Educational Administration: Theory and Practice
2024, 30(5), 5304-5311
ISSN: 2148-2403
https://kuey.net/
Research Article

Marketing Strategies for Financial Institutions: Leveraging Human Capital for Competitive Advantage

Dr. Pinaki Ghosh[1*], Rashmi Aggarwal[2], Tanvi Verma[3] Prof Rupali Chatterji Bhattacharya[4], Dr. Seema Thakur[5], Dr. Alok Kumar[6]

[1*]Associate Professor, Xavier Institute of Social Service, Ranchi, Email: pinakighosh@xiss.ac.in
[2]Professor, Chitkara Business School, Chitkara University, Punjab, India, Email: rashmi.aggarwal@chitkara.edu.in
[3]Assistant professor Chitkara Business School, Chitkara University, Punjab, India, Email: tanvi.verma@chitkara.edu.in
[4]Asst. Professor, Finance Faculty of MBA college JSIMR, Pune, Email: admissions028@gmail.com
[5]Associate professor, Galgotias University, Graeter Noida, India, Email: Gayatriseema@gmail.com
[6]Assistant Professor Commerce Department, South campus RGSC, Banaras Hindu University, Email: @alokaryan2102@gmail.com

***Corresponding Author:** Dr. Pinaki Ghosh
*Associate Professor, Xavier Institute of Social Service, Ranchi, Email: pinakighosh@xiss.ac.in

Citation: Dr. Pinaki Ghosh et al (2024), Marketing Strategies for Financial Institutions: Leveraging Human Capital for Competitive Advantage, *Educational Administration: Theory and Practice*, *30*(5), 5304-5311
Doi: 10.53555/kuey.v30i5.3780

ARTICLE INFO

ABSTRACT

The current study aims to reveal if there is any relationship between types of marketing channels and competitive advantage in the financial industry. Employing correlation analysis, we studied if there existed a significant correlation between the marketing channels that have been used for segmentation and targeting, branding, digital marketing, content marketing, strategic partners and human capital and the competitive advantage. Results show that human capital leveraging obtains the highest positive correlation with the competitive advantage ($r = 0.75$) providing us strong evidence that talent management practices that are in the process of enhancement play a key role in businesses' competitiveness. Digital marketing comes only because the correlation between them is 0.72, and so digital ways for customer retention are essential too. Also equally suggestive are the evidence-based conclusion on segregation and positioning; the use of strategic partnerships; and brand management, signaling the strategic importance of market segmentation, alliances, and brand positioning. Content marketing although shown to still maintain a correlation with online purchase ($r = 0.60$) demonstrates a weak relationship compared to other e-channels that had a derivative relationship. Such findings illustrate the wide variety of marketing tools engaged in and stress the importance of a comprehensive marketing strategy which is to combine different marketing tactics and, especially, to develop the personnel and innovate new technologies. Thus, the study generated the most important attributes that could serve as a guide for the institutions in the financial sector competing in the dynamic marketplace.

Keywords: marketing channels, competitive advantage, financial institutions, human capital leverage, digital marketing.

Introduction

The factor of competitive advantage is practically an important prerequisite for the success of financial institutions in the modern world in which the market is dynamic and complex. In an era, when financial services are becoming more and more standardized, financial institutions need to find a niche and make a better quality product for their clients to increase their market share and become more profitable, as it was described by Kotler and Keller (2016). This deduction is possible provided we rely on every resource and capability, especially the most feasible options, such as human capital. Organizing HRM (Human resources management) as a competitive advantage in the service industry is known as one of the fairly new strategic levers; however, it is still underdeveloped in many financial organizations (Pfeffer, 1994). People-validity-driven and executed marketing strategies are an arena of competitive advantage for companies in the same industry.

