankson and Omar, 2002). Crane (1997) further noted that the inductive research methodology is regarded as an appropriate method for developing insights in a relatively new and under-researched field where little is known about the phenomenon in question and where current perspectives lack empirical substantiation.

Several steps were taken in order to analyze the transcribed data. For this purpose, similar responses were identified from the data matrix on the basis of the most frequent mentioned responses and less frequent mentioned responses for coding and categorizing purposes. Responses were categorized on the basis of the similar answers from the respondent for the same question. Once coding and categorizing were done, frequencies were identified for each category before the results were ready for presentation. The research results were presented in a narrative way using simple frequency for the agreements and disagreements about the different objects considering the "street language". The purpose of using "street language" was to provide an insight into the Islamic market orientation of the respondent companies. The narrative presentation of results used in this study is popular in qualitative market orientation research (Kohli and Jaworski, 1990; Harris and Watkins, 1998; Blankson and Omar, 2002).

Results

Islamic market orientation and its components

In-depth interviews revealed five common elements of market orientation among the respondents of the Islamic financial institutions. These elements are; orientation on Islamic customers, orientation on information, orientation on integration, orientation on competition, and finally orientation on responsiveness. While the remainder of the section reports the presentation and analysis of these elements, a clear insight regarding the results along with sample responses can be obtained from Appendix 2.

Orientation on Islamic customers. The first market orientation element identified from the in-depth interviews was orientation toward Islamic customers. All the respondents mentioned that the main purpose of their institutions is to be involved with marketing activities that are designed to serve the Islamic customers who believe in profit and loss sharing instead of earning fixed interest. They further suggested that, serving Islamic customers is completely different, not same as regular banking. In this case, customers are religiously biased and sensitive toward interest. Although, they favor profit and loss sharing instead of interest, but are very rigid in accepting loss. This can be witnessed from one of the respondents who stated as follows:

> First requirement has to be the attitude towards the Islamic customers. They do not like the interest concept but believe in the profit/loss sharing. We need to be very careful as we may lose our customers if they need to share losses. Thus, it is a big challenge for us not to give loss in any circumstances. If we consider this approach, the first element of market orientation should be orientation on Islamic customers. We need to do everything to make these customers happy [...].

Another respondent stated as:

> It is important that you value Islam in order to make sure that you are doing Islamic banking. Islam prohibits interest and encourages business which means profit and loss. But honestly, can we sustain if we make loss in our banking business? Can we compete with another bank if we have a loss situation? May be, no. In addition, Islamic banking system also prohibits and

stops involvement in banking activities related to gambling, pornography, alcohol, and pork. Thus, our banking job is a very challenging compared to the regular banks. Acknowledging this challenge, we value Islam and so Islamic customers and became the number one bank in the country [...].

Two respondents interviewed did not talk directly about their orientation on Islam and Islamic customers rather they place emphasis on the concept of profit and loss sharing derived from Islamic value system. This was probably due to the fact that the Islamic banking system today not only limited to attract Muslim customers but also non-Muslims.

Orientation on information. The next market orientation element identified was their orientations toward the collection of necessary information in doing business. All the respondents suggested that for the sake of their existence in the business they need to collect information on many issues including; competitors both Islamic and regular banks, legislations by the national bank, change in government rules and regulations, customers' requirements, technological advancement, and current market trend. One of the respondents stated as follows:

> [...] We do collect information for the customers, competitors, politics, laws, and regulations that may affect us [...]. This is called market orientation according to us.

One of the respondents suggested that they collect information in both formal and informal ways. The respondent stated as follows (Figure 1):

> [...] We do research our customers from time to time. We normally use different interns for this purpose. Our existing customers as well as lost customers are interviewed. For the lost customers, sometimes I personally call them to know why they have moved from us. We try to know the reasons of their dissatisfaction. I sometimes also call the existing customers in need to know the reasons of their satisfaction and dissatisfaction. We also informally research our

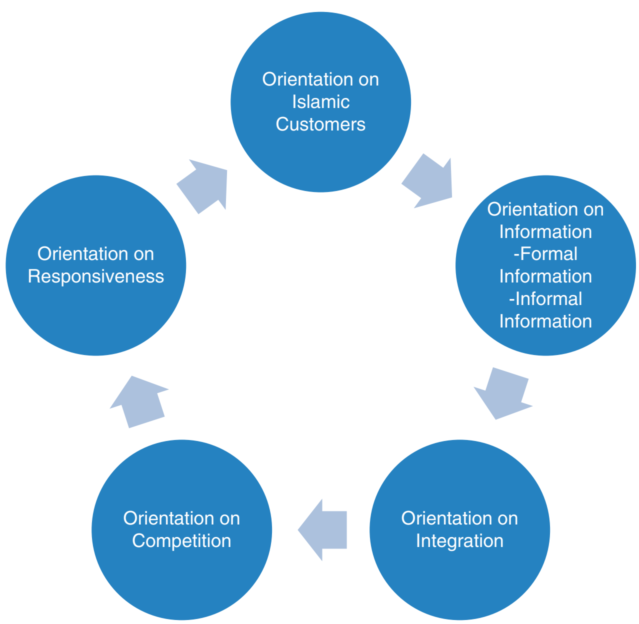

Figure 1.
Islamic market orientation

existing customers as they come to our bank. This we do informally just by talking to them. Everyday many customers come and sit in my office as they want to say hello. As head of the branch, I take this advantage and talk about the various issues about our bank as well as their experience with other banks. This gives us an idea about what our customers look for as well as their state of mind regarding other banks [...].

Orientation on integration. The in-depth interviews reveal that the Islamic banks place emphasis on internal integration regarding the share of market information and decision making. Everything that they do in this banking system, they do it in a coordinated way. They share the different collected information among all the departments for a better decision making. As can be seen from the statement of two respondents:

Market orientation means internal communication. In our bank, whatever we do, we do unanimously. We do not see walls in between us [...]. Once information is known about anything whether it is about our customers, competitors, laws, rules or regulations, we share that among all of us. We sit together in different meetings to discuss about the information for a better decision making [...].

