

Chapter 1

1.1 Background and Motivation of the Study:

In today's complex and turbulent business environment, strategic planning is indispensable to achieving superior performance management, operations of all kinds of business organizations success more specifically in the banking sector which is considered as the back bone of any economy in the present world. Steiner 1979. Banking is considered as one of the main gears of a financial system, since it has a broad impact on the overall financial stability and strength of an economy. While developed economies have invested heavily in their performance measures tools, developing economies have done little to advance their performance measurement tools. Eltinay et.al 2013.

In today's highly competitive environment that faced the Sudanese banking sector, every bank wants to have a competitive edge in their respective field. Strategic planning might rapidly become an accepted management tool for redefining and reengineering the bank's functions. Thus, across the globe, and mainly in the Sudanese economy, competitive pressures and the need for quarter-to-quarter financial performance improvement are driving the increase in the magnitude of performance efforts across the banking sector. (Khaled, 2001, quoted in Eltinay et.al 2013). The study of banking performance and its relation and correlation with strategic planning is quite important for the following reasons: **First**, the financial sector is a major player in today's competitive economies, as it enacts a role as a producer of financial services and as an employer in same time. The value-added of the financial sector as a share of GDP has grown considerably over the last three decades. Banking system fulfills essential functions in intermediating between savers and investors, financing private sector trade and investment, and helping to ensure that the economy's financial (Khaled, 2001, quoted in Eltinay et.al 2013).

Second, the growth of international financial activities has been more rapid than the growth of domestic markets and access to international capital markets for developing and transition countries have grown rapidly. Domestic banks have to work side by side with foreign banks. Less efficient banks with high operating costs are likely to suffer from international competition.

Thirdly: The role of the banking sector plays as financial intermediaries need not be stressed. At the same time, the importance of the financial system as a whole and banking industry in particular are the key defense line for any national economy, through absorbing and mitigating the international financial crisis and shocks. So, the banking efficiency always remains a recurring challenge for managers to deal with. That's why this study focuses on the banking industry rather than the non-banking industries. Besides that, it is easier to obtain the banking financial information which was made available by the intensive regulations of the Central Bank of Sudan and available at Banks websites, besides the long banking experience of the researcher. Generally speaking, many banks today try hard to achieve and sustain competitive advantage for successful performance.

In the world today, which is very challenging and uncertain and the strategic planning practice is the most reliable and effective way to compete with these challenges for every kind of businesses. But still there is a need of empirical research to be done from strategic planning perspective and to explore the constituent components of strategic planning in empirical research in the banking sector. Khan (2014).

Strategic planning is a very crucial strategic aspect that the management of all banks must take into consideration. The strong competition in the Sudanese banking sector faced the management of each bank to focus on its core competencies. This can be achieved either through lowering costs or maximization of revenues or differentiation or both, Porter, (1985, 2001).

The Sudanese economy as well as the banking sector has faced new challenges of the external and internal environment, globalization and the regulations of the World Trade Organization (W.T.O), the advanced rapid of technology, the American sanctions and the United Nations sanctions, listed Sudan as one of the seventh countries, combating the financing of terrorism and Anti-money laundering, which negatively affected the banking operations internally and externally.

As a result of these new challenges the existing local banks must consider new methods of doing their operations and services efficiently. The new comers (like the United Capital Bank, Abu Dhabi Islamic Bank, Sudanese Egyptian Bank, Qatar National Bank, Qatar Islamic Bank, Aljazera Bank, Sudanese Arab Bank, Al Salam Bank, etc...), have a long experience in the banking operations and special capabilities plus strong financial abilities. These capabilities might enable the new comers to outperform their local competitors easily. To avoid these challenges, the

Sudanese banking sector must adopt new strategies and exert much time and effort on their core activities.

In addition to the above mentioned challenges, the Sudanese banking sector is facing many other problems which constitute the main problems of this study. The problems can be summarized as follows,

1. The Banking sector is lacking strategic policies to formulate strong monetary policy to sustain and survive.
2. The Sudanese banking sector is lacking to strategic planning to face the contingences implied with uncertainties of environment and customers deposits.
3. The Sudanese banking sector is lacking strategic policies to face the embargo imposed by international correspondent banks to solve problems of Sudan exports, imports and foreign exchange currencies.
4. The Banking sector is lacking strategic policies to formulate marketing strategy and policy to build customer trust and retention.
5. The Sudanese banking sector is lacking strategic policies to face the shortage of liquidity and capital inadequacy to leverage.
6. The Banking sector is encountering difficulties in the field of formulating strategic policies to attract customer's deposits by offering attractive and smart products. (97% of the cash stock is now being circulated outside the channels of the banking system estimated to, Billion 82,200, the banks acquire 3% only estimated to Billions, 3.900 in 38 Banks). Leading to increase the portion outside the banking system to 800% from 2010 up to June 2018. CBOS report January – June 2018. Leaving severely short of liquidity.
7. The Banking sector is encountering difficulties in the field of electronic banking systems and shortage of cash in ATM machines creating problems of cash inadequacy.
8. As a result of the above mentioned problems, this sector has a high cost of human element that directly affects its efficiency and profitability.
9. Besides, this sector operates with high general & administrative expenses.
10. This sector also has a low operational efficiency which results from the high operating expenses.
11. All the above mentioned problems might together cause the lack of competitive advantage which might lead to low performance and profits.

All these problems might cause an unsatisfactory level of performance and might impede the important role which is expected to be played by this sector in the economy. Such unsatisfactory level of performance is due, to great extent, to the absence of strategic thinking and strategic planning. Some Sudanese banks might run their business using traditional methods which are not suitable to face the new challenges in the local and international environment. Few empirical studies have been conducted to see the effects of strategic business planning on business performance using BSC , in the short as well as long-run. Nonetheless the majority of these studies reported a positive relation. However, most of these studies have been conducted in USA and other European Countries which have different cultures & values from the Sudanese ones. Najjar& Khalaf, (2012), Hassan (2013) .

The Sudanese banking sector needs to understand the effects of strategic planning on the bank's performance and competitive advantage. The study provides the literature with theoretical background and implementation of strategic planning constituent process, employing strategic balanced scorecard on performance and competitive advantage in the Sudanese banking sector. The results can benefit the banking industry, the stakeholders, and the financial sector analysts.

1.1.1 Source of the Idea of this Study:

I got the idea of this research from so many sources,

- i. Firstly from the strategic business plan of the United Capital Bank UCB 2020 and annual reports of the CBOS.
- ii. The recommendation of Eltinay, (2013), Study of Performance Measurement Usage in Developing Countries: The Case of Banking Sector in Sudan.
- iii. The recommendation in the study of, Hana Jeza Alotaibi, June, 2013, conducted a research in Strategic Planning process: A Practice Perspective on Strategic Initiatives, An applied study on Saudi Telecommunication Companies.
- iv. The recommendation in the study of, Yousif Albisani Alnabolsi , 2014 conducted a research , the performance of the manufacturing companies using BSC in Sudan .

- v. The recommendation of previous study of , Elif Öztürk1 & Ali Coskun , A Strategic Approach to Performance Management in Banks: The Balanced Scorecard , Accounting and Finance Research Vol. 3, No. 3; 2014.
- vi. And at last the recommendation of Grafi, (2014), the study of performance measurements and the usage of BSC, in the banking sector in Sudan.

1.2. Problem Statement

The relationship between the planning function and the performance management is uncertain, Kaplan and Norton (2001). It is because of this uncertainty that, this research was undertaken. Yet research shows that most companies fail to execute strategy successfully. Today banks face the challenge of designing and using new strategies and control systems to maintain existing competitive advantages and to create new ones. The link between strategies and control systems - and how it ultimately affects the competitiveness of firms, is a problem to be resolved. Traditional performance measurement approaches (financial-based measures) provide an incomplete view of corporate performance. The reason behind this is that financial-based measures have failed to identify and integrate other non-financial parameters. Kaplan and Norton (2001) stated that, the balanced scorecard, (BSC) link strategies and control systems, by ensuring that all of the objectives and measures inherent to it are derived from an organization's vision and its resulting strategy. Sudanese banks still rely heavily on the use of financial measures to assess the success of strategies, profitability and allocation of resources in business units. But the survival principal factor that leads to accomplish long-term sustainability requires paying attention to the non-quantitative aspects of corporate performance. The absence of a well defined strategic planning for a cohesive performance measuring system that encompasses equally quantitative and qualitative variables obviously represents the obstacle to be resolved. Also the absence of a systematically validated model capable of accounting for multiple performance and the inconsistent planning-performance findings has been a problem. Otherwise, the process of linking and appraising the strategy implementation with its goals becomes worthless. Therefore this study goes beyond the observation of some researchs that questioned the existence of direct casual relationships between the use of strategic planning constituents improvement and Competitive advantage and performance, and addresses the problem of developing

strategic planning, effects on performance and competitive advantage employing the mediating role of balanced scorecard (BSC) for the first time in the Sudanese banking sector.

1.2.1 Research Questions

Given the above-mentioned problem statement, this study attempts to investigate, how do banks develop competitive strategies and will the adoption of competitive business strategies by the Sudanese banking sector improve the performance of their businesses and create and sustain competitive advantage?

This will be done through answering the following questions:

- i)** What are the contributing and impeding factors in the Sudanese Banking Sector in successfully adopting strategic planning?
- ii)** What is the extent of adoption of strategic planning practices among the Sudanese Banking Sector to ensure performance sustainability and competitive advantage?
- iii)** Does strategic planning carried out at different levels of the bank?
- iv)** What is the extent to which staff are involved in the strategic planning process?
- v)** Does the implementation of strategic Planning have any effect on sustainable competitive advantage?
- vi)** Does the implementation of strategic Planning have any effect on performance?
- vii)** To what extent could the improvements in several internal and external corporate parameters that can be broadly classified within the non-financial Balanced Scorecards (BSC's) perspectives eventually have effects on the banks financial performance and competitive advantage?
- viii)** Do strategic capabilities provide sustainable competitive advantage on the basis of their value, rarity, inimitability and non substitutability?
- ix)** What critical success factors CSFs such as resources and competences might provide banks' competitive advantage in ways that can be sustained over time?

1.2.2 Research Hypothesis

The main hypothesis of this study is that; there is a strong and statistically significant relationship between the level of adoption and practice of strategic planning and performance and competitive advantage in the banking sector. This means a bank that adopts strategic planning using strategic balanced scorecard could outperform its competitors and gain and sustain competitive advantage.

To effectively realize and address the research questions and desired objectives of the study, the following hypotheses were formulated for testing:

H1: There is a positive Relationship between Strategic Planning and Bank's Performance Measurement System

H1-1: There is a positive Relationship between Vision, mission and strategic objectives and Performance

H1-2: There is a positive Relationship between Development of the Bank's strategy and Performance

H1-3: There is a positive Relationship between strategy Implementation and control and Performance

H2: There is a positive Relationship between Strategic Planning and Balanced scorecard (BSC)

H2-1: There is a positive Relationship between Vision, mission and strategic objectives and Balanced scorecard (BSC)

H2-2: There is a positive Relationship between strategy Developments of the balanced scorecard (BSC)

H2-3: There is a positive Relationship between Implementation and control and balanced scorecard (BSC)

H2-4: There is a positive Relationship between Performance and Balanced scorecard (BSC)

H3: There is a positive Relationship between Strategic Planning and Competitive advantage

H3-1: There is a positive Relationship between Vision, mission and strategic objectives and Competitive advantage

H3-2: There is a positive Relationship between Developments of the Competitive advantage

H3-3: There is a positive Relationship between Implementation and control and Competitive advantage

H3-4: There is a positive Relationship between Performance and Competitive advantage

H4: There is a positive Relationship between Balanced scorecard (BSC) and Competitive advantage

H4-1: There is a positive Relationship between Financial performance and Competitive advantage

H4-2: There is a positive Relationship between Customers Satisfaction and Competitive advantage

H4-3: There is a positive Relationship between Internal Business Processes and Competitive advantage

H4-4: There is a positive Relationship between Learning & Growth and Competitive advantage

H5: There is a positive relationship between balanced scorecard (BSC) and Performance

H5-1: There is a positive Relationship between Financial rewards and performance

H5-2: There is a positive Relationship between Customers Satisfaction and Performance

H5-3: There is a positive relationship between internal business processes and Performance

H5-4: There is a positive relationship between learning & growth and performance

1.3 Research Objectives

The purpose of this study is to contribute to the literature, exploring strategic planning constituent with a theoretical background on process , implementation employing the mediating role of strategic balanced scorecard (BSC) in the Sudanese banking sector from past to present to attain and sustain competitive advantage and successful performance .

Therefore, this study is intended to achieve the following objectives:-

- i)** To measure the level of adoption of strategic planning in the Banking sector.
- ii)** To see whether these banks enjoy competitive advantage in the banking sector or not?

- x) To what extent does the use of strategic planning affect corporate performance?
- xi) To what extent does the use of strategic planning affect and create corporate competitive advantage?
- iii) To see if there is a correlation and relationship between strategic planning and the bank's profitability to gain and sustain competitive advantage.
- iv) To see if there is a relationship between the improvement in the strategic balanced scorecard perspectives, (non-financial) learning and growth; internal business processes; the customer satisfaction and the improvement in the bank's financial performance .
- v) To ascertain to what extent broader set of internal and external bank's parameters can be used and to what extent they could be broadly classified within the non-financial BSC's perspectives.
- vi) To determine the extent of the influence of the improvements in the non-financial BSC's perspectives on the financial performance.
- vii) To see if there is a correlation and relationship between strategic planning and both financial and non-financial firm performance
- viii) To what extent do banks apply the balanced scorecard (BSC) as strategic management tool to achieve performance sustainability and competitive advantage?

1.4 Research Importance

Mainly the significance of the study comes from the fact that ; the expected findings of the research will add to the knowledge and understanding of the literature of strategic planning and its application, sustainable competitive advantage and the use of the balanced scorecard in the Sudanese banking sector.

This study is believed to be significant in the sense that it will:

- a) Allows the identification of the concept and framework of strategic planning process that takes into account the nature of work and environment of the Sudanese banking sector.
- b) Supports and enrich the literature, theory and model of strategic planning in the banking sector, which have different nature of services and products.
- c) Generates greater awareness among the Sudanese banking industry on the importance of having a proper and practical strategic business planning

framework as a vehicle to performance successful, to gain and sustain competitive advantage.

- d) Provides useful knowledge on factors that might have impact and contribute to the successful adoption of strategic balanced scorecard (BSC) in the Sudanese banking industry.
- e) To reveal the Balanced Scorecard practices in the literature in the Sudanese banking sector.
- f) Encourage further research on BSC in the Sudanese banking industry.
- g) The approach to the concept of performance has shown a change over the years. So, this study is just a small contribution to the issue. . Address the limitations of the present performance measurement applied in the banking sector.
- h) Increase our understanding about how the BSC may be developed and applied within the context of the banking sector in Sudan.
- i) Bridging the gap of knowledge on this subject (Strategic planning constituent and process) in the banking sector in Sudan.
- j) Moreover, this study contributes to the literature with examples and empirical cases study from different countries and regions of the world.

This research is very important to the overall Sudanese economy. Also this study is very important because it focuses on the banking sector. This sector plays a major role in the overall economy and the general strategies of any country.

1.5 Research Methodology:

The following part generally presents the research methodology, and ensures the compatibility between its questions and objectives. Creswell (2009) defines the term "Methodology" as "the scientific approach used for the purpose of gathering information that helps answering the research questions, and meeting its objectives".

Therefore, this part is the link between background material of the earlier part and the subsequent one. Towards establishing relationships between the variables of interest, (the effects of strategic planning on performance and sustainable competitive advantage employing the mediating role of balanced scorecard), there is a need to formulate and test appropriate hypotheses. The underlying concepts are translated into measurable forms to facilitate testing of the formulated hypotheses.

1.5.1 Research Design

This study is a corollational study, it follows a quantitative, descriptive statistics analytical method to describe, measures and analyses the relationship between the variables (the effects of strategic planning on sustainable competitive advantage, using the mediating role of balanced scorecard, BSC). Christensen *et. al.*, (2011) note that quantitative design is a systematic way of collecting numerical information and analyzing it using statistical procedures. This quantitative study will aim to empirically analyze the effects of strategic planning on sustainable competitive advantage and performance.

1.5.2 Data Collection:

The researcher uses survey design. This is the most appropriate method towards effectively addressing the research objectives.

The study involves survey method which is the preferred type of data collection procedure for the research. The survey will be across- sectional. Creswell (2009) defines the term “across- sectional” as “the data collected at one point in time “The main data collection instrument is a questionnaire consisting of structured closed and open-ended questions. The advantages of using the questionnaire (survey designs); responses are gathered in a standardized way. The economy of the design, the rapid turnaround in data collection relatively fast way of gathering information, and potentially information can be collected from a large portion of group. The disadvantages of survey design, low response, often will below 70% of postal therefore not representative respondent may not be able to read the question or potentially not understand it. Also answers may be incomplete or irrelevant. Closed questions limit the response of people views/opinion.

1.5.3 Primary Data

The researcher uses structured questionnaires constituted of a closed – ended questions to collect the primary data as mentioned earlier in the methodology chapter. The main respondents are the general managers; department heads and section heads .who are in charge of the strategic banking functions. To refine and validate the

questions, the researcher interviews and discusses these questions with the executives of the selected banks (38) Bank constitutes the banking sector. For norming and brain storming.