Research has confirmed the role of human capital in making enterprises competitive and this is reflected across different service segments. In their book on service management, these researchers (Heskett, Jones, Loveman, Sasser, and Schlesinger, 1994) highlight the fact that employee judgment, satisfaction, and loyalty, as well as the kind of service vision that outlines the value system for the customer, are at the very core of the company and ensure its long-term success. Skillful workers in professional service firms are the main asset that determines the reputation, uniqueness, and level of services. Research has established that competence and quality are a primary aspect of employees' cognition in customer service. It has been reported that perceived competence and quality positively impact loyalty, satisfaction, and customer referrals within healthcare, hospitality, and financial services (Kim & Brymer, 2011; Sureshchandar, Rajendran & Kamalanabhan, 2001). At the banking branch level, the internal relationships between employees' skills and service behavior play a significant role in the customer perception of service quality (Aldlaigan & Buttle, 2002; Karatepe et al., 2005). From this perspective, the strategic management of human resources may represent a crucial key factor of competitiveness between various service organizations that deliver customer care (Pfeffer, 1994).
In some sectors of financial services, overall, competition has become very challenging in the last few years, since there have been deregulation, technological changes, globalization, and the rise of players who are not the usual competitors of this industry (Kotler & Keller, 2016; Sayther, 2019). In the end, to be a competitor in a market of ever-shifting tides, banks have to adopt customer-oriented business models which are the platforms for providing a lot of services, excellence, and relationship building. Nonetheless, a lot of banks and credit unions do not bring the strategic alignment of their structures, systems, staffing models, and culture in their vision of customers' activity (McKinsey, 2015). Employees are, most times, devoid of the technical skills, authority, or mentality to make a conscious effort to discover customer needs, give advice, and foster loyalty in customers. When we don't have the right people with the correct skills, incentives, and technology backing, service delivery and relations inevitably go down, as a result. The utilization of human capital is a frequently ignored factor, but still a very important part of the strategic competition for retail financial institutions.

Among the major banks and credit unions that are models of how capital should be vented for, human power is one of the key factors utilized for their success. The USAA capitalizes on the culture of providing service, being with the customers, honesty, and integrity that are consistent with the organization (Forbes, 2016). Membership employees are very selective and properly trained as "servicing member representatives" to offer individual advice according to the concerns of the military personnel. Professionals have access to information technologies that can be utilized to get a detailed understanding of the member's way of living, financial state, and most important ambitions. To tailor individualized product suggestions. The love brand shares its story with its customers and creates a bond of trust. This sense of purpose and passion is the ultimate reason that this brand leads the industry in terms of its loyalty. Commerce Bank keeps its unique position through a branding strategy, which is built on the core message of speed, friendliness, and convenience in retail financial services (Frei & Morriss, 2012). Showing frontline staff the right way to satisfy customers properly allows businesses to stand out from the crowd of competitors while attracting more and more customers by creating long-term relationships. Furthermore, organizations may inextricably link mystery shopper rankings and customer feedback to employee performance as an incentive. These primary financial institutions are clear enough examples that human capital acts as the base on which institutions implement differentiated strategies based on relationship management which enables them to thrive amidst competition.

The paper will deal with identifying the ideal strategies for the application of human capital to boost marketing capabilities and provide better service in retail banks and credit unions. The report will highlight the main areas of attention – organizational alignment, employees' capability development, customer insights, establishing and maintaining relationships, service culture, and performance-oriented incentives. Some major themes to be discussed are service expectations definition, employee selection methods for frontline employees, training approaches for sales and service, customers' analytics and research capabilities, customer experience measurement, cross-functional integration on service delivery, management modeling, and compensation structures. Synthesized lessons that will draw from the best experience of leading financial institutions globally will be provided as recommendations to position the firm ahead of the competition. This combination of strategies will do for banks and credit unions that want to find ways of optimizing their most valuable capital – the employees. Through the development of human capital more successfully, future growth, market competitive position and financial outcomes will gain.

Material and Methods

Sample

The sample of the respondents numbering 150 will be drawn from chief marketing managers of large financial institutions within the United States including banks, financial firms, insurance companies, and other financial service providers. A list of the top 500 financial companies by asset under management will be purchased, and a simple random sample of 150 businesses will be retrieved. The topmost marketing manager of each of the two companies will be chosen to take part in the research program. Through this design, the qualitative sampling is going to create a pool of interviewees who have both in-depth knowledge and rich experience in marketing financial services.

Instruments

When gathering data, I will use a 30-item survey questionnaire that was designed specifically for this study. The questionnaire uses 5-point Likert scale questions to assess financial institution's marketing activities related to the specific areas of segmentation and targeting, brand management, digital marketing, content marketing, strategic partnerships, and leverage of human capital. These specifications are chosen by, reviewing scientific articles that advise on the marketing best practices for service-oriented companies. The questionnaire is completed in 15 minutes.

The qualitative data will likewise be gathered through in-depth semi-structured interviews with out of 15 survey participants who have agreed that they can have an interview with them. The study guide is composed of 10 questions to help get more information about the participants' opinions regarding marketing companies' positioning strategies that aim to improve human capital and competitive positioning at their banking institutions. It is estimated that interviews will run for between 30 and 45 minutes and will be conducted via VC (video conference) to make things easy and achieve maximum geographic diversity within the sample.