A bank that share democracy within the different departments of the bank in terms of sharing information, in terms of decision making is known to be market oriented [...].

Orientation on competition. All the respondents interviewed stressed the importance on their orientation toward the competitors. They suggested that it is imperative for any Islamic bank to compete with two different banking systems; first among the Islamic banks and second, with the conventional banks. It was revealed from the in-depth interviews that the Islamic banks must understand their short-term and long-term abilities in fighting with different kinds of competitors. They must analyze the competitors' resources, policies, strategies, technological capabilities, and competitive advantages arise from the culture. As can be referred to the in-depth interviews, two of the respondents stated as follows:

[...] I see it difficult for us to serve as we need to compete with both Islamic and non-Islamic banks. We must know our abilities compared to our own rivals as well as non-Islamic banks. Despite the fact that our target is completely different than non-Islamic banks but similar in terms of the benefits that they expect. We experience much difficulty when we need to consider fixed interest as a base of determining profit sharing ratio. We may lose our customers if we cannot generate and offer same profit compared to the current interest rate of the market. It is rather a tough job [...].

In my opinion, market orientation means orientation towards customers' current and future requirements. It means the extent of which we can make them happy. This can be done if we can upgrade ourselves by analyzing our competitors' resources, policies, and strategies. We need to upgrade our technologies before our competitors' do. The reality is; if we need to be a competitive and profit making bank, we must analyze our competitors and take the advantages of their weaknesses by investing resources in the areas of where the competitors are week. This will definitely put us on the ahead of the line [...].

Orientation on responsiveness. The in-depth interviews reveal that the Islamic banks are oriented toward responding to the customers' needs and wants. As soon as they feel that certain job is doable and it goes for the benefit of the customers, they make appropriate action immediately. It is further reveals that, since Islamic banks work under certain rules and regulations set by the national banks, they may not respond to all kinds of requirements of the customers but do things that are within the limit of the banks. As can be referred from the in-depth interviews, two of the respondents stated as follows, respectively:

> […] Market orientation means to us to create superior value for our customers as they require and we do that by adding benefits to our offering […].

> […] We initiate all marketing activities like designing product, price, location and promotion for the benefit of our customers. We offer products according to the Islamic need of our customers, we fix profit on the basis of the current trend of the market which is adjustable depending on the profit and loss situation, we have our branches as needed, and we promote our offerings as needed. This means that we are responsive to our customers in all aspects.

The in-depth interview results provided above formulates a definition of Islamic market orientation which means "to have orientation on Islamic customers, orientation on information regarding customers and the factors affecting customers, orientation on internal integration in disseminating information and decision making, orientation on competitors and their activities, and finally to have orientation on responsiveness that requires action considering the customers and market requirements".

Antecedents of Islamic market orientation

The in-depth interviews reveal that all the respondents perceive attitude toward Islamic values can be one of the antecedents that determine the extent of which a bank can be market oriented. Muslims are meant to actively chose and participate in all permissible means of living without being compromised with core Islamic values. Interest is one of the means and core values that Islam prohibits and asks human to reject. In addition, this is a banking system where banking activities must be performed according to Islamic laws and rules known to be Shari'ah. Thus, it is important that the Islamic banks show positive attitude toward core Islamic values of their customers. This can be witnessed from the following statement of one of the respondent's interviewed:

> […] Forget about the Islamic banking concept if you do not have faith in Islamic values. As we value Islam, there are many additional things that we need to adopt and rejects as we do business. For an example, in a regular banking system, late charge applies if someone does not pay the credit card bill on time. But in our bank we do not charge our customers being late for their payments. We adjust it as soon as we receive payments. I have a customer whom we recently financed to purchase a car. He was very frustrated as the previous financer charged him more than the agreed interest rate as well as some hidden cost during the settlement of the loan amount. We do not do this in the Islamic banking system. We only charge the profit and also give discounts on the profit as a customer may settle his loan earlier than the specified period. This can be done only if someone values Islam. I must say without having positive attitude towards core Islamic values, this kind of banking is impossible.

The result indicates that seven respondents (50 percent of the total), all from Bangladesh, suggested Islamic-oriented leadership is one of the antecedents that may encourage market orientation in Islamic banks. As noted by one of the respondents:

> I think Islamic oriented leadership is a must in the kind of banking that we do. If you look at the top management of our banks, they all somehow are religiously educated. I am not saying formal education on Islam is a must but having depth knowledge on what is right and wrong, and what is expected and not expected are very critical. Our most of the leaders somehow were involved in Islamic learning besides their formal education during their studentships. Some of them were even politically involved with Islamic organizations. As you know,

> our bank is the number one commercial bank of the country in terms of doing business; it could not have been possible otherwise if we have not had Islamic oriented leaders […].

It was revealed from the in-depth interviews that the risk partaking is not allowed in Islamic banking due to the fact that suppliers get more unjustifiable benefits than the loan recipients. In an Islamic banking system, as banks provide financial capital, its profit and losses must be shared to reduce risk partaking. A total of 64.29 percent respondents (nine out of 14, five from Bangladesh and four from UAE) talked about the risk partaking as one of the antecedents of Islamic bank market orientation. This can be seen from the statement of one of the respondents:

> […] We do not believe in risk partaking. We lend money to the people not considering a fixed return rather on a profit and loss share ratio. This ensures us lessening risk partaking behavior as well as enhancing attitude towards profit or loss sharing. We had a situation last year when a customer applied for a personal loan. The money was transferred into his account in the form of share immediately the loan was approved. After a week the customer lodged a complaint that the money was not transferred into his account. We asked him to realize the share in order to get cash as we do not transfer cash directly. He came back to us again and informed that the share price fell down to half of the market price and he has a loss. We had to sacrifice our profit in order to compensate the customer and charged him the principal amount only. This was a tough decision. We could not do much about it, despite our loss we needed to help our customers to meet the requirement of the Islamic banking concept […].