1.5.4 Secondary Data

The researcher uses different methods to collect the secondary data. From the banks' financial statements, annual reports, rulings and regulations of the banks and he central bank of Sudan. Also the researcher uses the observation method of the bank operations, depending on his long experience and scientific and technical knowledge and knowhow in banking. In addition, the researcher uses other sources of published data such as the annual reports of the Central Bank of Sudan, international economic reports, Economist Intelligence Unit (EIU), World Economic Outlook, International Monetary Fund (IMF), Sudan Country reports and the websites of the banks to obtain more and specific data.

1.5.5 Data Analysis:

The researcher uses different methods and techniques of data analysis to reach the findings of this study. Statistical analyses were applied to describe and establish existence and extent of strategic planning and firm performance levels. A six point likert type scale was used to capture the extent of strategic planning. In applied management studies, the likert type scale is an acceptable technique for purposes of carrying out parametric statistical analysis. The Statistical Package for the Social Sciences (SPSS) version 22 has been used to facilitate this analysis. The focus of the study was to examine the relationships between variables of interest and not the causal effects. Therefore, in addressing our study objectives, we utilized the correlation analysis technique. In this regard, the Pearson's product correlation coefficients(r) have been computed. To analyze the primary data; the researcher also uses the ratios. The researcher uses some indicators which give a sign and a good indicator for the relationship between strategic planning and performance and sustainable competitive advantage in the banking sector in Sudan , employing the mediating role of strategic balanced scorecard. Also the researcher uses beside the profitability ratio, banks' market share in the banking industry, VARIO framework ,

Barney (2012) , valuable products , rarity of strategic capabilities, inimitable strategic capabilities, non-substitutability of strategic capabilities, dynamic capabilities as other indicators to measure competitive advantage. Besides analyzing the primary data, the researcher uses Statistical Package of Social Sciences (SPSS) version 22, systems to test the main hypotheses of the study and to investigate if there is a statistically significant correlation and relationship between the practice of strategic planning and performance and competitive advantage in the Sudanese banking sector.

1.5.6 The Place and Time Horizon of the Research:

This study focuses on the head offices of the selected 38 banks constituting the banking sector in Sudan, where the top and executive management, head of departments and units are located. All the head quarters of the banks are located in Khartoum State. Time frame of financial data during the period (2014 – 2015 - 2016) , it is the the period that the BSC approached in the banking sector and applied in some banks like , United Capital Bank , Sudanese Arab Bank and Elgezeera bank .

1.5.7 Research Population and Sampling Size

The population of this research embodies the general managers and deputy general managers of the Banks; top and executive management, department heads and section heads of 38 banks constituting the Sudanese banking sector and a population of 238 were tested .

1.5.8 Research Outlines and Organization

This study is made – up of six chapters which covered the following:-
General framework; literature review for strategic planning, balanced scorecard , performance measurement system, competitive advantage , the relationship between strategic planning and competitive advantage , the relationship between strategic planning and performance & previous studies; comprehensive overview of the Sudan economy, with special emphasis on the development of the Sudanese banking sector; presentation, analysis & discussion of the findings of the study and finally conclusions and recommendations.

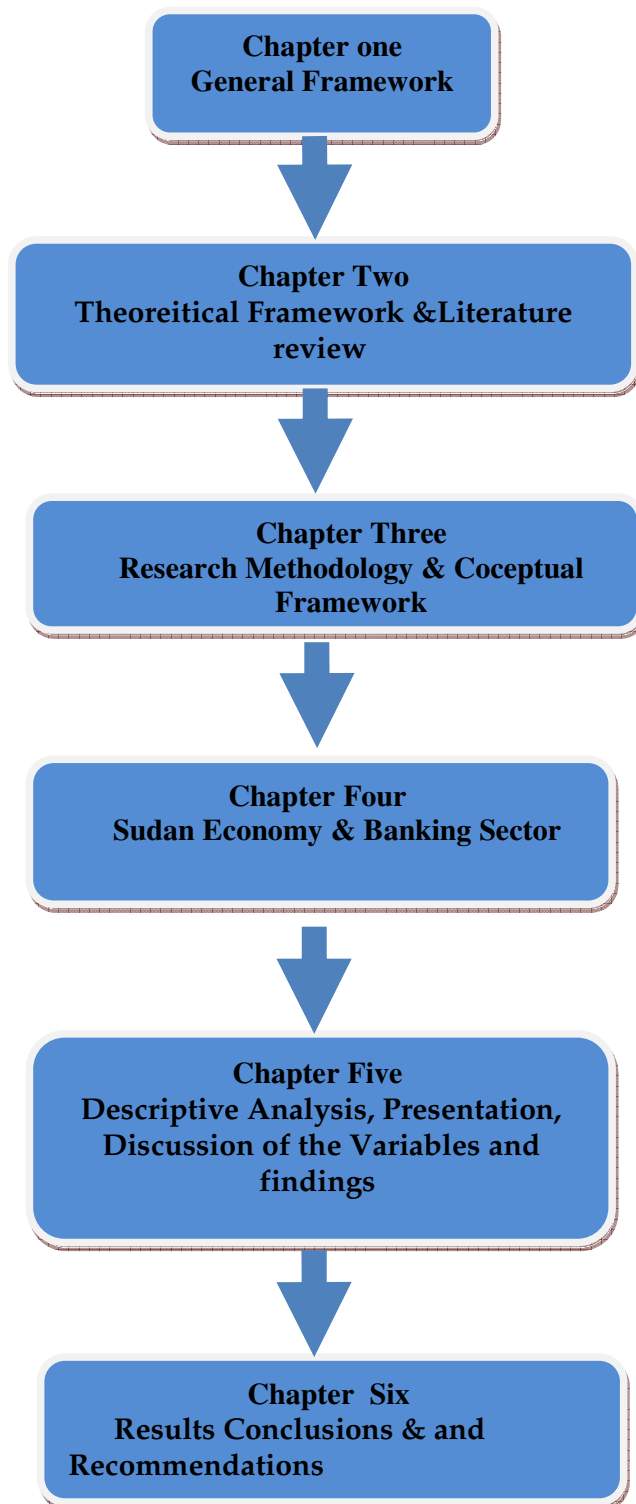


Figure (1-1) : Figure (1-4) illustrates the chapters of the study:
Developed by the researcher. (Quoted in Uma Secran 2003, Sanders 2009)

Chapter one : Is an introductory chapter which provides a general framework for the study, research problem, importance, objectives, hypotheses, methodology and organization of this research, and previous studies.

Chapter two : **provides** the first part of the literature review, and provides broad overview about strategic planning. It states definitions of strategy, The evolution of strategic planning theory and practice; Process-based Strategic Planning, the model of strategic planning process, the relationship between strategic planning and firm performance and competitive advantage, the rise and fall of strategic planning. Dangers to avoid in strategic planning, Pitfalls in strategic planning.
Also Presents the third part of the literature review, and provides broad overview of the concept of competitive advantage. This overview provides insights into the evolution of performance measurements. Also provides the balanced scorecard (BSC) approach, background and concept, definition, generations, the cause – and – effect relation,

Chapter Three : provides detailed discussion of research design and process and methodology issues It also explains the reasons for selecting the methods for data collection, and describes the stages of the questionnaire construction, pre-testing and the final content of the questionnaire. This is followed by a detailed discussion of the research population and sampling procedures. The survey administration and response profile are then presented in details. It deals with the analysis of the primary as well as the secondary data for the targeted banks during the period (2014-2015-2016).

Chapter four : provides a comprehensive overview of the Sudan economy, with special emphasis on the development of the Sudanese banking sector. It also provides a broad overview about the targeted Sudanese banks.

Chapter five : The chapter also provides the presentation, analysis the findings of the study and a huge body of statistics and concludes with a description of the statistical techniques for testing the hypotheses of the study.
Also discusses the findings that obtained through the various techniques

used in this study. The first part is concerned with the descriptive analysis of the research variables, whilst part two reports and interprets the results of the statistical analysis.

Chapter Six

Summarizes the major findings and conclusions, provides recommendations, and limitations of this study. It provides the results which addressed the objectives as well as the hypotheses of the study. It states the main conclusions of this study regarding strategic planning, the competitive advantage for the targeted banks. Also this chapter offers some specific recommendations for the targeted banks and general recommendations to the banking industry in general as well as to other business and financial institutions. It also offers some suggestions for future research in the area of strategic planning constituent steps and competitive advantage.

1.6 Previous Studies:

The subsequent section will provide a brief highlights on the previous empirical studies, and then will contrast them with this study to distinguish its novelty. A notable observation worth mentioning, the previous studies focused on the effect of the practice of strategic planning and multiple performance measurements with emphasis on the BSC usage on organizational performance. In spite of the popularity of the BSC, little empirical evidence suggests that performance of organizations is improved with the use of BSC (Ittner and Larcker, 2001).

As such, past studies have a different focus than this current study.

- 1) **Wagee Alla, (2017)**, studied planning using the Balanced Score Card (BSC) and its impact on enhancing the competitive advantage in the Sudanese banks, it aims to clarify the importance of applying the concept of (BSC) in the planning in the Sudanese banks, and to clarify the importance of the balance of financial and non-financial aspects in banks, and to clarify the efforts to enhance the competitive advantage , to help decision makers to get utilization of these concepts.. The study revealed that the Sudanese banks constantly striving to enhance the competitive advantages , and it focuses on the financial aspects, while aspects of non-financial take less interest in the planning process , also other important result there is a positive effect of planning using all dimension of the BSC on enhancing the competitive advantage . The study recommended that there is necessity to practical application for the concept of BSC in banking especially to enhance the competitive advantages. Also the researcher recommended studies on the concept of the balanced Scorecard.

- 2) **Ridwan Ibrahim, Ina Primiana (2015)**, studied the Influence of Strategic Competitive Advantage on Cooperative Performance; the purpose of the study was to find solutions for problems related to the cooperation performance when connected with Strategic competitive advantage. The results showed that Strategic competitive advantage have a significant effect on cooperation performance. Furthermore it was found that Strategic competitive advantage has implication for cooperation performance. The study revealed that the strategic competitive advantage effect on the cooperation performance.

- 3) **David, 2015**, studied Corporate Strategy, Planning and Performance Evaluation: A Survey of Literature noted that, in recent years, corporate organizations are increasingly paying attention to strategic planning in an attempt to establish the relationship between strategic planning and firm's performance. The study concludes that strategic planning is vital for ensuring continued good corporate performance and only those organizations that practice some form of strategic planning will survive. It recommends that the process of strategic planning should be given its deserved attention in terms of all the prescribed steps within the existing literature. Management should focus on the strategic issues, on the important issues facing the business as a whole, including where it is headed and what it will or should become.
- 4) **Yusoff, et al, 2015**, studied, Strategic Planning and Firm Performance: A Proposed Framework, summaries the study, that organizational performance still becomes an important concept in the strategic management studies. The aim of the study is to examine whether strategic planning will assist business firm to uplift its performance .the literature suggests some dimentions of strategic planning to be tested : formality , tools of strategic planning , employee participation , strategic implementation , time horizon and control. The study revealed that, strategic planning have important contributions in order to achieve a better organizations performance. Therefore, the relationship of each dimensions of strategic planning will be tested toward performance of the organization. It is hoped that the findings of this study will be able to help the organization to understand how the strategic planning can help to make better decision in the future.
- 5) **Azahir Hassan Abdelrahman Gurafi (2014)**, Addresses the study of Performance Measurement from a Balanced Scorecard perspective on the Banking sector in Sudan. The aim of this study was to employ BSC to examine empirically the relationships among the multiple performance measures in the banking sector in Sudan.The findings verified and confirmed that, there are sequential positive correlations amongst BSC perspectives, with statistical significant level. At the same time, the findings revealed that, the learning and growth perspective factors have a statistical significant relationship with the customer perspective. Also, it is found that the banks that have improved their financial performance have similarly augmented their efforts towards non-financial perspectives, compared to their underperforming counterparts.The study recommends Sudanese banks to adopt the

BSC as a comprehensive approach in measuring the performance of the banks, in strategic planning and in general management as well.

6) Elif Öztürk1 & Ali Coskun , (2014) , studied , Strategic Approach to Performance Management in Banks: The Balanced Scorecard . The main aim of this study is to reveal the Balanced Scorecard practices in the literature. Balanced Scorecard is a strategic performance management system that brought a holistic approach to the performance measurement which is the most important activity of an administration's control function. Findings show that it is more beneficial to prepare the balanced scorecard for the banks than to report financial performance only in terms of evaluating performance with a holistic approach. The study revealed that, Implementation of the method is important as much as its success.

7) Albisani Yousif Alnabolsi , (2014) , addresses the impact of using Balanced scorecard on Organizational Innovation at Sudanese Industrial Companies in , The Context of Supportive Organizational Culture . The problem of the study concentrated on finding out the impact of using balanced scorecard on organizational innovation at industrial companies in the context of Supportive Organizational Culture. The research aims to identify the extent of Awareness to organizational innovation & using the balanced scorecard for managing performance by Sudanese industrial companies and if there statistical relation between using balanced scorecard and organizational innovation in Sudanese companies . The results of this study revealed that the creative perspective & financial perspective are more importance than other perspectives for directors ,It also showed that there is partial statistical relation between balanced scorecard and organizational innovation ,It also found there is partial impact for supportive organizational culture on the relation between balanced scorecard perspectives and technical innovation ,In the other hand there is partial impact for supportive organizational culture on the relation between balanced scorecard perspectives and managerial innovation . Finally the study introduced some recommendations about studying the reasons for the weakness of Sudanese companies products in international markets, Moreover the industrial companies which afraid of applying the balanced scorecard could begin first by department then apply it for whole company and take care to R&D .Also companies must put suitable organizational structure for present and future needs ,More over companies could enhance coordination with academic institutes and universities , In addition the companies need supportive organizational culture

to maintain competence ,creativity and stability, As well as the study gives some suggestions for future studies.

8) The study of Khan , Khalique, (2014) , a Holistic Review of Empirical Studies of Strategic Planning and Future Research Avenues , pointed that , In today's complex and uncertain situations and environments throughout the world; the need for strategic planning is widely accepted for smooth and successful operations of all kinds of business organizations. Strategic planning constitutes an important path to successful business operations and is a part of every business. Managers realize, understand, and implement strategic planning in different ways. Strategic Planning therefore bridges the gap between where we are, and where we want to go. In the world today as a result of the uncertain situations to businesses of all kinds, rapid changes and rapid technological developments, market opening and strong competition, organizations and institutions have to be managed with meaningful management style and be able to move beyond the current reality. The environment surrounding organizations which characterized by continues changes in order to achieve the goals and tasks for which it was created, this method is the so-called strategic management. Therefore, for any kind of organization; strategic planning is diagnosed as the basic fundamental need and necessity in response to the present scenario of the globe and any form of situation.

9) The study of mostaeen, (2014) addresses the problem, of the adoption of commercial banks in evaluating the financial performance indicators and metrics of traditional accounting, and these indicators are not provide sufficient information that needed for the purposes of decision-making and internal controls. This study aimed to identify the extent of the use of the Balanced Scorecard (BSC) as a tool to evaluate the performance of commercial banks . researcher reached to the following conclusions:

1. Balanced Scorecard is one of the most modern techniques to evaluate the performance in different institutions.
2. Balanced Scorecard does not apply systematically in Sudanese commercial banks in general and United Capital Bank (UCB) in particular .

The most recommendations of the study are:

- 1.** Provide criteria and standards to help in applying the Balanced Scorecard in the commercial banks in the form which contributes to give a clear and comprehensive strategic performance.

2.The Central bank of Sudan, as a director and controller for the commercial banks operating in Sudan, must abandon the old methods to evaluate the performance of the commercial banks, and depend on the Balanced Scorecard as a tool for evaluation.

10) Hana Jeza Alotaibi, June, 2013, conducted a research in Strategic Planning: A Practice Perspective on Strategic Initiatives, An applied study on Saudi Telecommunication Companies. The study focuses on the link between strategic planning activities, and the development and implementation of strategic initiatives. The implications drawn can help them to reveal the potential of their strategic planning activities for shaping the established procedures, and improving and conducting their strategic initiatives. The current study has opened other potential directions for further academic research, one of which is regarding other forms of practices that need to be focused on. As this research studied 'tools' as an element which represent one form of practices involved in strategic planning, there is a need to focus on other forms of practices as well, such as traditions, norms, rules and routines (Jarzabkowski, 2004), and on their influence by practitioners within the strategic planning process on strategic initiatives. In the case of Saudi Arabia, this would be necessary to better understand the role of practitioners due to the peculiarities of Saudi culture. This will extend our understanding of the influence of multi-level strategic initiatives in other business environments.

11. Eltinay, et al, (2013), studied, Performance Measurement Usage in Developing Countries: The Case of Banking Sector in Sudan. The study revealed that, a wide-ranging usage PMs not only increases a firm's awareness of opportunities for undertaking competitive actions, but also allows the bank to achieve greater efficiency, enhancing its ability and responding quickly to the dynamic changes of the competitive environment. Even though Future studies could then use contingency theory in parallel with institutional theory (Alam, 1997) to gain a deeper understanding of the factors that impact the extent of usage of performance measurement diversity approach.

12) The study of, Debrah Kwame , September 2012 , The Effects of strategic planning on the performance and operations of the Agricultural Development Bank , The study assessed the effect of strategic planning on the performance of banks in Ghana with reference to the operations of the Agricultural Development Bank (ADB). However, this study showed that structures put in place for bottom-up information flow were not known to all employees..

The study revealed that, Strategic planning of corporate bodies is an essential instrument for planning and forecasting which positions the organization to meet demands and changes which might come up in the course of discharging its services. This study reveals that, ADB as a corporate body has a clear strategic plan which is articulated to all of its employees at various levels and departments within the bank. It reveals that, the strong agreement of factors of various dimensions of strategic planning indicate the effectiveness and efficiency of such planning adopted by employees of the bank and hence affects the bank's performance positively.