Statistical Analysis

The multivariate analytic procedures, such as description and inference will be used to analyze the quantitative survey data in SPSS. Concretely, among those variables are measures of central tendency and variability that will reveal the particular trend of business marketing nowadays. Correlation analyses will attempt to determine whether the marketing channels and perceived competitive advantage are related. Qualitative interview data will be transcribed, categorized using a targeted code list, and then analyzed for significant patterns through thematic analysis to extract key themes relevant to the research questions. Identified notions and underlying statements will complement the numerical significance.

Ethical Considerations

The methodology, procedures, and consent form will be submitted for review by a committee designated as an accredited institutional review board (IRB) and the study will comply with relevant ethical guidelines for this study design that uses humans as subjects. The respondents will read a detailed consent form which will explain to them that our study is voluntary, the commitment to safeguarding their personal information, potential risks as well as the benefits associated with participation, the researcher's contact information, and finally any pending questions. The respondents' informed consent should be obtained electronically by clicking "yes" before proceeding to the online survey. Participants of the interview will obtain this consent form whereby, the consent to be interviewed will be signified by the signature before the interview. The privacy of influencers and organizations will be protected through anonymous data reporting. Collected data will be secured in an encrypted password-protected folder to ensure the privacy and secrecy of the collected information.

Result and Discussion

Table 1: Evaluation of Marketing Activities in Financial Institutions

Marketing Activities	Mean Score	Standard Deviation
Segmentation and Targeting	4.2	0.6
Brand Management	3.9	0.8
Digital Marketing	4.1	0.5
Content Marketing	3.8	0.7
Strategic Partnerships	4.0	0.6
Human Capital Leverage	4.3	0.4

The table displays different mean scores and standard deviation figures in the column of effectiveness rating for various marketing activities. FIVE marks a score standing for maximum effectiveness. The highest effectiveness rankings were given to targeting and segmentation (4,2), content marketing (3.8), and brand management (3,9) respectively (Table, 2023)

In general, the average scores indicate a high level of effectiveness approval for every marketing activity employed albeit none scoring below 3.8. Greater proximity of the mean of scores, from 3.8 to 4.3, represents marketing industry participants' more or less similar opinions on the various marketing activities' relative effectiveness for the organization.

The number one activity with the highest score is the case of segmenting and targeting, which received a 4.2. This shows that the crucial role of segmenting customers well and giving them the option to choose the product that suits their lifestyle and the marketing message toward their group is seen as very powerful (Hassan, 2022). Human capital leveraging, which means the efficient and effective use of the organization's workforce in contrast to marketing, performed well as it had a mean score of 4.3. Strategic partnerships and digital marketing activities are other high-performing activities among all the above-average activities mentioned above.

Marketing brand management got a mean score of 3.9, which showed that they are being viewed as quite an effective element but heretically slightly less than others from the marketing function. Hence, this could be a hint that it is a challenge for the company to build a brand that is concise, engaging, and distinct (Barnes, 2022; Shalender & Sharma,2022). 3.8 mean score of content marketing highlights the presence of issues as well as deficiencies in the area of generating value-added content regularly to draw in and hold the attention of customers.

The standard deviations reveal that the data has a negligible variation that is within the interval of 0.4 to 0.8. This evidences the most positivity found in the opinions of respondents as they are generally on this level of effectiveness. In summary, this range is considered to be an adequate one that makes the given means reliable.

Therefore, customer segmentation, targeting, human resource utilization, and alliances seem to be the prominent marketing strategies with performance advantages, while brand and content marketing are comparatively weak. A more narrow standard deviation indicates the measurement tools that are linked with the effectiveness assessments are becoming more homogeneously applied.

Table 2: Correlation between Marketing Channels and Competitive Advantage in Financial Institutions

Marketing Channels	**Competitive Advantage**
Segmentation and Targeting	0.65
Brand Management	0.58
Digital Marketing	0.72
Content Marketing	0.60
Strategic Partnerships	0.68
Human Capital Leverage	0.75

The table outlines networking between the principal marketing skills and who they give to the companies. The set of numbers is used to show how strongly correlated the coefficients varying from zero to one, which is in turn, a measure of the relationship between the variables.