Results indicate that inter-relationships can be considered as one of the antecedents that may foster Islamic market orientation. It is important that the employees and the supervisors of the different departments of an Islamic bank are inter-related to attain a mutual interest. This is suggested as the main objective of the bank should be customer satisfaction. It is witnessed from the in-depth interviews that all the departments of a bank sit together to make any kind of decision and a positive outcome is obvious if they are in good relations. They further suggested that these types of relationships are also active outside the banks in their daily lives as they meet each other for family programs. This further strengthens the relationships between the employees and creates a healthy working environment as soon as they return to work. The evidence of the inter-relationships among the employees of different departments of a bank can be seen from the following statement of a respondent:

> In our bank we are related to each other, doesn't matter whether we work for the same department or another. I think this was developed from Islamic value system as we see each other as our own brothers or sisters […]. The way of our livings is different than conventional banking system which requires hard work and we do that in a harmony […]. We are not only internally related when it is a need of the bank but also related as a whole outside the bank for own family purpose like wedding parties, celebrating events or any other group activities. We share our happiness and sadness together. We have a belief of growing together and we do that in every situation whether it is within the bank or outside in our daily lives situations […].

It was revealed form the in-depth interviews that unfavorable government legislation may discourage Islamic market orientation. A total of 71.43 percent respondents (ten out of 14, seven from Bangladesh and three from UAE) suggested that the banking industry faces many unexpected and unavoidable legislations from time to time that sometimes go against the customers. One of the respondents from UAE mentioned that this has become much severe due to the ongoing worldwide recession as the central bank imposed restrictions on many issues. This kind of legislation changing behavior of central bank is unhealthy as the customers are directly affected. It can be witnessed from the following statements:

> […] Considering the economic situation of the country, central bank requires changing and bringing new legislations from time to time. Unfavorable legislations sometimes create problems for us as well as serving our customers better. I can give you an example say last year the central bank had a new rule on car financing. As you may know, with the previous rule a bank could finance the full amount as required by the customer. The new rule requires the customers to pay at least 20% down payment as they require car financing from the bank. This contributed to a huge fall in our business as well as affected the customers and the car selling industry of the country as a whole. Nothing can be done about it but the reality is that our customers suffer due to this and so our business […].

> […] I must say legislation can either encourage or discourage market orientation. If the legislation favors customers, it can encourage, if it disfavors, it can discourage market orientation. For an example, the central bank's recent legislation is that the banks can only provide 12.5% interest on fixed deposit. Although we do business in a profit and loss share ratio, can we pay more profit on the deposit? The answer is absolutely not. Doesn't it go against market orientation?

Management training is another antecedent that may foster market orientation. It is important that the mangers are well capable of dealing with their customers. Training develops mannerism, provides product knowledge, teaches techniques on how to deal with customers and many more that are responsible for building well professionals. A total of 85.71 percent respondents (12 out of 14, seven from Bangladesh and five from UAE) suggested management training as one of the antecedents of market orientation. This can be witnessed from the following statement of a respondent:

> […] In our bank there is no option left for anyone who wants to ignore management training. We do it to benefit ourselves from the recent update of the industry, learn the techniques on how to talk and to convince customers. It also teaches us many other essential banking issues like strategies, policies and their implementation techniques. All together training helps us to give the maximum to our customers and in turn we get the most out of the customers.

As can be seen from the results above, six major antecedents; attitude toward Islamic values, Islamic leadership, risk partaking, inter-relationships, government legislations, and management training are responsible for determining the state of Islamic market orientation. There are, however, few more detected from the in-depth interviews that include nature of decision making (one respondent from Bangladesh), internal politics (one respondents from Bangladesh), and performance-based reward system (one respondent from UAE). These are not included in the analysis considering their poor percentage (only 7.14 percent each) of agreement among the respondents. These may be due to the fact that the other participating banks have adapted to different nature of decision-making process, are free from internal politics, and do not exercise performance-based reward system. These, however, are subject to further investigation.

Consequences of Islamic market orientation

The in-depth interviews reveal that all the respondents suggested profit as the number one consequence of Islamic market orientation. The other consequences that they commonly agreed on are: increase of customer satisfaction and customer retention, gaining new customers, increase of employees' team spirit and satisfaction, service quality improvement, increase of market share, and increase of work efficiency. There are, however, few more detected, but considering their low-frequency, these are not reported in the analysis. These include; increase of employee confidence (one from Bangladesh), partnership building between banks and customers (one from Bangladesh), and Jakah collection and payment (two from Bangladesh). The consequences of the market-oriented activities can be witnessed from the following statements of three of the respondents:

> […] The first consequence of market orientation should be profitability. As you see the nature of our products and services, all are designed to benefit our valued customers. Our customers are greatly benefitted from these all. For an example our service charge loan doesn't require customers to pay fixed interest rather the expenses are covered by service charge. This makes them happy. In addition, our all products and instruments like debt instruments, quasi-debt instrument, profit and loss sharing instruments, Islamic bonds, and safe keeping services are designed to greatly benefit the customers keeping their religious values in mind. This makes them further happy, satisfied and loyal. In addition, we are very active and responsive towards the requirements of our customers. This creates team spirit as well as satisfaction amongst us. Since we work for attaining a common goal in a harmony, it further increases our work efficiency […].

> […] Profit is the number one consequence. We are the number one in the country as long as the commercial banks are concerned. Our employees are always busy dealing with customers which creates team spirit. We are related to each other as well as enjoying healthy compensation package that make us happy. Everything has become possible due to the fact that we value our customers on top of our own priorities […].