13) Sabah M. Al-Najjar, Khawla H. Kalaf, 2012, addresses the study of, Designing a Balanced Scorecard to Measure a Bank's Performance: A Case Study. The purpose of this study is to contribute to the understanding of how BSC is developed and applied in evaluating the performance of a Large Local Bank (LLB) in Iraq. The study revealed so many results and Conclusions: The purpose of this study was to increase our understanding on how the BSC approach may be developed and applied to measure the performance in the banking sector in Iraq.

Future researches in the banking sector in Iraq are needed in this domain, and should focus on studying the contingent factors that facilitate or impede the implementation of the BSC such as: organizational culture, organizational structure, private vs. public organizations, environment, and technology. More studies are, also, needed to identify the relevant measures of the BSC for the banking sector.

14) Robert et, al (2012), studied , the Relationship between Strategic Planning and Firm Performance, The study examined the relationship between strategic planning and firm performance giving attention to the strategic planning steps. Correlation analysis results indicate the existence of a strong relationship between strategic planning and firm performance. Results of the analysis reveal the existence of a relationship between strategic planning and firm performance with a Pearson moment product coefficient of 0.616. Study findings also indicate existence of a relationship between strategic planning and both financial and non-financial performance indicators. It was observed that firms that exhibit higher levels of strategic planning perform better in both financial and non-financial indicators compared to those exhibiting low levels of strategic planning

15) Ajao , (2012) , The study examined the effects of Strategic Planning on Corporate Performance using Babcock University as the case study. The results of the hypotheses revealed that there is a significant positive correlation between strategic

planning and corporate performance. The study therefore, concluded that strategic planning is beneficial to organizations in achieving set goals and recommends that universities and other corporate organizations alike, should engage in strategic planning in order to enhance corporate performance.

16. In Republic of Macedonia, Suklev and Debarliev (2012) conducted a study and concluded in their findings that strategic planning can generally contribute to organizational effectiveness. The comparative analysis conducted in this study refers to useful knowledge conclusions for the specifics of strategic planning effectiveness in the emerging and developing countries and indicates the probable reasons for potential differences in strategic planning effectiveness in different countries.

17. Robinson and Pearce (1983) showed in a study conducted in 85 US selected banks by that small banks without formal planning systems performed equally with small, formal planners. Regardless of formality, each set of banks placed equal emphasis on all aspects of strategic decision-making except formalized goals and objectives. Their results suggested that managers responsible for strategic planning activity in smaller organizations do not appear to benefit from a highly formalized planning process, extensive written documentation, or the use of mission and goal identification as the beginning of a strategic planning process.

18. The study of Hopkins and Hopkins (1997) in United States with data from 112 banks purported that the intensity with which banks engage in the strategic planning process have a direct, positive effect on banks' financial performance and also mediation effects of managerial and organizational factors on banks' performance. Their results also indicated a reciprocal relationship between strategic planning intensity and performance. The strategic planning intensity causes better performance and in turn better performance causes greater strategic planning intensity.

18. Almawali et al (2009) investigated empirically the association between multiple performance measures usage and their effects on the financial performance of Jordanian banks at branches level. Their results reveal a significantly positive relationship between the usage of multiple performance measures via overall BSC measures and financial performance.

19. Ruzita et al. (2008) surveyed Malaysian manufacturing companies on their effect of usage of multiple performance measurement on organizational performance. Their results indicate that, the use of non- financial measures, particularly, internal business

process and innovation and learning measures is positively related with the organizational performance.

20. Cohen et al., (2008) found evidence to support the underlying theoretical hypothesis of BSC that non-financial BSC perspectives are positively correlated with each other at statistically significant level in a sequential manner. They also found that, the increased effort towards the non- financial perspectives is positively related with the financial performance. Unlike, the above studies which have investigated directly the relationship between improved financial performance and the BSC usage, there are several studies focus on the relationship between the practice of multiple performance measurement systems and financial performance (e.g. Said et al. 2003; **21. Ittner and Larcker, 1998**; Bryant et al., 2004; Droge et al. , 2000). Said et al. (2003) evaluated the economic performance of a group of companies using financial and non- financial performance measures against the performance of a group of companies that depend solely on financial measures in their performance measurement. Their results indicate that non-financial measures are positively significantly associated with future accounting and market-based return. In addition, the results point out that, the use of non-financial measures is linked to innovation-oriented strategy, the implementation of quality initiatives, a shorter length of product-development, and a lower level of financial distress. Furthermore, they suggested that a better fit between firms' features and their non-financial measures yields an enhanced performance.

22. Bryant et al. (2004) found that, firms with a performance measurement system containing financial and non financial measures would gain benefit more than the firms that rely only on financial measures.

23. Davis and Albright (2004) in their quasi- experimental study, investigate the relationship between improved financial performance and the implementation of BSC in fourteen branches of American bank. They found that, branches implementing the BSC outperformed when compared to non- BSC implementing branches financially.

24. Ittner et al. (2003) provided contradictory evidence to the previously mentioned studies by finding a negative association between BSC usage and financial performance in an expansive study of the 140 American financial services companies. In the same vein, from a survey of 140 Australian manufacturing firms, Chenhall and Langfield-Smith (**1998**) found that, there is negative relationship between BSC usage and perceived moderate benefits.

25. Sim and Koh (2002) have found a link between learning and growth perspective and financial performance, with result displaying innovative technique, new manufactured goods development time and customer oriented performance measures are associated to lower manufacturing costs, higher sales, and greater market share.

26. Hogue and James (2000) conducted a survey- based on contingency study of (66) **Australian** manufacturing companies. These researchers examined the relationship between organization size, product life cycle stage, market position, BSC usage and organizational performance. Their findings conclude that, there is a positive significant relationship between companies' size and BSC practice, as larger firms make more use of BSC to support their decision making process. The results also imply that firms with a higher percentage of new products have a greater reliance on BSC. Additionally, Hogue and James (2000) state that, there is a positive relationship between BSC usages and perceived improved organizational performance. In general, Hogue and James (2000) findings are consistent with similar studies in the banking industry (Davis and Albright, 2004 ; Almawali et al., 2009) , the hotel industry (Banker et al. 2000) and the manufacturing and retail companies (Ruzita et al., 2008; Cohen et al.,2008) that show the inclusion of non-financial performance measures in a performance measurement system is associated with improved financial performance.

27. Banker et al., (2000) examined the association between improved financial performance and NFPMS in a hotel chain where a new incentive program included an emphasis on customer satisfaction performance measures. They found evidence of a relationship between customer satisfaction (NFPMs) and future financial performance that suggests the implementation of the new incentive program positively impacted targeted NFPMs and ultimately improved financial performance.

28. Droge et al. (2000) uses time- to-market new products as a fundamental measure, and frequently leads to higher initial prices, with constant customer loyalty and a greater market share as well as noteworthy cost benefits. On the other hand, it is seen, a positive association between customer satisfaction measures and future accounting performance.

29. Ittner and Larcker (1998 a) claimed that, the improvements in different non-financial areas such as customer satisfaction, quality and innovation would affect future financial performance. A survey of vice presidents of quality for major US companies found that only 28% could relate their customer satisfaction measures to accounting earnings, and only 27% to stock returns. Furthermore, Ittner and Larcker

(1998b) agree with that; customer satisfaction measurements are associated with the company's market value.

30. Anderson et al. (1994) conducted a study to investigate the relationship between non-financial measurement and financial performance in 77 Swedish companies. They found that, a higher customer satisfaction leads to higher return on investment, controlling for past returns and time trend. Abernethy and Lillis (1995) revealed that, superior reliance of flexible firms on non- financial measures of performance was better than non-flexible firms.

31. The initial studies include that done by **Thune and House (1970)**. Thune and House studied 36 companies employing the approach of examining the performance of each company both before and after formal strategic planning was initiated. This covered both informal and informal planners. The comparison showed that formal planners outperformed the informal planners on all the performance measures that were used.

32. Herold (1972) in an attempt to cross-validate Thune and House (1970) study, surveyed 10 companies, comparing performance of formal and informal planners over a 7-year period. Based on the survey results, He concluded that formal planners outperform informal planners and hence, supporting the results of Thune and House (1970).

33. Gershefski (1970) in his survey compared the growth of sales in companies over a 5-year period before strategic planning was introduced, and over a period of 5 years after planning was introduced. The results of the comparison led Gershefski to conclude that companies with formal strategic planning outperformed companies with little planning.

34. Ansoff (1970) studied 93 firms using various variables of financial performance. The findings revealed that companies, which do extensive strategic planning, outperformed the other companies.

35. Greenley (1986) examining empirical data from nine surveys (8 in USA and 1 UK within the manufacturing business) on the relationship between strategic planning and company overall performance noted mixed conclusions with five studies concluding the existence of the relationship while the rest conclude that higher levels of performance did not necessarily relate to the utilization of strategic planning.

36. Miller and Cardinal (1994) employed a meta-analytic approach using data from 26 previously published studies and concluded that strategic planning positively influences firm performance.

37. Caeldries and VanDierdonck (1988) surveyed 82 Belgian Business firms and reported a link between strategy and performance. They noted that strategy enables a firm to strengthen its competitive position, and facilitates integration and coordination of members' behavior.

38. Pealtie (1993) observed that the main reason for the introduction of formalized strategic planning is to improve company performance through the development and implementation of better strategies. Pealtie noted that managing a large business without a plan is like trying to organize a car rally without a map, not impossible, but difficult. Published research from Africa also indicates that strategic planning is an effective tool in improving firm performance.

39) Fubara (1986) did a survey in Nigeria and observed that companies that engage in formal planning experienced growth in profits. Miller and Cardinal (1994) employed a meta-analytic approach using data from 26 previously published studies and concluded that strategic planning positively influences firm performance.

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41) Imoisili (1978), studying indigenous and multinational companies in Nigeria, concluded that the more effective companies are found among organizations which maintain consistency between environmental perception and management practices, do long-term planning, use more flexible control systems and have smaller spans of control.

42) Fubara (1986) did a survey in Nigeria and observed that companies that engage in formal planning experienced growth in profits. It has been argued that although

there is a general perception and belief that strategic planning improves organization effectiveness, if wrongly pursued the anticipated value may not be tapped.

Findings of previous studies suggest that the impact of strategic planning on overall performance is not as clear-cut as one might expect. Several studies show a link between strategy and performance, cited in Khan and Khalique (2014). The empirical studies investigating direct relationships between strategic planning and performance have attracted criticisms. The main reason for criticism is the mixed results on the relationship between strategic planning and business performances. Some studies show positive relationships while some show negative or insignificant relationships between strategic planning and performances' of businesses. The previous research is also of high consent that external environment analysis and strategic planning constituents is of high importance in strategic planning and it determines the effectiveness of strategic planning.

1.7 The Gapes:

The Gaps of Past Studies

Past studies have mainly focused on the direct relationship between strategic planning and performance and did not give attention to the specific steps that make up the strategic planning process. The manner and extent to which each of the steps is practiced could have implications on the expected strategic planning results. This study tries to fill the gap and study examined the relationship between strategic planning constituents and banks performance giving attention to the strategic planning steps.

The gaps can be summaries as follows :

1. Till today, there is found no empirical study from strategic planning perspective in the context of Sudan and more specifically in the banking sector, from constituent components of strategic planning perspective on performance employing BSC. Therefore, the researcher aims to conduct the first empirical study in the context of the Sudanese banking sector from the perspective of constituent components of strategic planning process and its effects on performance and competitive advantage.

2. In the world today, which is very challenging and uncertain and the strategic planning practice is the most reliable and effective way to compete with these challenges for every kind of businesses. But still there is a need of empirical research to be done from strategic planning perspective and to explore the constituent components of strategic planning in empirical research in the banking sector and other financial institutions.
3. Organizations increasingly embracing the practice of strategic planning in anticipation that this will translate to improved performance. Past studies have mainly focused on the direct relationship between strategic planning and performance and did not give attention to the specific steps that make up the strategic planning process. The manner and extent to which each of the steps is practiced could have implications on the expected strategic planning results.
4. The previous studies focused on the effect of strategic planning on performance, the practice of multiple performance measurements with emphasis on the BSC usage on organizational performance. As such, they have a different focus than this current study which is attempting to determine the extent to which broader set of external and internal multiple performance parameters are used and to what extent they could be classified within the non-financial BSC's perspective, as well as attempting to discover if there are any sequential relations among them and also to evaluate their impact on financial performance and sustainable competitive advantage.

This study is the first attempt to shed some lights of the effects of strategic planning constituents on performance, and competitive advantage using the mediating role of balanced scorecard (BSC) ,empirical study in the Sudanese banking sector.

This study is undertaken to fill the knowledge gap of strategic planning constituent process and its impact competitive advantage, and performance .Also the study uses supportive theories, resurse –based view, theory lences of strategy , critical success factors , and VARIO framework . The research results contribute to the current literature and provide some useful insights concerning the CSFs associated with bank management and business strategy.

Chapter 11

Theoretical Framework & Literature Review

2.0 Introduction

Strategic planning in business organizations becomes increasingly important as the business environment becomes more turbulent and unstable. It emphasizes long-term performance. But only a few can sustain it over a longer period of time. For example, of the original Fortune 500 companies listed in 1955, only 6 of the top 25 in that original list are still in the top 25 as of 2012 and 10 of the original companies are no longer in business. Wheelen, et al (2015 P40). In today's complex and turbulent business world, strategic planning is indispensable to achieving superior performance management. Provides practical advice for organizing the planning system, acquiring and using information, and translating strategic business plans into decisive action. Invaluable resources for top and middle-level executives, strategic planning continuous to be the foremost guide to this vital area of business management. Steiner, 1979. In today's complex business environment, organizations try to improve their efficiency and sustain their performance in order to have more power in the global competition. This requires capabilities and core competences to detect and evaluate the impact of strategic planning on sustainable competitive advantage and performance, Eltinay, (2013). Today organizations from both the private and public sectors have taken the practice of strategic planning seriously as a tool that can be utilized to fast track their performances. Robert et al, (2012), .Strategic planning is about developing a plan to implement strategy. It is not about planning strategically. As Mintzberg suggest, 'strategic planning' might well be an oxymoron (Mintzberg, 1994:5). The need for organizations to plan and monitor their activities in order to focus resources and efforts to ensure future survival has spawned an industry of practitioners, consultants and education programs. Strategic planning is now a routine part of business, with an accompanying set of beliefs and protocols that underpin day-to-day practice. Yet, as Mintzberg (1994:5) indicates, 'planning lacks a clear definition of its own place in organizations'. While the need to plan is accepted, the resulting plans are often not successful in driving implementation of organizational strategy. Indeed, 'while the need for planning has never been greater, the relevance of most of today's planning systems and tools is increasingly marginal' (Fuller, 2003:2). Traditional strategic planning models are increasingly viewed as not producing

strategy that can deal with complexity, uncertainty and rapid change in the external environment. The apparent failure of corporate strategy even after extensive planning, and the inability of many organizations to read signals of change in the external environment, suggests that there is something missing from existing planning models. 'It may well be that the typical strategic planning exercise now conducted on a regular and formal basis and infused with quantitative data misses the essence of the concept of strategy and what is involved in thinking strategically' (Sidorowicz, 2000). There is now some recognition that this missing element is the capacity of an organization to systematically develop and maintain a shared view of the future – a foresight capacity. Scenario planning is often promoted as the way to incorporate a futures view into planning, and has been used by organizations and governments with varying degrees of success since the 1960s. While using a methodology such as scenario planning introduces organizations to the value of exploring the future, it does little to embed a more comprehensive futures approach into strategy development, decision making and implementation – that is, to develop and sustain an organizational capacity for foresight. The development of strategy involves three stages: strategic thinking, decision making and planning - that is, *thinking* about future strategy options, *deciding* on options, and *implementing* those options. But, current definitions generally regard 'strategic planning' as subsuming all three stages. The line between the three stages is therefore blurred, as Mintzberg (1994: 32). Strategic planning was very popular and widespread between mid-1960s to mid-1970s. In the 1960s, it was considered as 'the one best way' to devise and implement strategies that could subsequently enhance the competitiveness of a business unit, (Mintzberg, 1994). The popularity of strategic planning increased among large U.S. corporations during the 1970s, it was quite clearly that, something fundamental has influenced not only American management but also management through the world, Capon and Hulbert (1980). Yet these changes have been so recent and so rapid – occurring since the mid of 1970s for many firms, corporate strategies, planning systems , organization structures , and even managers have been changed willingly, with little opportunity to step back and evaluate the status , direction and magnitude of the change ; George Steiner (1983) . Over the years, fundamental concepts, ideas, processes and procedures of strategic planning have developed, and these address a recurrent theme in the literature. Some authors (Steiner 1979; Mintzberg 1979a; 1994, Zucker 1987) claim that every manager should have at least some understanding of strategic