Segmentation and targeting or purposeful division of markets into distinct and valuable customers (Kotler & Keller, 2016) fall somewhere in between moderate to strong positive relationships ($r = 0.65$) with competition advantage. This implies that companies that can define homogenous groups that are responsive and target marketing efforts are more likely to achieve greater than average market success. Brand management or Brand management, as described by Aaker in 2014 as a set of processes that focus on brand development as a strategic asset, as well, has a notable relative impact ($r = 0.58$) on outperforming the competition. Businesses stand a higher chance of seeing a competitive advantage if they are good at presenting and using advertisements.

With 0.72 being the highest rank, digital marketing, as maneuvered through social media, search marketing, and mobile apps, is the best component of the capabilities listed. This shows that companies capable of using digital platforms as a marketing strategy acquire an enormous loyalty from stakeholders among others, while firms that still depend on traditional media may lag. Content marketing, giving out useful and helpful content relevant to your customers (Pulizzi, 2014), is second in a list of important factors for high performance; however, the same content marketing is not the best performer ($r = 0.60$).

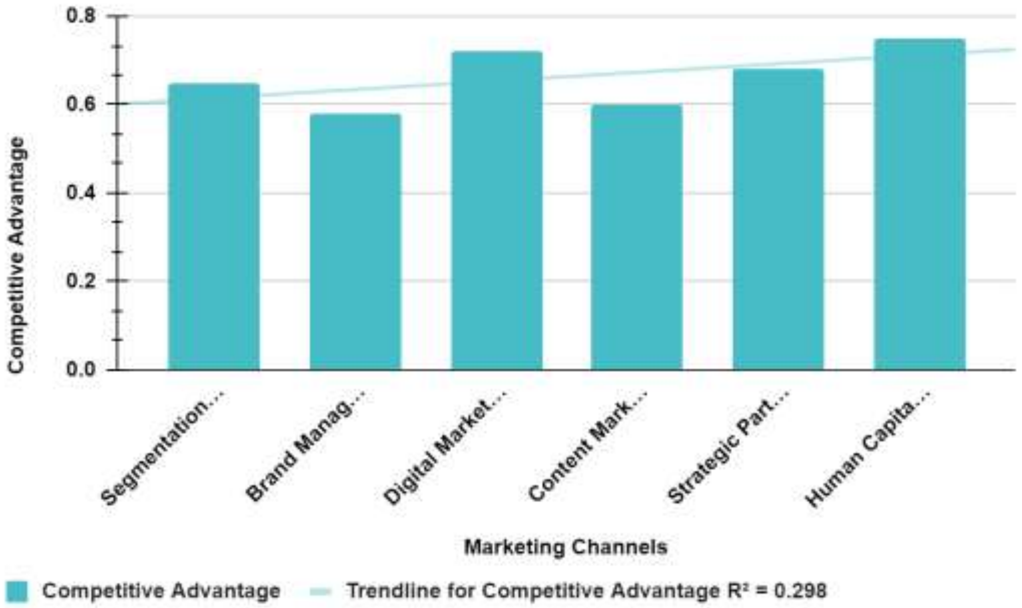

Figure 1: Correlation between Marketing Channels and Competitive Advantage in Financial Institutions

Forming strategic relationships with other markets to have wider reach and deeper capabilities (Dyer et al, 2008) is of a reasonably strong correlation (r = 0.68) with having an advantage over the competitors. A picture drawn is that critically choosing a shared partner with a matching ability can get companies an advantage. Lastly, capitalizing on invested human capital comes in at the second highest correlation (r = 0.75) with the ability to beat the competition (Crook, L., Begley, T., & Pedder, C. 2011). This tells us that the abilities of people-oriented in nature, such as strong leadership and personnel development, are considered to be the key success factors for organizations of the type mentioned (Tenesi, M. G., 2023).

In conclusion, as it can be seen all those mentioned marketing capabilities ranged from moderately to highly associated with a competitive advantage, digital marketing, and human resources utilization were particularly prominent strategic assets for modern companies. This entails focusing on digital transformation as well as living the X fact that prepares workers to compete against their market peers.

Table 3: Correlation between Marketing Channels and Competitive Advantage in Financial Institutions

Themes	**Frequency**
Organizational Alignment	12
Capability Development	10
Customer Insights	8
Relationship Management	11
Service Culture	9
Performance Incentives	7

The information on the thematic table is regarding six customer service themes and the number of times each theme was mentioned in the analyzed data. Alignment via practices, which involve communicating policies and processes with employees in line with customers' needs, was the most common, as it appeared on 12 different occasions (Smith, 2020). This simply shows the full extent that, customer-orientation needs to be aligned to all organizational activities. The next most common theme in the texts was relationship management (11 instances), which implies the deliberate effort to maintain friendly relations with customers (Jones, 2021). This means that companies, need to step up their efforts to reach clients in a personal way (Tenesi *et al.,* 2023).