> […] As I would say profit is the main consequence, I must also acknowledge that market orientation improves our ability to serve customers. We do everything possible for our own sake surrounding our customers and in turn this benefits us in improving work efficiency as well as enhancing the quality of service that we provide. Our research indicates that our customers are extremely happy with our effort which contributes to the customer loyalty and retention. Our customers talk good thing about us. In addition our customer oriented effort creates image in the market which in turn is responsible for gaining new customers. As long as the employees of the bank are concerned, we work as teams for attaining common goal that result in satisfaction as soon as the job is accomplished […].

Discussion and conclusion

As the results are provided in the previous section, a framework for Islamic market orientation can be drawn basing these results. Six main factors (attitude toward Islamic values, Islamic leadership, risk partaking, inter-relationships, government legislations, and management training) were identified in the results that determine the extent of Islamic market orientation. These six factors were leveled as antecedents of Islamic market orientation. The results further identified five different elements (orientation on Islamic customers, orientation on information, orientation on integration, orientation on competition, and orientation on responsiveness) that contribute to the formation of Islamic market orientation. And finally, the results identified the resulted benefits of market orientation which are profitability, customer satisfaction and retention, gaining new customers, increase of employees' team spirit and satisfaction, service quality improvement, increase of market share, and increase of work efficiency. These benefits were leveled as consequences of Islamic market orientation. The relationships between Islamic market orientation and its antecedents and consequences can be seen in Figure 2.

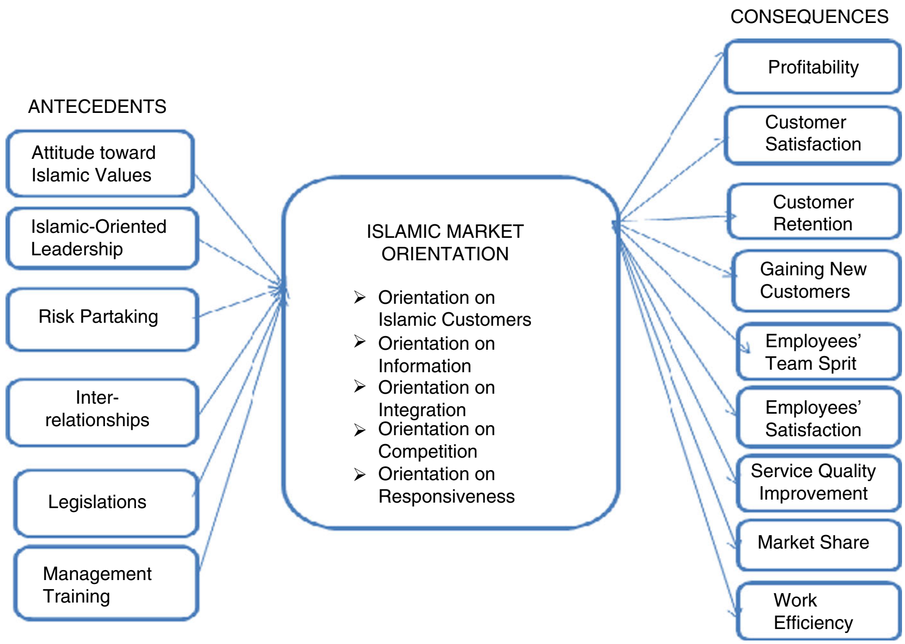

Figure 2.
Antecedents and consequences of Islamic marketer orientation

As displayed in Figure 2, five elements build the formation of Islamic market orientation. When these activities are taken together in order to serve the customers, market-oriented behavior can be witnessed among the Islamic banks. The results also confirmed that this market-oriented behavior among the Islamic banks contribute to certain outcomes (profitability, customer satisfaction and retention, gaining new customers, increase of employees' team spirit and satisfaction, service quality improvement, increase of market share, and increase of work efficiency) as a whole. These outcomes in fact are aligned with the guided philosophy of Islam ("[…] man can have nothing but what he strives for […]", Qur'an, Surah 53: Verse 39).

It was revealed from the results that when the banks show strong orientation toward their customers, profitability is obvious. Since the customer orientation requires committing further activity like generating information on customers and factors affecting customers, this keeps the employees busy and helps forming strong belongings among them and so, results in team spirit and satisfaction. The orientation on Islamic customers can be considered same as customer orientation identified by Narver and Slater (1990) and Deshpande *et al.* (1993). In spite of this similarity, a significant difference can be seen between the customers of the Islamic and conventional market orientation system. With few exceptions, under the Islamic market orientation, the customers are mainly Muslims and hold core Islamic cultural values. Thus, in order to be market-oriented Islamic financial institutions must adopt its orientation on Islamic customers. The next component, information orientation is similar to Kohli and Jaworski (1990) and Ruekert (1992). While Kohli and Jaworski (1990) viewed information generation by using formal and informal means not only for customers but also for all the necessary factors that affect customers, Ruekert (1992) recommended managers to collect and interpret information from the external environment in order to set goals and objectives. Similarly, in order to collect information, this study also suggests mangers of the Islamic banks to conduct research using both formal and informal means which can be later used for setting customer-oriented goals and objectives.

The Islamic banks' orientations toward integration and responsiveness activities also help connecting their employees with each other form a strong team spirit and employees' satisfaction. This happens due to the fact that integration and responsiveness orientations require these employees to take part in decision process as well as in the process of implementation. Further, these activities where employees are actively involved toward attaining a common goal, help improving work efficiency as well as service quality. The integration orientation identified in this study can be seen same as Shapiro (1988), Kohli and Jaworski (1990), Narver and Slater (1990). While, Shapiro (1988) suggested permeating information into every corporate function, Kohli and jaworski (1990) suggested disseminating information effectively and efficiently in all parts of the organization to create an effective communication and dissemination system. On the other hand, Narver and Slater (1990) suggested a company to coordinate utilizing its resources to create superior value for the target market. The results of this study confirm the recommendation of all three of them by suggesting Islamic banks to integrate their activities in terms of sharing information, use the shared information in decision making that create superior value for their customers.