planning since it is linked to performance, and interconnected with, the management process of a company and thus its success. Steiner (1979) noted that strategic planning stimulates the future on paper and it encourages and permits a manager to see, evaluate and accept or discard a far greater number of alternative courses of action than he might otherwise consider. Unfortunately, research has shown that the level of understanding among managers often remains at the minimal level, creating fuzzy knowledge about the subject (Garvin 2004). Depending on the view one takes, strategic planning can even be described as the 'strategic backbone' in strategic management. (Ansoff, Declerck et al. 1976) . Following this line of thought, planning should be a function, which embraces managers at all levels of the organization. Historically; the concept of strategic planning was introduced in the early 1960s and has been subject to various degrees of attention over the years. The interest in strategy as a study of management discipline followed the diffusion of strategic planning among large companies in the 1950s and 1960s. Over the years, the topic has experienced varying degrees of interest from academics as well as practitioners. The reasons for the rise and fall of strategic planning are numerous; some can be explained by historical events others are not so easily identified. Historically, the topic of strategic planning built up in the 1960s and 1970s, peaked in the 1980s and early 1990s and quietened down in the mid to late 1990s. The focus shifted from how to conduct strategic planning to formulating strategy to criticizing its effectiveness and impact on organizational performance. In a way the cyclical development of strategic planning as a topic can also be seen in environmental changes: the development of turbulent and fast-moving market conditions, and the resulting issues of different management styles. In the 1960s, the dominant theme in the field of strategic management was corporate planning and managers were largely concerned with planning for the growth that had been spurred by reconstruction of Europe and Japan, and the Cold War, following World War Two. The SWOT (Strength, Weaknesses, Opportunities, and Threats) framework became popular as the tool of choice for identifying and analyzing those internal and external factors that were favorable or unfavorable to achieving firm objectives. In the late 1960s and early 1970s, the primary theme had shifted to corporate strategy and the issues of the day were dominated by diversification and portfolio planning. Tools such as BCG's Growth/Share matrix, and the McKinsey/GE matrix enjoyed a lot of popularity as analysis tools. In the late 1970s and early 1980s, the theme shifted to industry and

competitive analysis, and the primary issues became the choice of which industries, markets, and market segments in which to compete, and where within each industry or market to position oneself, Allan Afuah (2009). The following , will shed light on the historical development of the concept of strategic planning and why it is a theme that deserves our attention today. Toward the end of the 1950s, many American firms found themselves confronted with problems that their – until then – standard management techniques of budgeting, financial controlling, marketing and promotion could not remedy. Market demand seemed to be stagnating, or even dropping, and firms turned their energies toward developing new styles to deal with their problems. Soon they found themselves converging on a new approach, developed through trial and error, which became known as strategic planning (Ansoff, Declerck et al. 1976). In the 1960s and 70s academic literature on planning became extensive. Referred to as long-range planning, the hot topic at the time was ‘top down’ vs. ‘bottom up’ planning. Economic forecasts or markets were the major components that guided companies in their planning activities. At the time, environmental conditions proved relatively stable and thus “corporate leaders embraced strategic planning as the one best way to devise and implement strategies that would enhance the competitiveness of each business unit” (Mintzberg 1994c:107). By the mid-1970s a number of authors had reported the widespread adaptation of long range planning, especially in the US, but also in Europe and Japan (Capon, Farley et al. 1987). A large body of the literature turned to examining industry-specific plans. Industry foci include examples such as airlines (Bouamreme and Flavell 1980), banking (Wood and LaForge 1981) and telecommunications (Probert 1981). The majority of literature from this time focuses on US firms (Ansoff, Declerck et al. 1976; Steiner 1979; Capon, Farley et al. 1987). Though these assertions are largely true, Pitts et al (2003) affirm that exceptional situations also arise when some companies gain not because they had in place any strategy but because they just benefited from some sudden conditions in the external environment. For example, after the September 11, 2001 terrorist attack on the World Trade Centre, Pentagon and in Pennsylvania all in the United States of America, airtravel within and across that country dropped drastically in favour of rail and road transport which were thought to be safer. Rail and road transporter operators therefore, enjoyed a sudden and unexpected boom. In the world today as a result of the rapid changes and rapid technological developments, market opening and strong competition, organizations and institutions have to be managed with meaningful

management style and be able to move beyond the current reality and the environment surrounding organizations which characterized by continues changes in order to achieve the goals and tasks for which it was created to gain and sustain competitive advantage and successful performance , this method is the so-called strategic management . (Al-Majali & Sunna'a, 2013,quoted in Khan ,2014) . Strategic planning constitutes an important path to successful business operations and is a part of every business. Managers realize, understand, and implement strategic planning in different ways. Strategic Planning therefore bridges the gap between where we are, and where we want to go. Therefore, for any kind of organization; strategic planning is diagnosed as the basic fundamental need and necessity in response to the present scenario of the globe and any form of situation. Muhammad et. al, (2014). Alan Lakein, (Quoted in, Health Strategies & Solutions, Inc. 2011), Stated that, planning is bringing the future into the present so that you can do something about it now. Strategic management exponent Toffler (2003) writes that a company without a strategy is like an airplane weaving through the skies, hurled up and down, slammed by winds and lost in the thunder heads. If lightning or crushing winds do not destroy it, it will simply run out of fuel. In similar line of thought, Ross et al (2000) note that without strategy an organization is like a ship without a rudder. It goes round in circles and like a tramp has no specific place to go. Clearly, these statements emphasize the importance and need for far reaching dynamic and systematic strategic planning for companies to survive competition in the ever changing global competitive business environment. Nonetheless, and still consistent with the need for evolving and constantly reviewing strategy, it is important to note that having a sound strategy in itself does not necessarily translate into desired performance goals if it is not properly implemented. Both strategy and implementation must be good and timely to achieve positive results. As for a company driven by wrong strategic planning, Malamud (2004) likens it to a train on a wrong track saying, „,every station it comes to is the wrong station.” These fundamental principles largely hold true for all industries globally and as should be expected, the banking industry is also subject to the dynamics of these global market trends. Against this background, the study looks at the competitive strategies for achieving competitive advantage in the banking industry.Kenny, 2005, stated, “If you don't know where you're going, any road will get you there. If you don't know your objectives, any strategy will do”. Joel Ross and Michael Kami are of the opinion (cited in David, 2013) that “Without a strategy, an

organization is like a ship, without a rudder going around in circles. It's like a tramp; it has no place to go". And, Lewis Carroll stated that, "If you don't know where you're going, any road will take you there". It's for this reason that objective setting strategy formulation and implementation is so important for successful performance. Alan Lakein, (Quoted in, Health Strategies & Solutions, Inc. 2011), Stated that, planning is bringing the future into the present so that you can do something about it now. As Grant (2003) noted there is an abundant amount of strategic planning literature but in reality we still know very little about what happens behind closed doors. Doing strategic planning should provide institution with benefits such as, evaluating the past planning, prioritizing programs, monitoring the firms programs, finding out about the advantages, disadvantages, opportunities and threatens and building up a basis for the future planning (Kotler and Murphy, 1981; Rowley and Sherman, 2001). More specifically, this study tries to identify and describes the effects of strategic planning on performance and competitive advantage.

2.1 Strategy, Strategic Management, Strategic Planning

2.1 Strategy: Concept, Notion and Definition:

The word "strategy" is derived from Greek word "strategos" which means "the roles of a general" (Mohamed et al., 2010) quoted in Khan and Khalique (2014). "The word 'strategy' was originally introduced into European military literature about the opening of the 18th century "(The Encyclopedia Britannica, 11th ed. Vol.25, p.986, quoted in Ackoff, 1990). The word driven from the Greek, literally mean "the art of the leader or general." Since world war 11, use of the concept has become commonplace in discussions of business management. Also, another statement of, also another statement of, (Swayne, Duncan, and Ginter 2008, quoted in, Health Strategies & Solutions, Inc. (2011) P10, The concept of strategy has roots in both political and military history, from Sun Tzu to Homer and Euripides. The word strategy comes from the Greek stratego, which means "to plan the destruction of one's enemies through effective use of resources" (Bracker 1980). Many terms associated with strategic planning, such as objective, mission, strength, and weakness, were developed by or used in the military (Swayne, Duncan, and Ginter 2008) quoted in , Health Strategies & Solutions, Inc. (2011) P10 .

Nickolas (2016). Strategy is a term that comes from the Greek *strategia*, meaning "generalship." In the military strategy often refers to maneuvering troops into position before the enemy is actually engaged. In this sense, strategy refers to the deployment of troops. Once the enemy has been engaged, attention shifts to tactics. "The roles of a general". Here, the implement of troops is central. Substitute "resources" for troops and the transfer of the concept to the business world begins to take forms. **Business strategy** began with the first conceptions made by Igor Ansoff in 1965, Sun Tzu's "The Art of War," written in China in 2500 BC, teaches that the supreme merit consists in breaking the enemy's resistance without fighting (Tzu, 2000). Quoted in Jussani, et. al. 2010. This basic idea can lead the way to victory in all kinds of common commercial conflicts and boardroom battles. Although the word strategy is commonly used nowadays, there is no consensus in the literature on the concept (Mintzberg, 2008). Ansoff (1991) believes that strategy is to some extent an abstract concept, and he cites the influence of the external environment in the strategic decisions of a company. He defines strategy as a set of rules and guidelines that orient entrepreneurial behavior, providing support for decision making and guiding a firm's development. Jussani, et. al. 2010.

Strategy has many definitions, but generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions. Strategy is about achieving competitive advantage – winning! Sustained competitive advantage consistently outperforming the competition over time. "Strategy is essential to superior performance, which after all, is the primary goal of any enterprise. Porter (1996). Strategy is an action that managers take to attain one or more of the organizations' goals" Hill & Jones. 2004, P.3). In the same theme, Nickolas, (2016), pointed that a strategy describes how the ends (goals) will be achieved by the means (resources) The senior leadership of an organization is generally tasked with determining strategy. Strategy can be planned (intended) or can be observed as a pattern of activity (emergent) as the organization adapts to its environment or competes. Strategy includes processes of formulation and implementation; strategic planning helps coordinate both. However, strategic planning is analytical in nature (i.e., it involves "finding the dots"); strategy formation itself involves synthesis (i.e., "connecting the dots") via strategic thinking. As such, strategic planning occurs around the strategy formation activity. Nickolas, (2016).

A review of what noted writers about business strategy have to say suggests that adopting the concept was easy because the adaptation required has been modest. In business, as in the military, strategy bridges the gap between policy and tactics. Together, strategy and tactics bridge the gap between ends and means Nickolas (2016). (Figure 2.1).



Figure 2.1 Strategy & Tactics

Source, Nickolas (2012-2016)

Nickols, (2016) stated that, some definitions of strategy as offered by various scholars and writers spanning the years 1962 to 1996 - 2011 are briefly reviewed below:

Alfred D. Chandler, Jr., author of *Strategy and Structure* (1962), the classic study of the relationship between an organization's structure and its strategy, defined strategy as "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out these goals." (As we will see later, it is the allocation of re-sources that ties the civilian use of strategy to its military origins.)

Robert N. Anthony, author of *Planning and Control Systems* (1965), one of the books that laid the foundation for strategic planning, didn't give his own definition of strategy. Instead, he used one presented in an unpublished paper by Harvard colleague Kenneth R. Andrews: "the pattern of objectives, purposes or goals and major policies and plans for achieving these goals stated in such a way as to define what business the company is or is to be in and the kind of company it is or is to be." (Here we can see the emergence of some vision of the company in the future as an element in strategy.)

Kenneth Andrews, long-time Harvard professor and editor of the Harvard Business Review, published the first edition of *The Concept of Corporate Strategy* in 1971 and updated it in 1980. His published definition of strategy took this form in the 1980 edition: “the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals, and defines the range of businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.” (Andrews’ definition of strategy is rather all-encompassing and is perhaps best viewed as a variation on the military notion of “grand strategy”.) George Steiner, a co-founder of the California Management Review, and author of the 1979 “bible,” *Strategic Planning: What Every Manager Must Know*, observed that there was little agreement on terms or definitions and confined his discussion of the definition of strategy to a lengthy footnote. But, nowhere does he define strategy in straightforward terms. Michael Porter, another Harvard professor, became well known with the publication of his 1980 book, *Competitive Strategy*. Porter defined competitive strategy as “a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals.” (In contrast with Andrews’ definition, Porter’s is much narrower, focusing as it does on the basis of competition.) . Also published in 1980, was *Top Management Strategy*, by Benjamin B. Tregoe (of Kepner-Tregoe fame), and John W. Zimmerman, a long-time associate of Tregoe’s. They defined strategy as “the framework which guides those choices that determine the nature and direction of an organization.” (This definition is quite succinct but still includes “nature” and “direction.”) .In 1994, Henry Mintzberg, an iconoclastic professor of management at McGill University, took the entire strategic planning establishment to task in his book, *The Rise and Fall of Strategic Planning*. In effect, Mintzberg declared strategy did indeed have several meanings, all of which were useful. He indicated that strategy is a plan, a pattern, a position, a perspective and, in a footnote, he indicated that it can also be a ploy, a maneuver intended to outwit a competitor. A more recent entry appears in *Strategic Planning for Public and Nonprofit Organizations*, published in 1996 by John Bryson, professor of planning and public policy at the University of Minnesota. Bryson defines strategy as “a pattern of

purposes, policies, programs, actions, decisions, or resource allocations that de-fine what an organization is, what it does, and why it does it.”

Johnson et.al, 2008, 2011, P3, defined strategy; is the direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Nickols, (2016) defines strategy: it refers to a general plan of action for achieving one’s goals and objectives. Johnson, et al, 2011, noted that, strategy is the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Johnson, et al (2011, P 3), stated that **Strategy is an exciting subject**. It’s about the overall direction of all kinds of organizations, from multinationals to entrepreneurial start-ups, from charities to government agencies and many more.Strategy raises the big question about these organizations – how they grow, how they innovate and how the change? Strategy is the long term direction of an organization. Thus the long-term direction of Nokia is from mobile phones to mobile computing. The long- term direction of Disney is from cartoons to diversified entertainment. Strategy is about the key issue for the future of organizations. For example, how should Google originally as a search company manage its entry into the market for mobile? Should universities concentrate their recourses on research excellence or teaching quality or trying to combine both? How should a small video games producer relate to dominate console providers such as Sony and Nintendo? What should a rock band do to secure revenues in the face of declining CD sales? All these are strategic planning questions concern entrepreneurs and senior managers. Johnson, et al (2005 ,2008, P9) stated that, “*Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations*”, **See the Case Study of Electrolux Johnson , et al , 2005 PP,38, 39, 40. Appendix (C)**

As a result, the concept of strategy the concept of strategy has been borrowed from the military and adapted for use in business. It is still believed that strategy to be abstract, and the formulation of strategies does not yield any concrete productive action on the part of the company. Above all, it is an expensive process, both in terms of money and administration time. Jussani , et. al. 2010 .

2.1.1 Levels of Strategy

Strategies exist at a number of levels in an organisation. Johnson, et al (2008, P 7), Taking Yahoo! As an example, it is possible to distinguish at least three different levels of strategy.

2.1.1.1 Corporate-level strategy is the top level of strategy which concerned with the overall scope of an organisation and how value will be added to the different parts (business units) of the organisation. This could include issues of geographical coverage, diversity of products/services or business units, and how resources are to be allocated between the different parts of the organisation. For Yahoo!, whether to sell some of its existing businesses is clearly a crucial corporate-level decision. In general, corporate-level strategy is also likely to be concerned with the expectations of owners – the shareholders and the stock market. It may well take form in an explicit or implicit statement of ‘mission’ that reflects such expectations. Being clear about corporate-level strategy is important: determining the range of business to include is the *basis* of other strategic decisions.

2.1.1.2 Business-level strategy, is the second level of strategy which is about how the various businesses included in the corporate strategy should compete in their particular markets (for this reason, business-level strategy is sometimes called ‘competitive strategy’). In the public sector, the equivalent of business-level strategy is decisions about how units should provide best value services. This typically concerns issues such as pricing strategy, innovation or differentiation, for instance by better quality or a distinctive distribution channel. So, whereas corporate-level strategy involves decisions about the organisation as a whole, strategic decisions relate to particular strategic business units (SBUs) within the overall organisation. A **strategic business unit** is a part of an organisation for which there is a distinct external market for goods or services that is different from another SBU. Yahoo!’s strategic business units include businesses such as Yahoo! Photos and

Yahoo! Music.

Of course, in very simple organisations with only one business, the corporate strategy and the business-level strategy are nearly identical. None the less, even here, it is useful to distinguish a corporate-level strategy, because this provides the framework for whether and under what conditions other business opportunities might be added or rejected. Where the corporate strategy does include several businesses, there should be a clear link between strategies at an SBU level and the corporate level. In the case of Yahoo!, relationships with online advertisers stretch across different business units, and using, protecting and enhancing the Yahoo! brand is vital for all. The corporate strategy with regard to the brand should support the SBUs, but at the same time the SBUs have to make sure their business-level strategies do not damage the corporate whole or other SBUs in the group.

2.1.1.3 Operational strategies is the third level of strategy is at the operating end of an organization, which are concerned with how the component parts of an organisation deliver effectively the corporate- and business-level strategies in terms of resources, processes and people. For example, Yahoo! Has web-page designers in each of its businesses, for whom there are appropriate operational strategies in terms of design, layout and renewal. Indeed, in most businesses, successful business strategies depend to a large extent on decisions that are taken, or activities that occur, at the operational level. The integration of operational decisions and strategy is therefore of great importance, as mentioned earlier.