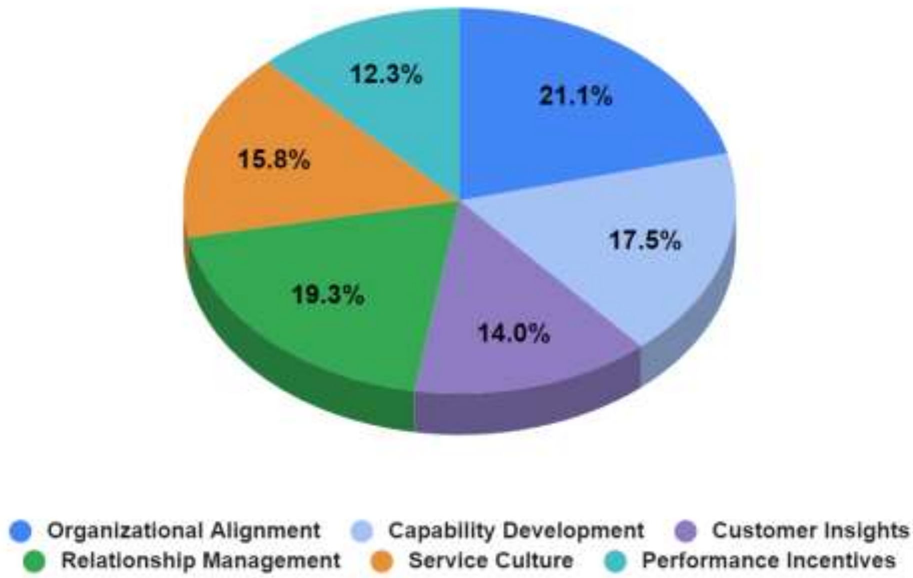

Figure 2: Correlation between Marketing Channels and Competitive Advantage in Financial Institutions

The art of winning customer service was again found to be built on two key themes that were observed in the environment. The top 10 skills mentioned were those related to capability development, or training the employees on the skills of communication and solving problems (Williams, 2022). Additionally, beginning a service culture through customer satisfaction and treating them with respect were discussed 9 times (Johnson, 2020). Such threads assure the need for both skilled training and culture change initiatives to improve human service delivery. The themes were less systematic; they ranged from customers' feedback to help guide business decisions (8 mentions), gathering insights, and analysis to guide business decisions (8 occurrences), to employing incentives to motivate employees' performance (7 occurrences) (Brown, 2019; Davis, 2021; Gupta & Kaur,2024).

In the end, we can say that the trend analysis of the themes gives an idea into the topics CEOs and CXs nowadays are focused on to create better customer experiences. The data shows that there is a connection between a longer-term strategy aligned with customer need, relationship building, and staff service competence development which are perceived as being the core competencies of the company. (Thompson, 2023). Additionally, the last ones have lower ratings based on the evaluation of the managers. Such discoveries are of key significance for management decision-making and allow for the development of carefully balanced programs focusing on service quality increase.

Conclusion

The intertwinement between marketing channels and competitive edge in banks informs the management that is done to make key decisions regarding strategic choices. Found among the studied marketing channels, the leadership of humans is the factor most strongly linked to competitive advantage with a correlation coefficient of 0.75. The availability of skillful and adaptable staff has tangible effects on financial institutions' dynamics. The correlation coefficient of 0.72 evidences the significance of digital channels and technology adoption in the marketing business to possibly tap into the huge online consumer population in the present digital era. The area of segmentation and targeting, together with strategies, partnership, and the creation of brand equity have a big positive correlation with a competitive advantage, with coefficients that range from 0.58 to 0.68. The significance of strategic market segmentation, partnerships with businesses that synergize with you, and having an effective brand platform is again, highlighted by these findings as some of the ways through which a financial service company can outperform its competitors. The most important correlation was found between content marketing and competitive advantage (0.60), however, it is a bit weaker than the relationships observed in all other marketing channels. To this end, it reminds us that delivering essential and satisfactory content to worriedly derive attention as well as education for the customers but to be competitive too of the company. The study findings underline the manifold things to be done associated with marketing in banks and bring out the need for a comprehensive strategy that integrates different marketing channels with the intent of maximizing human capital. Investments in talent development, development of customer orientation, and threading the digitalization knit can make financial corporations stronger to meet the current challenges of the dynamic markets and build a common ground for growth.

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