The Islamic banks' orientation on competition requires the banks to follow the activities on their competitors. These activities involve analyzing competitors' policies, strategies, and actions surrounding the customers. Since the competitive actions are initiated for seeking advantages over competitors as well as serving the customers better, on one hand these help providing more satisfaction to customers, and on the other hand, it helps retaining the customers to the same bank. Further, when all the market-oriented activities are taken together, they help in gaining new customers and so increase market share. This supports the earlier claim of Dridi and Hasan (2010) who suggested double growth and credit of Islamic banks in the period of 2007 and 2009 compared to their rivals, conventional banks. Thus, keeping this in mind the mangers of Islamic banks must initiate all these market-oriented activities in order to adopt market-oriented behavior. The competitor orientation resulted in this study can be viewed same as Narver and Slater (1990) where they suggested thorough analysis of the competitors abilities, policies, and strategies as the information is collected. The results of this study also recommend Islamic banks to consider competitors capabilities in every aspects whether it is to deal with product offerings or to policy and decision making to help creating superior value for their customers.

Orientation on responsiveness is the final market orientation component identified in the results. This component is supported by Shapiro (1988) who recommended on execute decisions, Kohli and Jaworski (1990) who recommend on responding to the needs and wants of the market, and Ruekert (1992) who recommended on the implantation and execution of strategies relating to the needs and wants of the target market. This study also suggests the mangers of Islamic banks to respond according to the required needs and wants of their customers keeping in mind the legislations and restrictions imposed by the central bank. They must seek a balance between these two in creating superior customer values for their product and service offerings which in turn help them maximizing business objectives.

As referred to the discussion above, it can be concluded that the Islamic market orientation identified in this study does not represent any single conventional market orientation approach available in the literature rather justifies its uniqueness by incorporating components from different approaches. This Islamic market orientation further associated with certain antecedents and consequences.

The expectation of certain factors responsible for determining the extent of market orientation in the Islamic banks was met in this study. The results confirm that the managers of the Islamic banks hold positive attitudes toward the Islamic core values and so the market-oriented behavior is encouraged. This is needed because the products and services under the Islamic banking system is designed basing the core Islamic values. In addition, Islamic core values suggest identifying right and wrong for maintaining a healthy business atmosphere in any given society and, to this end the mangers of Islamic banks in both countries; Bangladesh and UAE do their business showing respect to these core values. As a result, this encourages market-oriented activities in this kind of setting. Islamic-oriented leadership is a precondition for market-oriented activities as a leader directs, and sketches right directions for its followers. Since the business of Islamic banks based on Shari'ah laws, in order to adopt market-oriented behavior, the leadership team of the Islamic banks must be Islam oriented to help follow the others in this particular direction. Exhibiting this kind of values and leadership is only possible for employees or managers that have appropriate orientation toward the Islamic laws and principles. For this purpose, Rice (1999) suggested that teaching ethics does not work for managers whose values were previously built.

Risk partaking should not be encouraged in the Islamic banking setting as this suggests delegating risk to a single party and the supplier enjoys the benefits only. This is against the Islamic law. In order to ensure market-oriented activities in the Islamic banks, the mangers must avoid this kind of behavior and conduct business and transaction only on the basis of sharing profit and loss. Inter-relationship among the different departments of the Islamic banks is a must for all kinds of market-oriented activities. As can be referred to the results, it was revealed that the employees of the banks hold strong bonding within and outside their work places. Further, strong decision making, and responding to the customers' needs require positive interdepartmental relationship. Thus, the Islamic banks should initiate different events and activities outside their work places to further strengthening this kind of relationships. Maintaining inter-relationship is a must for creating healthy market-oriented behavior as conflict among the employees of different departments can destroy this. This kind of relationship is further guided by Islamic philosophy as Rice (1999) suggested a definite relationship between fellow humans prescribed by Islam. This is also known to be relationship of brotherhood or sisterhood and equality among people that Islam teaches (Abu-Sulayman, 1976). It also means cooperation, equality of effort and opportunity in terms of business (Rice, 1999).

It is also confirmed from the results that the government legislation is responsible for determining the extent of market orientation among the Islamic banks in both countries. Banking business is to serve the individual as well as corporate customers but is not free from government restrictions and legislations. Sometimes the restriction comes on behalf of the customers and sometimes against the customers and as a result it hampers the banks serving their customers according to expectation and so market-oriented behavior is affected. Since, the banking business activities are being monitored by central bank and the strategies, decisions, and legislations come from the same body, there is nothing much Islamic banks can do but should negotiate the terms and conditions that help customers. This means that, favorable legislation is expected in order to encourage market-oriented activities as unfavorable activities will discourage. Management training is confirmed as one of the antecedents by the results. Training helps learning the market-oriented activities and also teaches on the application of these activities. In addition, it is important that the mangers of Islamic banks are updated with the appropriate knowledge of the offered products and services, the customers, the competitors and the market as a whole. This will help the banks to understand its customers and the factors affecting customers as well as the needed market-oriented activities to serve these customers which will definitely contribute to building a strong market-oriented culture among the Islamic banks of the both countries. The need for training is further guided by the Islam as it can be quoted by the Saying of Muhammad (PBUH), "The acquisition of knowledge is a duty incumbent on every Muslim, male and female" (Sallam and Hanafy, 1988).

Rice (1999), in her case study on Egyptian culture, claimed a wide gap between the philosophy and practice of Islamic ethics and generalized this for all predominant Muslim populations. Considering this generalization, she suggested a further research to examine the difference between culture's ideal set of ethics and actual ethical practice. As the results of this study are examined and discussed, this paper denounces her claims as the Islamic banks in both countries operate their businesses basing the Islamic ethical principles displayed in Rice (1999, pp. 350-351).