2.1.2 Strategy Theory: The Strategy Lenses Theory

The study of strategy has moved on from the original business policy and strategic planning traditions, to develop two main streams: strategy content, concerned with the nature of different strategic options; and strategy process, concerned with processes such as strategic decision making and strategic change. More approaches are currently developing, such as complexity theory, strategy discourse and strategy-as-practice, strategy lenses theory. Johnson, et al, 2008, 2011 . Strategic lenses are a concept of strategic management. They are the four perspectives from which strategy can be viewed and implemented on a corporate level. Overall,

strategy is likely to come from a variety of sources and a combination of the above techniques. The strategy lenses theory, are four different ways of looking at the issues of strategy development for an organization, Johnson, et al, 2008. The lenses are drawn from academic research on strategy; they should also be highly practical in the job of doing strategy. In brief the four lenses see strategy as follows:

i. Strategy as design:

This lens views Strategy development as a process of logical determinism. Through careful evaluation of the firm's industry, environment and available resources, the optimal strategy and clear direction can be determined. This strategic process thus follows an analysis-selection-implementation process. Fundamental to this view is that the responsibility of strategy development is top-management driven and that they are capable of choosing the optimal strategy for the business. Johnson, et al, 2008.

ii. Strategy as experience:

Many proponents of the view of strategy as experience, such as Mintzberg, (1994, cited in Johnson, et al, 2008) would argue that the design lens is often inaccurate as top level executives are too distant from daily developments of the organisation. According to Mintzberg, strategic development should be adaptive, and divides it into intended, realised and emergent strategies. In this model, strategic development is the continuous adaptation of past strategies based on experience. In this view strategy is greatly influenced by taken for granted assumptions (culture) and involves large levels of bargaining and negotiation. Strategy as Experience carries with it a risk of the effect known as strategic drift as a result of failing to act upon environmental changes by being too 'path dependent' on past activity.

i. Strategy as ideas:

This approach to strategy emphasizes innovation and the need for diversity of ideas in the organisations. Strategy can emerge from the way people within the organization handle and respond to the changing forces present both in the organization and in the environment. Supporters of this view argue partly by analogy

with evolutionary theory, suggesting where there is diversity of approach, a change in environment conditions is likely to be accommodated by one of the various methods, products or systems already in existence. Johnson, et al, 2011

ii. Strategy as discourse:

This view consists in making choices between different possibilities and then inspiring confidence for the choice taken. This view is very high on legitimacy and low on rationality and innovation. Strategy as discourse sees strategy development in terms of language as a "resource" for managers by which strategy is communicated, explained and sustained and through which managers gain influence, power and establish their legitimacy as strategists. Johnson, et al, 2011.

2.1.3 The Characteristics of Strategic Decisions

Johnson et al, 2008 P 2 noted that, The words 'strategy' and 'strategic decisions' are typically associated with issues like these: The long-term direction of an organization. Brad Garlinghouse explicitly recognized that strategic change in Yahoo! would require a 'marathon and not a sprint'. Strategy at Yahoo! involved long-term decisions about what sort of company it should be, and realising these decisions would take plenty of time. Strategy has three fundamental characteristics, Armstrong, 2012, (PP 18, 19, 20) :

First, it is forward looking. It is about deciding where you want to go and how you mean to get there. It is concerned with both ends and means. In this sense a strategy is a declaration of intent: 'This is what we want to do and this is how we intend to do it.' Strategies define longer-term goals but they also cover how those goals will be attained. They guide purposeful action to deliver the required result. A good strategy is one that works, one that in Abell's (1993: 1) phrase enables organizations to adapt by 'mastering the present and pre-empting the future'. As Boxall (1996: 70) explained: 'Strategy should be understood as a framework of critical ends and means.' **The second** characteristic of strategy is the recognition that the organizational capability of a firm (its capacity to function effectively) depends on its resource capability (the quality and quantity of its resources and their potential to deliver results).

The third characteristic of strategy is that it aims to achieve strategic fit – the need when developing functional strategies such as HR to achieve congruence between them and the organization’s business strategies within the context of its external and internal environment.

2.2 Strategic Management

Strategic management is a set of managerial decisions and actions that determines the long-run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long-range planning), strategy implementation, and evaluation and control. The study of strategic management, therefore, emphasizes the monitoring and evaluating of external opportunities and threats in light of a corporation’s strengths and weaknesses. Originally called *business policy*, strategic management incorporates such topics as strategic planning, environmental scanning, and industry analysis. Wheelen et.al. 2015 P5. Johnson et , al , 2008 P 12 , noted that , Strategic management includes understanding the strategic position of an organization, making strategic choices for the future and managing strategy in action.Johnson et , al , 2008 P 12 . According to Boxall and Purcell (2003: 44): Quoted in Armstrong, 2012, (PP 13, 14) **‘Strategic management** is best defined as a process. It is a process of strategy making, of forming and, if th1e firm survives, reforming its strategy over time.’ Strategic management was described by Johnson *et al* (2005: 6) as ‘understanding the strategic position of an organization, making strategic choices for the future, and turning strategy into action’. Strategic management is defined as a systematic process for managing the organization and its future direction in relation to its environment in a way that will assure continuous success as well as secure from surprises (Ansoff 1984, Berry 1995). Managers who think strategically will have a broad and long-term view of where they are going. But they will also be aware that they are responsible, first, for planning how to allocate resources to opportunities that contribute to the implementation of strategy, and secondly, for managing these opportunities in ways that will add value to the results achieved by the firm. Quoted in Armstrong, 2012, (PP 13, 14, 15, 16,). In the world today as a result of the rapid changes and rapid technological developments, market opening and strong competition, organizations and institutions have to be managed with meaningful management style and be able to

move beyond the current reality and the environment surrounding organizations which characterized by continues changes in order to achieve the goals and tasks for which it was created, this method is the so-called strategic management , (Al-Majali & Sunna'a, 2013) , quoted in Khan , (2014) . Ansoff (1984), clarifies that the first step in the evolution of strategic management is known as *strategic formulation*, it began in 1950's when firms started to invent a systematic approach in deciding on how and where the firms will do its future business. The progress of which managers jointly formulate the strategy was known as *strategic planning*. The term strategic management was subsequently introduced to include environmental assessment and strategy implementation. Thus, strategic management is defined as being where strategic planning is coupled with strategy implementation. Steiner (1979) and Barry (1986), argue that strategic planning and management, regardless of why public and not profit organization engage in it, can help an organization achieve the clarify future direction; think strategically and develop effective strategies; establish priorities; deal effectively with rapid changing Circumstances; build teamwork and expertise; and solve major organizational problems; and improve organizational performance. Wheelin, 2012, questioned: How does a company become successful and stay successful? Certainly not by playing it safe and following the traditional ways of doing business! Taking a strategic risk is what General Electric (GE) did when it launched its *Ecomagination* strategic initiative in 2005. According to Jeffrey Immelt, Chairman and CEO: Ecomagination is GE's commitment to address challenges, such as the need for cleaner, more efficient sources of energy, reduced emissions, and abundant sources of clean water. And we plan to make money doing it. Increasingly for business, "green" is green.¹ Immelt announced in a May 9, 2005, conference call that the company planned to more than double its spending on research and development from \$700 million in 2004 to \$1.5 billion by 2010 for cleaner products ranging from power generation to locomotives to water processing. The company intended to introduce 30 to 40 new products, including more efficient lighting and appliances, over the next two years. It also expected to double revenues from businesses that made wind turbines, treat water, and reduce greenhouse-emitting gases to at least \$20 billion by 2010. In addition to working with customers to develop more efficient power generators, the company planned to reduce its own emission of greenhouse gases by 1% by 2012 and reduce the intensity of those gases 30% by 2008.² In 2006, GE's top management informed the many managers of its global

business units that in the future they would be judged not only by the usual measures, such as return on capital, but that they would also be accountable for achieving corporate environmental objectives. Ecomagination was a strategic change for GE, a company that had previously been condemned by environmentalists for its emphasis on coal and nuclear power and for polluting the Hudson and Housatonic rivers with polychlorinated biphenyls (PCBs) in the 1980s. Over the years, GE had been criticized for its lack of social responsibility and for its emphasis on profitability and financial performance over social and environmental objectives. In the world today as a result of the rapid changes and rapid technological developments, market opening and strong competition, organizations and institutions have to be managed with meaningful management style and be able to move beyond the current reality and the environment surrounding organizations which characterized by continues changes in order to achieve the goals and tasks for which it was created, this method is the so-called strategic management (Al-Majali & Sunna'a, 2013). Strategic management means drafting, implementing and evaluating cross functional decisions that will enable an organization to achieve its long-term objectives. It specifies the organization's mission, vision and objectives and then allocates resources to achieve these objectives. The strategic management process is made up of three main components: strategy formulation, strategy implementation and strategy evaluation. Apart from that, it also emphasis on analysis of external and internal environment of a company in order to achieve the company's objectives (Wheelen et.al. 2015 P5). Strategic planning is part of strategic management, if unchecked, it often strangles strategic thinking to death (Kheng-Hor and Munro-Smith, 2003). Developing a vision statement is often considered as the first step in strategic planning process (Mohamed et al., 2010).

2.3 The Concept and Definition of Strategic Planning

The literature is replete with varying but complementary definitions of strategic planning. Strategic planning consists of a set of underlying processes that are intended to create or manipulate a situation to create a more favorable outcome for a company (Akinyele and Fasogbon (2010, quoted in David, 2015). Strategic planning can be defined as the process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organizational

expectations (Higgins and Vincze, 1993; Mintzberg, 1994; Pearce and Robinson, 1994 quoted in David, 2015). Strategic planning has been explained by various writers and scholars in different but complementary ways , (Robert et al, (2012) , (quoted in International Journal of Humanities and Social Science Vol. 2 No. 22, Special Issue – November 2012) . Strategic planning is considered as an important tool of strategic management (Aldehayyat, 2011, quoted in Sosiawani et.al. (2015), PP 201-207). A number of definitions have evolved to pinpoint the essence of strategic planning. According to Swayne, Duncan, and Ginter (2008), “ Strategic planning defines where the organization is going, sometimes where it is not going, and provides focus. The plan sets direction for the organization and—through a common understanding of the vision and broad strategic goals—provides a template for everyone in the organization to make consistent decisions that move the organization toward its envisioned future. Strategic planning, in large part, is a decision-making activity.” Drucker (1954) contends that strategic planning is management by plans, an analytical process and is focused in making optimal strategic decisions. Other writers have expanded on Drucker’s definition. Ansoff (1970) conceptualizes strategic planning as the process of seeking a better match between a firm’s products or technology and its increasingly turbulent markets. He looks at it in terms of change from a familiar environment to an unfamiliar world of strange technologies, strange competitors, new consumer attitudes, new dimensions of social control and above all, a questioning of the firm’s role in society. Sharing this view, Hofer and Schendel (1978) define strategic planning as an evolution of managerial response to environmental change in a focus moving from internal structure and production efficiency, to the integration of strategy and structure and production innovation, multinational expansion and diversification. Steiner (1979) defines strategic planning as the systematic and more or less formalized effort of a company to establish basic company purposes, objectives, policies and strategies. It involves the development of detailed plans to implement policies and strategies to achieve objectives and basic company purposes. On the same breath, Bateman and Zeithml (1993) view planning as a conscious, systematic process during which decisions are made about the goals and activities that an individual, group, work unit or organization will pursue in the future. It provides individuals and work units a map to follow in their future activities. Hax and Majluf (1996) supporting this argument explain strategic planning as a disciplined and well-defined organizational effort

aimed at the complete specification of a firm's strategy and the assignment of responsibilities for execution. Wendy (1997) explained strategic planning as the process of developing and maintaining consistency between the organization's objectives and resources and its changing opportunities. Wendy further argues that strategic planning aims at defining and document an approach to doing business that will leads to satisfactory profits and growth. Stonehouse and Pemberton (2002, p. 854), state that strategic planning is a "center on the setting of long-term organizational objectives and the development and implementation of plans designed to achieve them". Daft (2012, p. 180), describes that planning is "the act of determining goals and defining the means for achieving them and planning helps managers think toward the future rather than thinking merely in terms of day-to day activities". Thus, it can be concluded that strategic planning is the process to determine the long-term goals and the objectives of the organization and determine the guidelines and procedures to attain them.

Strategic planning is a systematic process that, looking into the future and identifying trends and issues against which to align organizational priorities of the organization, aligning a division, section, unit or team to a higher-level strategy towards achieving the objectives , vision and mission . Quoted in UN, 2017 , Strategic Planning Guide for Managers . Bellenfant and Nelson, (2010 quoted in Health Strategies & Solutions, Inc. (2011 , P10) write, "Those organizations that look to the future, by planning and evolving to meet expected changes head on, will have a better chance of survival. Strategic planning has added value to firms that are looking for ways to protect their financial viability while adapting to the ever-changing environment around them."

David, (2009). Strategic planning, when treated as a work in progress, rather than as a binder on a shelf, or a file in a computer, provides business with a real and lasting competitive advantage. It will help determine and direct the quality of relationships with suppliers, employees, unions, customers, and bankers. John, Article 2 August 2002.Strategic planning today, for all industries has become absolutely crucial. As never before there have they been confronted with such substantial increases in both uncertainty and competition without any doubt for the organizations. Strategic planning is useful not only because it can realize the vision of the upper management or it can mitigate unforeseen risks; it also has many more benefits (Vel et al., 2012).

2.3.1 Out Side In , Not Inside Out

Whenny, (2005) , asked : Why are managers so clearly unable to identify the essential ingredients of their organization's success? The answer is that they insist on looking at their performance from the inside out, rather than the outside in. It's that simple! We're like the fly in the honey. We become entrapped by our own organization. We become weighed down by policies, procedures, systems, processes, practices and they become our world. What's worse, they become the world. And, like the fly in the honey, we can't escape. If we're not careful, we become blinded to reality, the reality of what it takes to be successful. Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. In order to determine the direction of the organization, it is necessary to understand its current position and the possible avenues through which it can pursue a particular course of action. Generally, strategic planning deals with at least one of these three key questions: "1) What do we do? 2) For whom do we do it? 3) How do we excel?" In many organizations, strategic planning is viewed as a process of determining where an organization is going over the next year or more typically 3 to 5 years (long term), although some extend their vision to 20 years Steiner 1979 . Steiner (1979) observes that strategic planning is inextricably interwoven into the entire fabric of management. It provides a framework for decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance. Managers are able to spend time, efforts and resources in activities that pay off. Setting of goals and targets on the other hand facilitate evaluation of organization performance. Individuals in an organization will strive to achieve clear objectives that are set. It is argued that strategic planning results in a viable match between the firm and its external environment.

2.3.2 Literature Review

Over time the concept and practice of strategic planning has been embraced worldwide and across sectors because of its perceived contribution to organizational effectiveness. Robert and Peter, (2012). Today organizations from both the private and public sectors have taken the practice of strategic planning seriously as a tool that can be utilized to fast track their performances. Strategic planning is arguably

important ingredient in the conduct of strategic management. Steiner (1979) noted that the framework for formulating and implementing strategies is the formal strategic planning system. Porter (1985) noted that despite the criticism leveled against strategic planning during the 1970s and 80s, it was still useful and it only needed to be improved and recasted. Greenley (1986 quoted in Robert and Peter,2012) noted that strategic planning has potential advantages and intrinsic values that eventually translate into improved firm performance. It is, therefore, a vehicle that facilitates improved firm performance. Many of the studies on the relationship between strategic planning and firm performance were done between 1970s and early 1990s, in the developed economies. These studies of strategic planning and performance; focused on the direct relationship between strategic planning and firm performance. Although the studies within the African context by Woodburn (1984), Adegbite (1986) and Fubara (1986), (cited in Robert and Peter, 2012) , noted that firms that practiced strategic planning recorded better performance compared to non-planners, their focus, however, was on the formality of planning rather than the link between planning and firm performance. It is noted that the past studies did not give attention to the individual steps that make up the strategic planning process. It is perceived that the manner and extent to which each of the strategic planning steps is addressed could have implications on the realization of the expected corporate goals. In management, strategy is a unified, comprehensive, and integrated plan designed to achieve a firm's objectives (Glueck 1980:9).quoted in David, 2015. Strategic planning is arguably important ingredient in the conduct of strategic management (Robert and Peter 2012), quoted in David, 2015. In today's complex and uncertain situations and environments throughout the world; the need for strategic planning is widely accepted for smooth and successful operations of all kinds of business organizations. Khan and Khaliq (2014) Strategic planning constitutes an important path to successful business operations and is a part of every business. Managers realize, understand, and implement strategic planning in different ways. Strategic Planning therefore bridges the gap between where we are, and where we want to go. Khan, and Khaliq (2014). In the world today as a result of the uncertain situations to businesses of all kinds, rapid changes and rapid technological developments, market opening and strong competition, organizations and institutions have to be managed with meaningful management style and be able to move beyond the current reality. The environment surrounding organizations which characterized by continues changes in order to

achieve the goals and tasks for which it was created, this method is the so-called strategic management. Khan, and Khalique (2014). Therefore, for any kind of organization; strategic planning is diagnosed as the basic fundamental need and necessity in response to the present scenario of the globe and any form of situation. In management Ansoff introduced the concept of “strategic planning” in early 70s (Feurer and Chaharbaghi, 1997; Mohamed et al., 2010). Strategic planning defines and accomplishes the basic directions and rationale for determining where an organization should head and provides the specifications against which any organization may best decide what to do and how to do it, thus strategic planning is a process for creating and describing a better future in measurable terms and the selection of the best means to achieve the desired results (Kaufman et al., 2003 quoted in . Khan, and Khalique (2014).The primary goal of strategic planning is to guide a firm in setting out its strategic intent and priorities and focus itself towards realizing the same (Kotter, 1996). Many researchers in the field of strategic management confess that this area is still paid by company management little attention. Managers often do not realize the significance and importance of strategic approach for business or they are not able to establish it. They are often overloaded by operational tasks that arise from everyday business practices and the bird’s eye view to see the goals and challenges they face in a broader context is withdrawn from them. Moreover they are often not able or competent to carry out necessary inner-outer management analyses (Skokan Karel, Pawliczek Adam, Piszczur Radomír, 2013). However, several studies have concluded that there is a positive relationship between strategic planning and corporate performance. (Silverman (2000) Pearce and Robinson (2007). Hill, Jones and Galvin (2004) Danso (2005), Veskaisri, Chan and Pollard (2007) posited that without a clearly defined strategy, a business will have no sustainable basis for creating and maintaining a competitive advantage in the industry where it operates. They are also of the opinion that effective planning and implementation has positive contribution to the financial performance of organizations. Aremu (2000) states that some Nigerian business organizations are without formal plans or where there are formal plans, organizations operate without adhering to them (Akingbade, Dauda, and Akinlabi 2010). Strategic planning plays an important and key role in the success and survival of all kinds of business organizations. Business Management and Strategy ISSN 2157-6068 2014, Vol. 5, No. 2, more specifically in the banking sector which is considered as the back bone of any economy in the present world. Though in current

complex world the strategic planning is essential for any organization success in business arenas but the research from the perspective of constituent components of strategic planning is just at the starting point today. Strategic planning for all kind of industries has become absolutely crucial in today's scenario. As never before there have been confronted with such substantial increases in both uncertainty and competition without any doubt for the organizations. Strategic planning is useful not only because it can realize the vision of the upper management or it can mitigate unforeseen risks; it also has many more benefits (Vel, Creed, & Narayan, 2012). Similarly French et al. (2004) found no relationship between vision of small firms and performances' of small firms. In today's world, the company ability to adopt the changes will determine its success and sustainability or even survival. As today the global environment has been changing dramatically and the firms face many new challenges daily. Business Management and Strategy ISSN 2157-6068 2014, Vol. 5, No. 2 .

In the world today as a result of the rapid changes and rapid technological developments, market opening and strong competition, organizations and institutions have to be managed with meaningful management style and be able to move beyond the current reality and the environment surrounding organizations which characterized by continues changes in order to achieve the goals and tasks for which it was created, this method is the so-called strategic management (Al-Majali & Sunna'a, 2013).

Strategic planning today, for all industries has become absolutely crucial. As never before there have they been confronted with such substantial increases in both uncertainty and competition without any doubt for the organizations. Strategic planning is useful not only because it can realize the vision of the upper management or it can mitigate unforeseen risks; it also has many more benefits (Vel et al., 2012).

There are lots of competitive pressures and risks which prevent the businesses to achieve their goals (Akdogan & Cingoz, 2012). Environmental scanning as one of the important components of strategic planning process has received importance to explore new opportunities and to identify threats for making important strategic decision. Authors in the area of entrepreneurship and small businesses have recognized the need for continuous and conscious study of the environment and integrate the environmental information into their strategic planning (Balasundaram, 2008). Strategic planning deals the logic which guides the process by which an organization adapts to its external environmental (Ansoff, 1987 quoted in Business

Management and Strategy ISSN 2157-6068 2014, Vol. 5, No. 2.). Temtime (2003) also stressed that nowadays for success and survival the use of strategic planning is necessary because of the increasing intensity of competition in the market. As for small businesses the ever changing competitive business environment often requires to adapt quickly to a challenging environment.

2.3.3 The Importance and Benefits of Strategic Planning

In today's complex and uncertain situations and business environments throughout the world; the need for strategic planning is widely accepted for smooth and successful operations of all kinds of business organizations. Muhammad et. al, (2014) . Strategic planning and the assessment of its value, remains an important and relevant research topic for those interested in organizational performance sustainability and business development. (French, Kelly, & Harrison, 2004). Joel Ross and Michael Kami are of the opinion (cited in David, 2013) that "Without a strategy, an organization is like a ship, without a rudder going around in circles. It's like a tramp; it has no place to go". Strategic Planning therefore bridges the gap between where we are, and where we want to go (Alaka, Tijani, & Abass, 2011) (quoted in Business Management and Strategy ISSN 2157-6068 2014, Vol. 5, No. 2 Strategic planning is to a business what a map is to a road rally driver. It is a tool that defines the routes that when taken will lead to the most likely probability of getting from where the business is to where the owners or stakeholders want it to go. And like a road rally, strategic plans meet detours and obstacles that call for adapting and adjusting as the plan is implemented. John and Lee, 2002 . Strategic planning is a forward-looking exercise and all managers should be involved with it. If strategic plan is available and well implemented, an organization will have little or no challenge in managing external changes. For businesses to survive, it should be able to operate successfully with environmental forces that are unstable and uncontrollable and which can greatly affect decision making process. Organizations adapt to these environmental forces as they plan and carry out strategic activities. It is through strategic planning that an organization can predict changes in the environment and act pro-actively. (Adeleke, Ogundele and Oyenuka, 2008; Bryson, 1988 in Uvah, 2005) quoted in, Ajao et al 2012 .

In the process of achieving competitive advantage, issues such as financial performance, diversification and organizational change become relevant. Strategic plans are ultimately the outcomes of a bargaining process among functional areas (Ringland 1998). Each functional area co-operates and, at the same time, may compete within the given constraints of competition to achieve its favorable position in the future.

In the world today as a result of the uncertain situations to businesses of all kinds, rapid changes and rapid technological developments, market opening and strong competition, organizations and institutions have to be managed with meaningful management style and be able to move beyond the current reality , strategic planning more crucial for a longer business life and competitiveness (Al-Shaikh, 2001). In the world today, which is very challenging and uncertain and the strategic planning practice is the most reliable and effective way to compete with these challenges for every kind of businesses. Khan and Khalique , (2014) . A survey by McKinsey & company of 800 executives found that formal strategic planning processes improved overall satisfaction with strategy development. Wheelen , et al (2015) P 40. Al-Shaikh (2001), argued that the benefits of strategic planning are highlighted from various perspectives. There are no reasons for organization to ignore doing it, because the strategic planning enables them to capitalize the opportunities that lie in the future and be able to prevent the threats it contains (Steiner, 1967, p. 4). Drucker (1985), additionally points out that every business needs a strategy and to be develop firms, even smaller business as well. Fogg (1994 cited in Health Strategies & Solutions, Inc. (2011) P11) suggests the following benefits of strategic planning:

- It secures the future for the organization and its leaders by crafting a viable future business.
- It provides a road map, direction, and focus for the organization's future—where it wants to go and the routes to get there. It lets each part of the organization align its activities with the direction of the corporation in a continuous process.
- It sets priorities for the crucial strategic tasks, including the complex, burning issues such as lack of direction and growth, lack of profitability, and organizational ineffectiveness that everybody talks and knows about while wondering why they are not being addressed.

- It allocates resources available for growth and change to the programs and activities with the highest potential payoff.
- It establishes measures of success so that the progress of the organization and individuals can be gauged. Knowing where one stands is a fundamental business and human need.
- It gathers input and ideas from all parts of the organization on what can be done to ensure future success and eliminate barriers to that success, following the old adage that ten or one hundred or one thousand heads are better than one.
- It generates commitment to implement the plan by involving all parts of the organization in its development.
- It coordinates the actions of diverse and separate parts of the organization into unified programs to accomplish objectives.

Strategic planning and assessment of its value, remains an important and relevant research topic for those interested in organizational and performance management development and success , Khan & Khalique, 2014 .

2.3.4 Constituent Components of Strategic Planning

French et al. (2004) conducted a study in Australia in small firms on the relation between strategic planning and firms' performances with the constituent components of strategic planning as follow (1) vision (2) mission (3) latent abilities of entrepreneurs (4) market orientation and (5) competitors' orientation. But in their conclusion and discussion of their findings French et al. (2004) argued that they have forgot an important component of strategic planning known as customers' orientation in their study and in future studies this important component should be included otherwise the validity of the study will be questionable. Therefore, the study of Khan and Khalique (2014) aims to be conducted with the following six/6 substituent components of strategic planning as (1) vision (2) mission (3) latent abilities of entrepreneurs (4) market orientation (5) competitors' orientation and (6) customers' orientation. This study add an important consistuent , of resource – based view and critical success factors for creating and sustaining competitive advantage .

2.3.5 Strategic Planning Process

Every firm competing in an industry has a competitive strategy, whether explicit or implicit. This strategy may have been developed explicitly through a planning process or it may have evolved implicitly through the activities of the various functional departments of the firm. Porter, (1980) P 2.

Beckham (2000 quoted in Health Strategies & Solutions, Inc. (2011) P11) describes true strategy as “a plan for getting from a point in the present to some point in the future in the face of uncertainty and resistance.” Campbell (1993) adds the concept of measurement to his definition: “Strategic planning refers to a process for defining organizational objectives, implementing strategies to achieve those objectives, and measuring the effectiveness of those strategies.” Wendy, 1997, (quoted in David 2015) explains that strategic planning process comprises of three main elements which helps turn an organizations vision or mission into concrete achievable. These are the strategic analysis, strategic choice and strategic implementation. The strategic analysis encompasses setting the organization’s direction in terms of vision, mission and goals. Therefore this entails articulating the company’s strategic intent and directing efforts towards understanding the business environment. Strategic choice stage involves generating, evaluating and selecting the most appropriate strategy. Strategy implementation stage consists of putting in place the relevant policies and formulating frameworks that will aid in translating chosen strategies into actionable forms. Kotter (1996) argues that the strategic planning process can be used as a means of repositioning and transforming the organization. Thompson, Strickland and Gamble (2007) postulate that the essence of good strategy making is to build a market position strong enough and an organization capable enough to produce successful performance despite unforeseeable events, potent competition, and internal difficulties. Quinn (1980) explains that well formulated strategies helps marshal and allocate an organization’s resources into a unique and viable posture based upon its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents. Indeed Ohmae (1983) contends that strategic planning enables a company to gain, as effectively as possible, a sustainable edge over its competitors. Bryson (1989), Stoner (1994) and Viljoen (1995) share Ohmae’s contention, pointing out that strategic planning assists organizations to develop a comparative advantage or an edge over competitors and creates sustainable competitive advantage. Greenley (1986) points out that a range of

potential benefits to intrinsic values accrues to both the company and external stakeholders from the use of strategic planning. Hill, 2014, defines, Strategic planning as a “systematic process by which a community anticipates and plans for its future.” to implement a strategic plan successfully, the organization needs to see strategic planning as both a process and a product. Strategic planning is an organization-wide method of determining goals and responsibilities. The strategic plan consists of the documented actions that the organization will take to achieve the goals. Hill, 2014 noted that, the strategic planning process should consist of the following elements:

1. A mission statement for the organization
2. An organizational, industry, and geographic environmental scan and conclusions about future scenarios in a three- to five-year period
3. Basic goals for the three-to five-year time frame and goals for the coming one-year period
4. Strategies and action steps that will move the organization toward the agreed upon goals
5. Implementation plans that assign responsibilities for action steps.

Strategic planning is a defined, recognizable set of activities, Steiner, 1979. The most significant concerns focused on executing the strategy, communicating it, aligning the organization with the strategy, and measuring performance against the plan (McKinsey 2006). David (1997) argues that strategic planning allows an organization to be more proactive than reactive in shaping its own future, initiate and influence (rather than just respond to) activities, and thus to exert control over its destiny. It assists in highlighting areas requiring attention or innovation. The process of strategic planning shapes a company’s strategy choice. It reveals and clarifies future opportunities and threats and provides a framework for decision making throughout a company. It helps organizations to make better strategies through the use of more systematic, logical and rational approach to strategic choice. Strategic planning is a process that brings to life the mission and vision of the enterprise. John and Lee, 2002 , stated that : A strategic plan, well crafted and of value, is driven from the top down; considers the internal and external environment around the business; is the work of the managers of the business; and is communicated to all the business stakeholders,

both inside and outside of the company. As a company grows and as the business environment becomes more complex the need for strategic planning becomes greater. There is a need for all people in the corporation to understand the direction and mission of the business. Companies consistently applying a disciplined approach to strategic planning are better prepared to evolve as the market changes and as different market segments require different needs for the products or services of the company. departments of the firm. Porter, (1980) P 2 .

2.3.6 Tools and Approaches used in Strategic Planning

A variety of analytical tools and techniques are used in strategic planning , Schooles , 2011 . These were developed by companies and management consulting firms to help provide a framework for strategic planning. Such tools include:

- PEST analysis, which covers the remote external environment elements such as political, economic, social and technological (PESTLE adds legal/regulatory and ecological/environmental);
- Scenario planning, which was originally used in the military and recently used by large corporations to analyze future scenarios;
- Porter five forces analysis, which addresses industry attractiveness and rivalry through the bargaining power of buyers and suppliers and the threat of substitute products and new market entrants;
- SWOT analysis, which addresses internal strengths and weaknesses relative to the external opportunities and threats;
- Growth-share matrix, which involves portfolio decisions about which businesses to retain or divest; and
- Balanced Scorecards and strategy maps, which creates a systematic framework for measuring and controlling strategy.
- Responsive Evaluation, which uses a constructivist evaluation approach to identify the outcomes of objectives, which then supports future strategic planning exercises.

Michael Porter wrote in 1980 that formulation of competitive strategy includes consideration of four key elements:

1. Company strengths and weaknesses;
2. Personal values of the key implementers (i.e., management and the board);
3. Industry opportunities and threats; and
4. Broader societal expectations.

The essence of formulating competitive strategy is relating a company to its environment. Porter , (1985)

2.3.6.1 The Steps in the Process on Strategic Planning

The steps in the process described in this series of articles on strategic planning are presented below: (Quoted in John and Lee , 2002)

- i.** Current Situation Analysis
- ii.** Segmentation Analysis
- iii.** Strength, Weakness, Opportunities, and Threat Analysis
- iv.** Core Competencies Analysis
- v.** Key Success Factors
- vi.** Business Unit Strategy / Business Plan
- vii.** Balanced Score Card
- viii.** Evaluation

2.3.6.2 Current Situation Analysis

The early step in the process of strategic planning can best be described as building a foundation. The importance of situation analysis is similar to the need to drive the pilings of a skyscraper all the way down to bedrock. This analysis prepares the organization to tackle the work of completing a useful and valuable strategic plan that provides a competitive advantage.

Step one is to be certain clear Mission and Vision statements are in place reflecting the mind, heart, soul, passion and resources of the owner or stockholders. It is important that these statements are consistently described and understood by all of the employees but especially be the key managers of the business.

2.3.6.3 Vision and Mission Statements

A mission is a general expression of the overall purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization. It is sometimes referred to in terms of the apparently simple but challenging question: 'What business are we in?' . Johnson et, al P 10 . A vision or strategic intent is the desired future state of the organization. It is an aspiration around which a strategist, perhaps a chief executive, might seek to focus the attention and energies of members of the organization. Johnson et, al P 10 . David , 2011 , PP 11 12 noted that , many organizations today develop a *vision statement* that answers the question "What do we want to become?" Developing a vision statement is often considered the first step in strategic planning, preceding even development of a mission statement. Many vision statements are a single sentence. For example, the vision statement of Stokes Eye Clinic in Florence, South Carolina, is "Our vision is to take care of your vision."

Mission statements are "enduring statements of purpose that distinguish one business from other similar firms. A mission statement identifies the scope of a firm's operations in product and market terms."12 It addresses the basic question that faces all strategists: "What is our business?" A clear mission statement describes the values and priorities of an organization. Developing a mission statement compels strategists to think about the nature and scope of present operations and to assess the potential attractiveness of future markets and activities. A mission statement broadly charts the future direction of an organization.

2.3.6.4 External Opportunities and Threats

Steinor 1979 . (Mintzberg, (1994), P 172. Environmental scanning as one of the important components of strategic planning process has received importance to explore new opportunities and to identify threats for making important strategic decision. (Balasundaram, (2008) . Authors in the area of entrepreneurship and small businesses have recognized the need for continuous and conscious study of the business environment and integrate the environmental information into their strategic planning. **External opportunities and external threats** refer to economic, social, cultural, demographic, environmental, political, legal, governmental, technological,

and competitive trends and events that could significantly benefit or harm an organization in the future. Opportunities and threats are largely beyond the control of a single organization—thus the word *external*. In a global economic recession, a few opportunities and threats that face many firms are listed here:

- Availability of capital can no longer be taken for granted.
- Consumers expect green operations and products.
- Marketing has moving rapidly to the Internet.
- Consumers must see value in all that they consume.
- Global markets offer the highest growth in revenues.
- As the price of oil has collapsed, oil rich countries are focused on supporting their own economies, rather than seeking out investments in other countries.
- Too much debt can crush even the best firms.
- Layoffs are rampant among many firms as revenues and profits fall and credit sources dry up.
- The housing market is depressed.
- Demand for health services does not change much in a recession. For example, Almost Family Inc., a Louisville, Kentucky, provider of home nursing care, more than doubled its stock price in 2008 to \$45.
- Dramatic slowdowns in consumer spending are apparent in virtually all sectors, except some discount retailers and restaurants.
- Emerging countries' economies could manage to grow 5 percent in 2009, but that is three full percentage points lower than in 2007.
- U.S. unemployment rates continue to rise to 10 percent on average.
- Borrowers are faced with much bigger collateral requirements than in years past.
- Equity lines of credit often now are not being extended.
- Firms that have cash or access to credit have a competitive advantage over debt-laden firms.
- Discretionary spending has fallen dramatically; consumers buy only essential items; this has crippled many luxury and recreational businesses such as boating and cycling.
- The stock market crash of 2008 left senior citizens with retirement worries, so millions of people cut back on spending to the bare essentials.
- The double whammy of falling demand and intense price competition is plaguing most firms, especially those with high fixed costs.

- The business world has moved from a credit-based economy to a cash-based economy.
- There is reduced capital spending in response to reduced consumer spending.

The types of changes mentioned above are creating a different type of consumer and consequently a need for different types of products, services, and strategies. Many companies in many industries face the severe external threat of online sales capturing increasing market share in their industry.