The market orientation components identified in this study are aligned with the Islamic principles. For an example, the orientation of Islamic customers can be considered same as the orientation toward prohibition of usurious transactions philosophy of Islam ("God permits trade but forbids usurious gain", Qur'an, Surah 2: Verse 275); the orientation on information and orientation on competition can be considered same as knowledge seeking philosophy of Islam ("[…] say, 'O my Lord! Increase me in knowledge'", Qur'an, Surah 20: Verse 114); the orientation on integration can be considered same as unity philosophy of Islam (Sallam and Hanafy, 1988); and finally, the orientation on responsiveness can be considered same as justice philosophy of Islam ("[…] give just measure and weight, nor withhold from the people the things that are their due […]", Qur'an, Surah 11: Verse 85). Thus, it can be said that, an Islamic market oriented bank is the one that prohibits usurious transactions, seek knowledge regarding its customers and competitors, ensures unity among the employees by sharing generated knowledge, and finally, shows justice to its customers by responding to the knowledge.

This is a qualitative research that explores the Islamic market orientation and its antecedents and consequences. This kind of study was needed in order to identify the insights of how market orientation is being practiced among the financial institutions. The future study, however, must operationalize the variables displayed in Figure 2 and collect quantitative data in larger extent including all kinds of financial institutions. It should be interesting to see the results of the future quantitative research to find out the support of the results of this study. The results of future quantitative study may also be compared with the results of conventional market orientation studies available in the literature to see whether they both provide similar outcomes. Three antecedents; nature of decision making, internal politics, and performance-based reward system and, three performance outcomes; increase of employee confidence, partnership building between banks and customers, and Jakah collection and payment could not be included in the framework due to their poor agreement among the respondents. Future research may be targeted with larger sample to explore whether these also can be considered as antecedents and consequences of Islamic market orientation.

In addition, market orientation components identified in this study that are found common to the conventional market orientation components can be considered for a deep comparison which may lead to a future research paper.

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Further reading

The Noble Qur'an (2011), *English Translation of the Meanings and Commentary*, King Fahd Complex for the Printing of The Holy Qur'an, Madinah.

Appendix 1. In-depth interview questionnaire

Market Orientation Questions

(1) **What does the term "market orientation" mean to your Islamic bank?**
This is to figure out the meaning of market orientation for Islamic bank. This also should lead to a definition of Islamic market orientation.

(2) **Do you think your bank is market-oriented? If yes, what kind of things does an Islamic bank do in order to be market oriented? Please elaborate each of them that you mention.**

This will allow knowing whether a particular Islamic bank is market oriented. This should also give a list of components along with the explanations from respondents' that are responsible for forming market orientation in Islamic Banks.

(3) **What do you do in order to identify the customers' current and future needs?** This will give insights into intelligence generation of the Islamic financial institutions. The way of generating intelligence may be different from non-Islamic market oriented companies. The ways are to be supported by the respondents' explanations.

(4) **Is your bank integrated in doing things? Please elaborate.** This is to learn about the nature of integration and intelligence dissemination within the Islamic financial institutions. It is to be supported by the respondents' explanations.

(5) **How does your company respond to the customer future needs and wants? Please explain.** This will help in identifying the nature of intelligence responsiveness of the Islamic financial institutions. This should also outline the problems/obstacles to responding to customer needs. This is related to the responsiveness. To be supported by the respondents' explanations.

(6) **How do you create customer value in your products/services? Please elaborate.** This is to find out if the Islamic financial companies create customer value in their products/services and how serious they are in providing such value. This is related to the responsiveness. To be supported by the respondents' explanations.

Antecedents Questions

(1) **What factors foster and what factors discourage market orientation in the Islamic Banks? Please elaborate each.** This should give a list of factors along with detailed explanations from respondents' that influence the degree of market orientation of the Islamic financial institutions.

(2) **What are the limitations of implementing market orientation in the Islamic banks?** This is to identify the general barriers of market orientation in Islamic banks. These are to be supported by the respondents' explanations.

Consequences Questions

(1) **What are the desirable and undesirable consequences of this orientation? Please elaborate.** This is to see the possible outcomes/effects Islamic market orientation might have on the Islamic financial institutions and these outcomes or effects should be facilitated by the respondents' explanations.

(2) **Explain the different ways on how market orientation helps your bank in achieving business performance.** This should give the insights of the performance of the Islamic banks. This will also inform whether performance can be achieved without being market-oriented.

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Appendix 2

Table AI. Matrix with results and sample responses

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country: Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents: Responses
Market orientation – orientation on Islamic customers	9	5	14	100	"First requirement has to be the attitude towards the Islamic customers. They do not like the interest concept but believe in the profit/loss sharing. We need to be very careful as we may lose our customers if they need to share losses. Thus, it is a big challenge for us not to give loss in any circumstances. If we consider this approach, the first element of market orientation should be orientation on Islamic customers. We need to do everything to make these customers happy […]." "It is important that you value Islam in order to make sure that you are doing Islamic banking. Islam prohibits interest and encourages business which means profit and loss. But honestly, can we sustain if we make loss in our banking business? Can we compete with another bank if we have a loss situation? May be, no. In addition, Islamic banking system also prohibits and stops involvement in banking activities related to gambling, pornography, alcohol, and pork. Thus, our banking job is a very challenging compared to the regular banks. Acknowledging this challenge, we value Islam and so Islamic customers and became the number one bank in the country […]." "In my opinion market orientation in the Islamic banks means, making profit by doing everything possible that makes customers' happy. These means applying low charges for maintaining accounts, offering high profit sharing on deposit, perhaps no loss at all, lowering the lead time (customer should not wait if they need something; for an example if you need to cash your fixed deposit – we do it in ten minutes, no complex at all)."

(*continued*)

Table AI.