Other opportunities and threats may include the passage of a law, the introduction of a new product by a competitor, a national catastrophe, or the declining value of the dollar.

2.3.6.4.1 Internal factors can be determined in a number of ways, including computing ratios, measuring performance, and comparing to past periods and industry averages. Various types of surveys also can be developed and administered to examine internal factors such as employee morale, production efficiency, advertising effectiveness, and customer loyalty.

2.3.6.4.2 Long-Term Objectives

Objectives can be defined as specific results that an organization seeks to achieve in pursuing its basic mission. Long-term means more than one year. Objectives are essential for organizational success because they state direction; aid in evaluation; create synergy; reveal priorities; focus coordination; and provide a basis for effective planning, organizing, motivating, and controlling activities.

2.3.6.5 Segmentation Analysis:

Matching Market Potential and Company Strength:

Strategic Planning pays dividends to companies when approached in a disciplined process with top-down support and bottom-up participation. Step three in the Strategic Planning Process is to conduct a market segmentation analysis. The purpose of this process is to match the company's current or prospective products and services with the market's potential. The alignment of the company's products with the market potential helps focus the strategic planning activities of the company in areas of highest volume potential and highest financial return. The framework for

segmentation analysis suggested in this article has been used successfully by a number of companies. First, before any consideration of the products and services that the company produces, identify the market segments from the customers' needs perspective. Market segments are groups of customers who exhibit similar buying decision processes. For example, one segment of most markets consists of the customers who are very price oriented and buy based on price alone. Other segments may look for services ahead of price. The basic purpose of this process is to find customers who behave in a similar purchasing manner, and to find how their behavior is different from other market segments. For example, a common method of market segmentation in consumer markets is to use demographic variables such as age, sex, income, and location to describe segments. The needs of a 25 to 35 year old college graduate recently married are very different from the needs of an empty nesting couple aged 60 to 65. The process of segmentation breaks the market into groups who exercise similar purchase patterns and implies how marketers should reach these groups. There are many ways to segment markets. In addition to demographics, many marketers of consumer products use buying behavior patterns, psychographic segmentation variables, and lifestyle variables. There is no exact way to segment a market; it is a combination of science and art in understanding the buying behavior of your current and potential customers. In business-to-business markets, the type of customer or customer channel, is a common segmentation variable. For example, retail automobile customer segments, such as automobile dealers, and retailers of automotive parts exhibit very different buying patterns for automobile repair products and services. The differences between these segments buying behavior patterns create unique segments. Multiple market segmentation schemes are recommended. It is usually the responsibility of the marketing function of a company to develop a precise definition of the market segments. Ultimately in the strategic planning process, these segments will be prioritized and targets will be selected. The second step in the segmentation process is assessing and assigning the market potential for each segment and determining whether that potential is growing, leveling off, or declining. This analysis allows the company to evaluate and select the market segments of highest potential for volume and profit contribution. The third step is to match or fit the products and services of the company to the various market segments. For example, consumer food products such as single servings fit older aged market

segments; other food products fit a family with young children. This matching process provides a way of identifying where the company is strong or weak and where the greatest market potential lies. This process may also have implications for new product development or market growth of the company. From this last step in the process, management has a framework that allows analysis of:

- Market Segments and Market Potential (without company bias)
- Matching of Existing Products and Services to Segments
- Implications of where the company needs to focus product or market development
- Penetration or market share of various market segments
- Implications for functional tasks such as the sales planning and advertising
- Identification of products, services or market segments to be emphasized, diminished or discontinued

At the conclusion of this step management has a completed current situation analysis, and an outside analysis of market segments and their potential. An important point is that the segmentation scheme and the identification of market segments have come from the unique behavior of the market or customer. It is not an internally generated definition of market and product potential. The company products and services are now objectively matched to the market segments.

At the end of this phase, data collection and organization of the market factors is complete. The next articles will describe the further steps of SWOT analysis, Core Competency Analysis, Key Success Factors Analysis and Business Strategy Statement Development and The Balanced Scorecard.

2.3.6.6 SWOT Analysis

SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is a valuable, proven, effective tool to use in the discovery and evaluation stage of strategic planning. It is an audit of the organization and the environment around the company. The SWOT analysis is most productive when it involves the input of a cross section of key managers in the process. Since SWOT analysis is an exercise dependent on judgment, the input from multiple sources provides an opportunity to assure all of the points of view and important issues are considered. Thinking of and using the SWOT analysis as a team sport, in contrast to an individual sport, will add value while expanding the horizon of the SWOT “thinking” exercise.

Following are some examples of company strengths: SWOT: Strengths

- Well Established Reputation
- Financial Resources
- Certain Market Segments are Served Profitably
- Geographic Location to Customers
- Geographic Location to Suppliers
- Management Experience in the Industry
- Marketing Support Levels
- Management Information Systems

Weaknesses are the attributes and activities that, if substantially improved, would provide the company additional probability for success. In this area it is important to obtain two distinct views of the current situation. First, get multiple views from key functional managers within the company. Multiple points of view will help to assure that differing points of view are aired and all key weaknesses are surfaced. Second, get the perspective outside the company by bringing customers and suppliers into the discussion. Often weaknesses are seen differently from outside the company. The key questions are: What do we do not so well? What should be improved? Are there mistakes we need to avoid?

Do others see our weaknesses as we do, or differently? Remember, it is important to be honest and realistic in your evaluation. Following are some examples of company weaknesses:

SWOT: Weaknesses

- Lack of Expertise in Certain Growing Markets
- Lack of Clear Strategy
- High Outside Sales Turnover
- Out of Touch with Marketplace
- No Marketing/Advertising
- No Focus on Margin Management
- Sales/Price Controls Lapsed Since 1997
- Lack of Technological Expertise
- Too Much Inventory
- Too Many Products and Market Segments
- Serving Unprofitable Markets
- Did Not Invest in Technology

- Did Not Exploit Product and Market Opportunities

Opportunities are often the product of fundamental trends or conditions developing or appearing outside of the company. Some examples are changes in Specialization, Consolidation, Diversification, Economic Conditions, Lifestyles, and Technology.

Seeing or recognizing the development of trends or changes comes from a number of important activities that are expected of the key leaders, managers and owners of the business. Two suggested activities include reading industry and general interest publications and constantly benchmarking inside and outside your own company and industry to identify and evaluate potential opportunities. Following are examples of company opportunities:.

SWOT: Opportunities

- Growth through Market Segmentation
- Regional Growth Trends
- Inside Sales Optimization through Training
- Realign Key Management Responsibilities
- New Distribution Model Needed
- Master Technology Strategy

Threats are the obstacles the company faces in trying to accomplish its Mission, Vision and Strategic Goals. Threats may include items such as competitor first mover advantage on new technology or new products. Threats may come from changes in government regulation, or lender covenants. Recognition of real or perceived threats is important in the development of a strategic plan and critical to avoiding surprises that hinder goal achievement. Following are examples of threats: SWOT: Threats

- Distribution Channel is Maturing
- Consolidation and Strength of Competition
- Misreading Trends in Market Segmentation
- Gas Prices and Consumer Market Changes
- Maturing/Dying Markets in Areas of Core Competency
- Banking Covenants

2.3.6.7 Core Competency Analysis

The next step in the strategic planning process is to assess the core competencies of the firm. Core competencies are a set of unique internal skills

processes and systems that provide competitive advantage in the market. A good way to think of core competency analysis is to list the values of both product and services from the point of manufacturer or distribution to consumption. In what activities or skills does your company add value better than competitors?

Are you better at research? Distribution? Marketing or Selling? Or perhaps manufacturing? In what functional disciplines does your company add value for the customer? Core Competency Analysis provides an opportunity to insightfully look at the skills, processes and systems of the company. The benefit of the analysis to the company includes the following.

- A disciplined approach to identifying those activities that the business must undertake to compete in the market.
- A process for evaluation and prioritization of the collective know how of the business.
- A process for identifying values and prioritizing the activities of the business in a way that lends itself to making strategic decisions on the use of company resources or the need for new or additional resources.

Core Competency Analysis provides a review format useful in identifying the need for improvement in key strategic activities, practices and systems. When completed the core competency analysis separates those strategic functions best done inside the company and those that are candidates for outsourcing.

The activities kept inside are those strategic activities that the company does extremely well and, importantly, add real or perceived value to the business and give the business a competitive advantage.

Three important criteria in trying to identify Core Competencies include consideration of the following questions.

- Does the activity provide unique or valued potential access to the market?
- Does the activity add value to the real or perceived perspective of customer benefits?
- Is it difficult for competition to imitate the activity?

In each company or industry there are different sets of core competencies that are important to the success of the business.

2.3.6.9 Key Success Factors:

Key Success Factors are defined by the market and by the customer, not by the company. Core Competencies focused on the internal activities, practices and functions. When these competencies are aligned with the Key Success Factors the value of the business relationship blossoms and grows for the benefit of both the company and the customer.

These are Key Success Factors. Examples of Key Success Factors might include the following:

Key Success Factors

- Strategic Market Segmentation
- Understand Competitor's Strengths and Weaknesses
- Respond to Customer's Needs and Wants
- Efficiencies through E-Commerce/Technology
- Reliable Delivery
- Strong Service
- Solid Sales and Support Staff
- Reduces Costs, Operates Lean
- Utilize Employees Strategically

2.3.6.10 Business Unit Strategy

The first six steps of the Strategic Planning Process work are primarily about data gathering, analysis, describing and understanding the business from the views both inside and outside the company. It is a process driven and developed around fact gathering, valuing, and defining. It is developed with top down support and direction and bottom up input and analysis. Depending on the scope and complexity of the business, the next step is to develop a Strategic Statement or statements for multiple elements of the business. Those elements of the business include the overall business, each operating division of the business and each key functional area of the business. So there would be an overall company Business Strategic Statement, a Division Strategic Statement, and Functional Strategic Statements. The Functions might be Manufacturing, Marketing, Logistics or Supply Chain, Human Resources or other

functions important to the success of the business. The levels of Strategic Statements might look like the following:

- Corporate Strategic Statement
- Division Strategic Statements
- Functional Strategic Statements
 - Operating
 - Marketing
 - Technology Systems
 - Research and Development

Each one of the Strategic Statements must be in agreement with the overall corporate or company Strategic Statement and aligned with each other. The writing of an effective Business Unit Strategic Statement focuses on creativity and differentiation rather than on process. It is developed and written around the intuitive, differentiating elements of the business discovered in the first six steps of the process. The Business Unit Strategic Statement must take into account both alignment of the Mission and Vision Statements with customer or consumer needs and differentiation compared to the competitors' strategic statement or position. The elements of uniqueness and of value adding are important to the final product of the Strategic Statement.

The Business Plan will detail the tactical activities to be undertaken to achieve annual business goals. The selective mix of long term Strategic Goals and near term Annual Business Plan , Goals will become the source for selecting the few key metrics to become the “Balanced Scorecard”

2.3.6.11 The Balanced Scorecard

Traditional financial measures alone do not adequately report results of the more complex, competitive business environment of today. So the scorecard of the past becomes the “Balanced Scorecard” of today. The measured results today move beyond the traditional goals of income, cash flow and financial ratios. They add process performance measurements around issues like continuous improvement, supply chain management, and customer satisfaction. Significant improvement in these new measures will focus behavior to “do the right things” and will result in improved traditional financial results. A balanced view and narrowly focused use of financial measures and operational measures will drive managers and employees to

make better operational decisions. It Following are examples of financial goals appropriate for consideration on the Balanced Scorecard:

2.3.6.11.1 Financial Goals

- 3% Increase in Sales for the current Year
- 13% Increase in Sales for next three Years
- Inventory Reduction to \$7M in the current year
- Inventory Reduction to \$18million in the next three years
- Maintain Current Profit Margins 27%
- Increase Inventory Turns from 1.9 to 2.6 incurrent year
- Increase Inventory turns to 4.3 times within three years

The next lists are examples of non-financial goals related to metrics not directly reported on traditional financial statements. However, these metrics are related to process and execution issues that can substantially impact and influence the financial metrics. Examples might include the following:

2.3.6.11.2 Non-Financial Goals

- Improve Customer Satisfaction Levels to 9.8 from 9.5 (10point scale)
- Improve On-Time Delivery to 99.7% from 98.5%
- Reduce Obsolete Inventory from 3% of Sales to 1% of Sales
- Reduce the number of stock keeping units by 10%
- Reduce employee turnover by 25%

Promise to Employees

To create a positive working environment where each associate can grow professionally and financially through continuous education, job stability, and competent management. (Measure through employee surveys) .

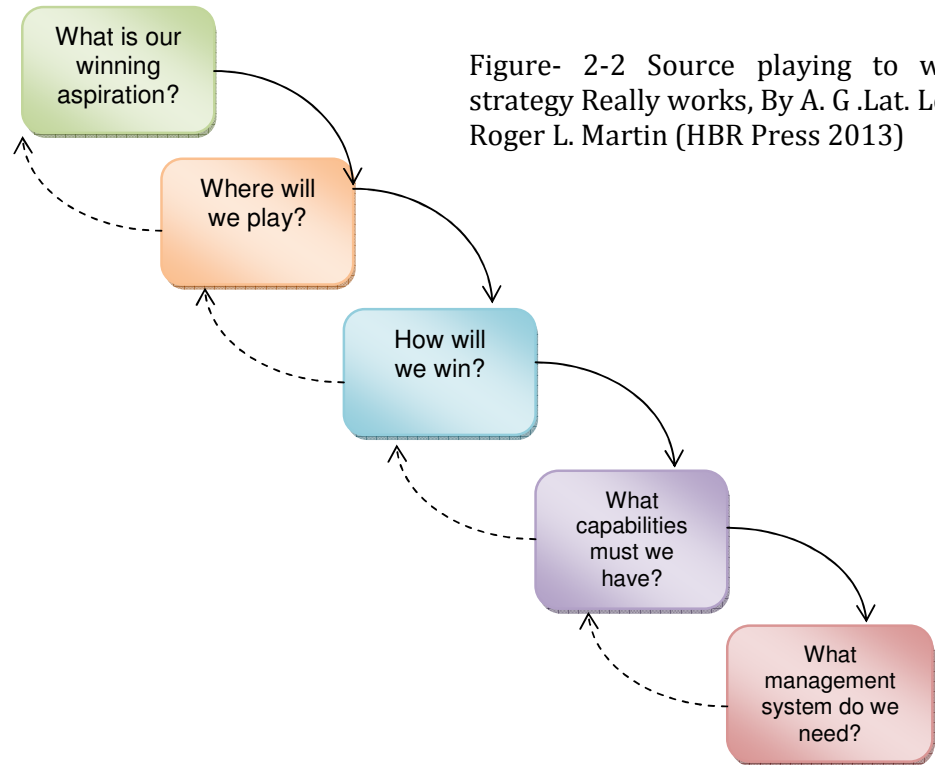
2.3.6.12 Evaluation

This part describing one proven, tested process for effective strategic planning.

A well-crafted Strategic Plan can and should help to avoid the “Christopher Columbus Syndrome”. That is, “when he started he did not know where he was going; he did not know where he was when he got there, and when he returned, he did no know where he had been”.

2.3.6.13 Strategic Choice

The strategy choice cascade



2.3.7 Formal Strategic Planning, in Practice:

Hill and Jones, 2013, noted that, despite criticisms, research suggests that formal planning systems do help managers make better strategic decisions. A study that analyzed the results of 26 previously published studies came to the conclusion that, on average, strategic planning has a positive impact on company performance. Another study of strategic planning in 656 firms found that formal planning methodologies and emergent strategies both form part of a good strategy formulation process, particularly in an unstable environment. Porter (1985) noted that despite the criticism leveled against strategic planning during the 1970s and 80s, it was still useful and it only needed to be improved and re-casted.

The potential problems, strategic planning is an involved, intricate, and complex process that takes an organization into the uncharted territory. It does not provide a ready to use prescription for success; instead, it takes the organization through a

journey and helps develop a framework and context within which the answers will emerge. Literature and research has documented extensively the possible problems that may arise during the process. Being aware of these issues and prepared to address them is essential to success: organization's strategic planning effort may fail if these potential pitfalls are ignored. Mintzberg, (1994 p.23) . Steiner (1979) quoted in Peter (2012), noted that the framework for formulating and implementing strategies is the formal strategic planning system. Porter (1985) quoted in Nickols (2016) noted that despite the criticism leveled against strategic planning during the 1970s and 80s, it was still useful and it only needed to be improved and recasted. Ansoff, (1987), argued that, Strategic planning deals the logic which guides the process by which an organization adapts to its external environmental. Mintzberg, 1994, pp. 201- 202 argued that , Strategic planning, if misused, might become a tool for gaining control over decisions, strategies, present, future, actions, management, employees, markets, and customers, rather than a comprehensive and integrated instrument for bringing the organization to its desired future,.