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents Responses
Market orientation – orientation on information	9	5	14	100	"[…]. We do collect information for the customers, competitors, politics, laws, and regulations that may affect us […]. This is called market orientation according to us." "[…]. We do research our customers from time to time. We normally use different interns for this purpose. Our existing customers as well as lost customers are interviewed. For the lost customers, sometimes I personally call them to know why they have moved from us. We try to know the reasons of their dissatisfaction. I sometimes also call the existing customers in need to know the reasons of their satisfaction and dissatisfaction. We also informally research our existing customers as they come to our bank. This we do informally just by talking to them. Everyday many customers come and sit in my office as they want to say hello. As head of the branch, I take this advantage and talk about the various issues about our bank as well as their experience with other banks. This gives us an idea about what our customers look for as well as their state of mind regarding other banks […]." "It is simply nothing but doing everything possible to sustain in the market. We do collect information for the customers, competitors, politics, laws, and regulations that may affect us. As we do all these, we also respond accordingly. This is called market orientation according to us."

(*continued*)

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents Responses
Market orientation – orientation on integration	9	5	14	100	“Market orientation means internal communication. In our bank, whatever we do, we do unanimously. We do not see walls in between us […]. Once information is known about anything whether it is about our customers, competitors, laws, rules or regulations, we share that among all of us. We sit together in different meetings to discuss about the information for a better decision making […]”. “A bank that share democracy within the different departments of the bank in terms of sharing information, in terms of decision making is known to be market oriented […]”. “A bank that share democracy within the different departments of the bank in terms of sharing information, in terms of decision making, for the purpose of enhancing customers satisfaction is known to be market oriented. I am a marketing graduate and I know that four pillars make a company market oriented like select the target, identify the need and want of the target, integrate marketing, and make profit by satisfying customers. We follow the same procedure in our bank and we consider ourselves as market oriented Islamic bank.”

(*continued*)

Table AI.

Table AI.

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents Responses
Market orientation – orientation on competition	9	5	14	100	"[…]. I see it difficult for us to serve as we need to compete with both Islamic and non-Islamic banks. We must know our abilities compared to our own rivals as well as non-Islamic banks. Despite the fact that our target is completely different than non-Islamic banks but similar in terms of the benefits that they expect. We experience much difficulty when we need to consider fixed interest as a base of determining profit sharing ratio. We may lose our customers if we cannot generate and offer same profit compared to the current interest rate of the market. It is rather a tough job […]" "In my opinion, market orientation means orientation towards customers' current and future requirements. It means the extent of which we can make them happy. This can be done if we can upgrade ourselves by analyzing our competitors' resources, policies, and strategies. We need to upgrade our technologies before our competitors' do. The reality is; if we need to be a competitive and profit making bank, we must analyze our competitors and take the advantages of their weaknesses by investing resources in the areas of where the competitors are week. This will definitely put us on the ahead of the line […]."

(*continued*)

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents Responses
Market orientation – orientation on responsiveness	9	5	14	100	"[…]. Market orientation means to us to create superior value for our customers as they require and we do that by adding benefits to our offering […]." "[…]. We initiate all marketing activities like designing product, price, location and promotion for the benefit of our customers. We offer products according to the Islamic need of our customers, we fix profit on the basis of the current trend of the market which is adjustable depending on the profit and loss situation, we have our branches as needed, and we promote our offerings as needed. This means that we are responsive to our customers in all aspects." "To us market orientation means analyzing customers required and expected service and to design product offerings for their satisfaction, know our competitors and analyze their activities, know the environmental factors that may affect us and analyze these factors. As we do all these, we also make necessary strategic actions on the competitors, and market environment in order to respond to our customers' desired need."

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Table AI.

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents Responses
Antecedents – attitude toward Islamic values	9	5	14	100	"[…]. Forget about the Islamic banking concept if you do not have faith in Islamic values. As we value Islam, there are many additional things that we need to adopt and rejects as we do business. For an example, in a regular banking system, late charge applies if someone does not pay the credit card bill on time. But in our bank we do not charge our customers being late for their payments. We adjust it as soon as we receive payments. I have a customer whom we recently financed to purchase a car. He was very frustrated as the previous financer charged him more than the agreed interest rate as well as some hidden cost during the settlement of the loan amount. We do not do this in the Islamic banking system. We only charge the profit and also give discounts on the profit as a customer may settle his loan earlier than the specified period. This can be done only if someone values Islam. I must say without having positive attitude towards core Islamic values, this kind of banking is impossible."
Antecedents – Islamic oriented leadership	7	0	7	50	"I think Islamic oriented leadership is a must in the kind of banking that we do. If you look at the top management of our banks, they all somehow are religiously educated. I am not saying formal education on Islam is a must but having depth knowledge on what is right and wrong, and what is expected and not expected are very critical. Our most of the leaders somehow were involved in Islamic learning besides their formal education during their studentships. Some of them were even politically involved with Islamic organizations. As you know, our bank is the number one commercial bank of the country in terms of doing business; it could not have been possible otherwise if we have not had Islamic oriented leaders […]."

(*continued*)

Table AI.

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents Responses
Antecedents – risk partaking	5	4	9	64.29	"[…]. We do not believe in risk partaking. We lend money to the people not considering a fixed return rather on a profit and loss share ratio. This ensures us lessening risk partaking behavior as well as enhancing attitude towards profit or loss sharing. We had a situation last year when a customer applied for a personal loan. The money was transferred into his account in the form of share immediately the loan was approved. After a week the customer lodged a complaint that the money was not transferred into his account. We asked him to realize the share in order to get cash as we do not transfer cash directly. He came back to us again and informed that the share price fell down to half of the market price and he has a loss. We had to sacrifice our profit in order to compensate the customer and charged him the principal amount only. This was a tough decision. We could not do much about it, despite our loss we needed to help our customers to meet the requirement of the Islamic banking concept […]."
Antecedents – inter-relationships	9	5	14	100	"In our bank we are related to each other, doesn't matter whether we work for the same department or another. I think this was developed from Islamic value system as we see each other as our own brothers or sisters […]. The way of our livings is different than conventional banking system which requires hard work and we do that in a harmony […]. We are not only internally related when it is a need of the bank but also related as a whole outside the bank for own family purpose like wedding parties, celebrating events or any other group activities. We share our happiness and sadness together. We have a belief of growing together and we do that in every situation whether it is within the bank or outside in our daily lives situations […]."

(*continued*)

Table AI.

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents Responses
Antecedents – legislation	7	3	10	71.43	"[…]. Considering the economic situation of the country, central bank requires changing and bringing new legislations from time to time. Unfavorable legislations sometimes create problems for us as well as serving our customers better. I can give you an example say last year the central bank had a new rule on car financing. As you may know, with the previous rule a bank could finance the full amount as required by the customer. The new rule requires the customers to pay at least 20% down payment as they require car financing from the bank. This contributed to a huge fall in our business as well as affected the customers and the car selling industry of the country as a whole. Nothing can be done about it but the reality is that our customers suffer due to this and so our business […]." "[…]. I must say legislation can either encourage or discourage market orientation. If the legislation favors customers, it can encourage, if it disfavors, it can discourage market orientation. For an example, the central bank's recent legislation is that the banks can only provide 12.5% interest on fixed deposit. Although we do business in a profit and loss share ratio, can we pay more profit on the deposit? The answer is absolutely not. Doesn't it go against market orientation?"
Antecedents – management training	7	5	12	85.71	"[…]. In our bank there is no option left for anyone who wants to ignore management training. We do it to benefit ourselves from the recent update of the industry, learn the techniques on how to talk and to convince customers. It also teaches us many other essential banking issues like strategies, policies and their implementation techniques. All together training helps us to give the maximum to our customers and in turn we get the most out of the customers."
Antecedents – nature of decision making	1	0	1	7.14	"I think a centralised structure discourages market orientation. In our bank the decision comes from the top and no matter what that might go against the customers' interest. By doing that we get success most of the time but that happens for a short period. We lose business to our competitors afterwards. It is really frustrating. He just does opposite what we the managers think."

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Table AI.

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country: Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents: Responses
Antecedents – internal politics	1	0	1	7.14	"I must say internal conflict is a problem for an Islamic bank to be market oriented. If we fight how can we work? Positive working atmosphere is needed for serving our customers better. This is not possible if we have cold or warm fight among ourselves. Interdependency and smooth operational process is important for a bank to be market-oriented because the final product is a combination effort of the whole company and conflict hampers that."
Performance-based reward system	0	1	1	7.14	"We compensate our sales force on a monthly basis but we set a target for them. If they can fulfil their target we pay them extra and if they sell beyond the target we share profit with them. In that way they sell more, they become motivated, they become financially more solvent. They work for us, we work for them, and we become partners. This simply restrict them behave good with our customers and so it helps us to be customer oriented."

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Table AI.

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country: Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Sample responses from the respondents: Responses
Consequences – profitability, customer satisfaction, customer retention, gaining new customers, employees' team spirit, employees' satisfaction, service quality improvement, market share, work efficiency	9	5	14	100	"[…]. The first consequence of market orientation should be profitability. As you see the nature of our products and services, all are designed to benefit our valued customers. Our customers are greatly benefitted from these all. For an example our service charge loan doesn't require customers to pay fixed interest rather the expenses are covered by service charge. This makes them happy. In addition, our all products and instruments like debt instruments, quasi-debt instrument, profit and loss sharing instruments, Islamic bonds, and safe keeping services are designed to greatly benefit the customers keeping their religious values in mind. This makes them further happy, satisfied and loyal. In addition, we are very active and responsive towards the requirements of our customers. This creates team spirit as well as satisfaction amongst us. Since we work for attaining a common goal in a harmony, it further increases our work efficiency […]." "[…]. Profit is the number one consequence. We are the number one in the country as long as the commercial banks are concerned. Our employees are always busy dealing with customers which creates team spirit. We are related to each other as well as enjoying healthy compensation package that make us happy. Everything has become possible due to the fact that we value our customers on top of our own priorities […]." "[…]. As I would say profit is the main consequence, I must also acknowledge that market orientation improves our ability to serve customers. We do everything possible for our own sake surrounding our customers and in turn this benefits us in improving work efficiency as well as enhancing the quality of service that we provide. Our research indicates that our customers are extremely happy with our effort which contributes to the customer loyalty and retention. Our customers talk good thing about us. In addition our customer oriented effort creates image in the market which in turn is responsible for gaining new customers. As long as the employees of the bank are concerned, we work as teams for attaining common goal that result in satisfaction as soon as the job is accomplished […]."

(continued)

Table AI.

Market orientation – antecedents and consequences variables	No. of respondents on agreements and representing country				Sample responses from the respondents
	Bangladesh No. of respondents	UAE No. of respondents	Total	% of total respondents	Responses
Consequences – increase of employee confidence	1	0	1	7.14	"Don't you think the market orientated activities that we adopt for our survival help us building confidence among our employees? This happens because market orientation requires us to be integrated in every process of serving our customers. It educates the employees about the different knows and set less risk regarding their job responsibilities. As a result their confidence level is boosted."
Consequences – partnership building between banks and customers	1	0	1	7.14	"You know, whatever we do, whether it is for our business or for our customers, it helps us building relationships with our customers. For an example, when I call a customer to know something about his/her requirements, if I can talk good, a kind of relationship is built. It goes over if we can respond according to the requirement. If you see what we do for customers, you can easily know how it helps get relationships going."
Consequences – Jakah collection and payment	2	0	2	14.29	"We do not need to do this but we do it as a part of our corporate social responsibilities. We collect Jakah to help people for a smooth distribution. I do not know whether we do it as a part of market orientation but we do it for our customers."