2.3.8 Pitfalls of Strategic Planning

Over the past two decades research has increasingly identified the ‘Pitfalls’ of planning (Mintzberg 1994a). In the process of achieving competitive advantage, issues such as financial performance, diversification and organizational change become relevant. Strategic plans are ultimately the outcomes of a bargaining process among functional areas (Ringland 1998). Each functional area co-operates and, at the same time, may compete within the given constraints of competition to achieve its favorable position in the future. Over the past two decades research has increasingly identified the ‘Pitfalls’ of planning (Mintzberg 1994a). Mintzberg (1994:5) indicates, ‘strategic planning lacks a clear definition of its own place in organizations’. While the need to plan is accepted, the resulting plans are often not successful in driving implementation of organizational strategy. Sidorowicz, (2000), noted that, Traditional strategic planning models are increasingly viewed as not producing strategy that can deal with complexity, uncertainty and rapid change in the external environment. Anderson, (1982), pointed that, from a strategic planning perspective, the ultimate objective of a firm should be long-term survival. In the process of achieving competitive advantage, issues such as financial performance, diversification and

organizational change become relevant. Ringland 1998 noted that, strategic plans are ultimately the outcomes of a bargaining process among functional areas. Each functional area co-operates and, at the same time, may compete within the given constraints of competition to achieve its favorable position in the future to gain and sustain competitive advantage. Inflexibility of plans and planning, strategic planning might inhibit changes, and discourage the organization from considering disruptive alternatives. Planning might inhibit creativity, and "does not easily handle truly creative ideas" A conflict lies with a desire to "retain the stability that planning brings to an organization while enabling it to respond quickly to external changes in the environment" (Mintzberg, 1994, ppp 178, 180, 184. In addition, strategic planning and its link to Organizational performance have led to inconclusive findings and have made a synthesized stream of research difficult to achieve. From a strategic planning perspective, the ultimate objective of a firm should be long-term Survival (Anderson 1982). Strategic planning generally produces better alignment and financial results in companies which are strategically managed than those which are not Ansoff (1970). Steiner (1979) points out that a wrong strategy or a wrongly formulated strategy may not translate into the anticipated value for the organization. Johnson, Scholes and Whittington (2005), note that strategic drift occurs when the organization's strategy gradually moves away from relevance to the forces at work in its environment. Tourangeau (1987) shares these sentiments but cautions that strategic business planning cannot be expected to cure all that ails an organization i.e. address other shortcoming of the management process, but can best be seen as a partial solution to management problems. Minitzburge, (1994) explained that, Strategic planning or any other management technique is of limited value by itself, only a partnership with all parts of the management particularly execution, controls and rewards can result in synergy and lead to substantial advancement,.

2.3.8.1 Pitfalls in Strategic Planning

Strategic planning is an involved, intricate, and complex process that takes an organization into uncharted territory. It does not provide a ready-to-use prescription for success; instead, it takes the organization through a journey and offers a framework for addressing questions and solving problems. David, 2009. Being aware of potential pitfalls and being prepared to address them is essential to success. Some pitfalls to watch for and avoid in strategic planning are these:

- Using strategic planning to gain control over decisions and resources
- Doing strategic planning only to satisfy accreditation or regulatory requirements
- Too hastily moving from mission development to strategy formulation
- Failing to communicate the plan to employees, who continue working in the dark?
- Top managers making many intuitive decisions that conflict with the formal plan
- Top managers not actively supporting the strategic-planning process
- Failing to use plans as a standard for measuring performance
- Delegating planning to a “planner” rather than involving all managers
- Failing to involve key employees in all phases of planning
- Failing to create a collaborative climate supportive of change
- Viewing planning as unnecessary or unimportant
- Becoming so engrossed in current problems that insufficient or no planning is done
- Being so formal in planning that flexibility and creativity are stifled

2.3.9 The Relationship Between Strategic Planning and Performance

Banks, should give greater attention to reorient their size and operations for higher efficiency in order to face intense competition in the banking industry. After more than a decade of shrinking to hike productivity and efficiency, companies are now eager to wring more profits out of those streamlined operations. So what’s making a comeback? The answer is , Strategic planning. John Byrne, Business Week (as cited in Steiner (1979). Steiner (1979) observes that strategic planning is inextricably interwoven into the entire fabric of management. It provides a framework for decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance.



Figure 2-3 : A conceptual model on the relationship between strategic planning steps and firm performance .

A study that analyzed the results of 26 previously published studies came to the conclusion that, on average, strategic planning has a positive impact on company performance. Another study of strategic planning in 656 firms found that formal planning methodology and emergent strategies both form part of a good strategy formulation process, particularly in an unstable environment. 28 For strategic planning to work, it is important that top-level managers plan not only within the context of the current competitive environment but also within the context of the future competitive environment. One reason that strategic planning may fail over longer time periods is that strategic managers, in their initial enthusiasm for planning techniques, may forget that the future is entirely unpredictable. Even the best-laid plans can fall apart if unforeseen contingencies occur, and that happens all the time. The recognition that uncertainty makes it difficult to forecast the future accurately led planners at Royal Dutch Shell to pioneer the scenario approach to planning. Scenario planning involves formulating plans that are based upon “what-if” scenarios about the future, Hill, Jones (2013). Fisher (1995) argued that organizational performance is poorly defined in previous studies as most of the previous studies relied primarily on the financial dimension. Sosiawani et.al. (2015) , PP 201-207 noted that , Previous studies have identified the important of strategic planning on performance. Ansoff (1970) argues that planning generally produces better alignment and financial results in companies which are strategically managed than those which are not. This suggests a seeming correlation between strategic planning and the ultimate performance of a company in terms of its growth, profits, attainment of objectives and sustained competitiveness (Quoted in Strickland, 2004). There were seminal work on strategic planning and its contribution for better performance of organization, whether by testing un-dimension or multi-dimension. For example, Aldehayyat and Twaissi (2011), has proven that the relationship between strategic planning and firms performance is positive and significant in the Middle East context. Schwenk and Shrader (1993), through their meta-analysis study, found that, there were positive relationship between strategic planning and firm performance. Evidences from previous research has showed that that there are other dimensions of strategic planning that have been found to have positive relationship with the firms performance. Firstly, the formality of the strategic planning. Formality of strategic planning is one of the most frequently studied by previous scholars. Studies proved that formality of planning has positive relationship with firms’ performance (Glaister,

Dincer, Tatoglu, Demirbag & Zaim, 2008; Kraus et al., 2006; Suclev & Debarliev, 2012). Secondly is the tools of strategic planning, where this is one of the dimension, believes to be able to increase the efficiency and effectiveness of organization planning (Rue & Ibrahim, 1998; Kraus et al., 2006). Thirdly, based on the evidence of previous research, there is also positive relationship between employee participation and firms performance (Suclev & Debarliev, 2012). It is believed that employee's participation on strategic planning will be able to contribute to the effectiveness of the development of strategy and will in return, lead for better effectiveness of implementation (Collier, Fishwick, Floyd, 2004). The implementation of strategic planning is also another dimension claimed to be one of the most important part in strategic planning process. Veetil (2008), proved that by implementing strategic planning properly, it would be able to assist firms to achieve better performance. Subsequently, time horizon is also considered as the key dimension of strategic planning which is able to improve the performance of the organization. Smith (1998), proved that there is a positive relationship between time horizon and organizational performance. Mitchelmore and Rowley (2013), through their study, has recommend firms to lengthen their time horizon of strategic planning in order to gain better performance. Another dimension of strategic planning is the control of planning (Kraus, et la., 2006). Few empirical studies have been conducted to see the effects of strategic business planning on performance sustainability in the banking industry using balanced scorecard in the short as well as long-run term, Al-Najjar, et al , (2012) Gurafi (2014), Robert & Peter (2005). Nonetheless the majority of these studies reported a positive relation. However, most of these studies have been conducted in USA and other European Countries which have different cultures & values from the Sudanese ones. Cited in in Khan,et al (2014) Article , In addition, the performance measurement used in the banking system is still based on financial measures, and monthly or annual reports, Banks financials and annual reports 2015, Central Bank of Sudan Annual report 2014.

2.3.10 Link Between Strategic Planning and Performance

Performance measurement cannot be separated from strategic planning; indeed, one's ability to gauge the success of the plan depends on performance measurement being incorporated into every step of the process. Hill, 2014. To utilize strategic

planning successfully, it is important first to measure how the organization is performing currently. The jurisdiction then sets goals for improvement based on input from a variety of sources, and strategies and actions are identified to help the city achieve its goals. Finally, performance measures are monitored throughout the implementation of strategic planning to ensure that the organization is effective and meeting its targets. Hill, 2014 .It is conceptualized that firms that have effectively embraced strategic planning, records better performance as compared to those that have not. Robert et al, (2012), (quoted in International Journal of Humanities and Social Science Vol. 2 No. 22, Special Issue – November 2012). Today organizations from both the private and public sectors have taken the practice of strategic planning seriously as a tool that can be utilized to fast track their performances and retain competitive advantage. Robert and Peter (2012). Hofer and Schendel (1978), Henderson (1979), Greenley (1986), Miller and Cardinal (1994) and David (1997) , quoted in Robert et al, (2012), argue that firms record improved performance once they effectively embrace strategic planning. Carrying out the various steps in the strategic planning process is expected to facilitate the realization of organizational effectiveness. By defining a company’s purpose and goals, strategic planning provides direction to the organization and enhances coordination and control of organization activities. Porter (1980), Greenley (1986), Miller and Cardinal (1994), Hax and Majluf (1996) and Grant (1998) argue that an objective analysis of external and internal environment facilitates the establishment of the firm-environment fit and improved decision-making. Adding to this view, Porter (1980), Quinn (1980), Ohmae (1983) and Kotter (1996) note that the identification of strategic issues and, strategy analysis and selection facilitates the achievement of efficient allocation of resources, sustainable competitive advantage, and improved innovation.

2.3.10.1 Cases Study in Successful Performance & Strategic Planning:

Wheelin, 2012, put a central question: What caused General Electric Company, GE’s management to make this strategic change?

In the 18 months before launching its new environmental strategy, GE invited managers from companies in various industries to participate in two-day “dreaming sessions” during which they were asked to imagine life in 2015—and the products they, as customers, would need from GE. The consensus was a future of rising fuel

costs, restrictive environmental regulations, and growing consumer expectations for cleaner technologies, especially in the energy industry. Based on this conclusion, GE's management made the strategic decision to move in a new direction. According to Vice Chairman David Calhoun, "We decided that if this is what our customers want, let's stop putting our heads in the sand, dodging environmental interests, and go from defense to offense."³ Following GE's announcement of its new strategic initiative, analysts raised questions regarding the company's ability to make Ecomagination successful. They not only questioned CEO Immelt's claim that green could be profitable as well as socially responsible, but they also wondered if Immelt could transform GE's incremental approach to innovation to one of pursuing riskier technologies, such as fuel cells, solar energy, hydrogen storage, and nanotechnology.⁴ Other companies had made announcements of green initiatives, only to leave them withering on the vine when they interfered with profits. For example, FedEx had announced in 2003 that it would soon be deploying clean-burning hybrid trucks at a rate of 3,000 per year, eventually cutting emissions by 250,000 tons of greenhouse gases. Four years later, FedEx had purchased fewer than 100 hybrid vehicles, less than 1% of its fleet! With hybrid trucks costing 75% more than conventional trucks, it would take 10 years for the fuel savings to pay for the costly vehicles. FedEx management concluded that breaking even over a 10-year period was not the best use of company capital. As a result of this and other experiences, skeptics felt that most large companies were only indulging in *greenwash* when they talked loudly about their sustainability efforts, but followed through with very little actual results.⁵ CEO Immelt had put his reputation at risk by personally leading GE's Ecomagination initiative. Skeptics wondered if the environmental markets would materialize and if they would be as profitable as demanded by GE's shareholders. Would a corporate culture known for its pursuit of the Six Sigma statistics-based approach to quality control be able to create technological breakthroughs and new green businesses? If Immelt was correct, not only would GE benefit, but other companies would soon follow GE's lead. If, however, he was wrong, Immelt would have led his company down a dead end where it would be difficult to recover from the damage to its reputation and financial standing. According to a 25-year veteran of GE, "Jeff is asking us to take a really big swing This is hard for us."

2.4 Performance Measurements (PMS'S)

2.4.1 Introduction

To survive in today's rapidly changing environment, organizations must identify their existing positions, clarify their goals, and operate more effectively and efficiently. Ittner et al.(2003) . Performance measurement is the most important activity of a management's control function. Elif and Ali, 2014.Since the late 1980s performance measurement has become topical with ever-increasing interest in the subject which has been driven by the rapidly changing business environment in different sectors (McAdam & Bailie, 2002 quoted in Eltinay, et al, (2013). Ittner et al. Performance implications of strategic performance measurement in financial services firms, *Accounting, Organizations and Society* 28 (2003) 715–741. Performance measurement systems (PMS) assist organizations in achieving such objectives. Managerial accounting is evolving to encompass a more strategic approach that emphasizes the identification, measurement, and management of the key financial and non-financial drivers of strategic success and shareholder value (Institute of Management Accountants, 1999; International Federation of Accountants, 1998). In response, many firms are adopting strategic performance measurement (SPM) systems that (1) provide information that allows the firm to identify the strategies offering the highest potential for achieving the firm's objectives, and (2) align management processes, such as target setting, decision-making, and performance evaluation, with the achievement of the chosen strategic objectives (e.g., Gates, 1999; Otley, 1999).quoted in Ittner et al.(2003) . Proponents of strategic performance measurement advocate two general approaches for developing SPM systems. The simplest approach calls for firms to measure and use a diverse set of **financial and non-financial measures**. Advocates of this “measurement diversity” approach argue that a broad set of measures keeps managers from sub optimizing by ignoring relevant performance dimensions or improving one measure at the expense of others. As a result, these advocates claim that firms achieve higher performance when they place greater emphasis on a broad set of financial and non-financial performance measures (e.g., Lingle & Schiemann, 1996). A second approach is based on **contingency theory**, which argues that strategic performance measures must be aligned with the firm's strategy and/or value drivers (Fisher, 1995b; Langfield-Smith, 1997).

According to Ghalayini and Noble (1996), the literature concerning performance measurement has had two main stages. **The first stage** started in the late 1880s and walked off through the 1980s. In this stage the importance was on financial performance measures such as profit and return on investment. **The second stage** started in the late 1980s as a result of changes in the world market. Organizations in less developed countries began to lose market share to overseas competitors who were able to provide higher-quality products with lower costs and more variety. Performance measurement is a significant component of the management control process of any organization (Olson & Slater, 2002). To regain a competitive edge, organizations not only shifted their strategic priorities from low-cost production to quality, flexibility, short lead time and dependable delivery, but also implemented new technologies and philosophies of production management. The implementation of these changes revealed that traditional performance measures have many limitations. Therefore, organizations started to use non-financial performance measures such as customer satisfaction and product quality. Therefore, organizations started to use non-financial performance measures such as customer satisfaction and product quality.

2.4.2 Literature Review

A key challenge facing the financial sector especially in developing countries is to respond to the recent wave of globalization and the move towards global financial markets (Schmukler, 2004, quoted in Eltinay, et al, (2013).). It is argued, that performance measures ignore the softer less measurable performance indicators as well as the relationship between different business units and their variable objectives (Kaplan & Norton, 1992). In addition, much has been written in theory about performance measures but still less is known in practice about their operation (Propper and Wilson, 2003). In the same context, Fisher (1995, quoted in Eltinay, et al, (2013).) argued that organizational performance is poorly defined in previous studies as most of the previous studies relied primarily on the financial dimension. In banking, particularly Islamic banks, should give greater attention to is to reorient their size and operations for higher efficiency in order to face intense competition in banking industry. The selection of performance measures which are appropriate to a particular company ought to be made to suit the competitive business environment in which it operates. Accordingly the choice of relevant performance measures, and the

system, is one of the most critical challenges facing organizations in all business sectors (Burgess, Ong & Shaw, 2007; Kennerley & Neely, 2002, quoted in Eltinay, et al, (2013).). However, the current understanding of performance management practices and the consequences of different performance measurement and control system designs is limited (Stivers, Covin, Hall & Smalt, 1998; Stringer, 2007). Ittner and Larcker (2003) found that companies need to concentrate on non-financial performance to advance their strategy; Hwang, Lee, Liu and Ouyang (2009) argued that PMS play a critical role in evaluating the achievement of firm goals, compensating managers, and developing strategies. However Franco-Santos et al. (2007, p. 797) summarized the roles of PMS into the following five categories: 1. Measure performance, 2. Strategy management, 3. Communication, 4. Influence behavior, 5. Learning and improvement. Performance measurement system (PMS) is considered as one of the most important topic and technique discussed in the field of business management, Zeglal et al, 2012 . The fields of accounting, business strategy, operations management, marketing, and organizational behavior have all discussed and contributed to this topic at length (Neely, 1999; Marr and Schuima, 2003, quoted in Zeglal et al, 2012). Performance measures play a key role in translating an organization's strategy into desired behaviors and results (Campbell et al. 2004; Chenhall and Langfield-Smith 1998; Kaplan and Norton 2001; Lillis 2002 quoted in Wim A. Van der Stede , et, al , (2006). They also help to communicate expectations, monitor progress, provide feedback, and motivate employees through performance based rewards (Banker et al. 2000; Chenhall 2003; Ittner and Larcker 1998b; Ittner et al. 1997; Ittner, Larcker, and Randall 2003). Traditionally, firms have primarily used financial measures for these purposes (Balkcom et al. 1997; Kaplan and Norton 1992). But with the "new" competitive realities of increased customization, flexibility, and responsiveness, and associated advances in manufacturing practices, both academics and practitioners have argued that traditional financial performance measures are no longer adequate for these functions (Dixon et al. 1990; Fisher 1992; Ittner and Larcker 1998a; Neely 1999 , quoted in Zeglal et al, 2012). Indeed, many accounting researchers have identified the continued reliance on traditional management accounting systems as a major reason why many new manufacturing initiatives perform poorly (Banker et al. 1993; Ittner and Larcker 1995 quoted in Stede , et al , 2006). In the past few decades, performance measurement has become a hot topic, and has witnessed continuous development and modifications by

academicians and practitioners. The interest in this topic is triggered by the growing criticism of financial measures use in the performance management systems, therefore, researchers have been trying to arrive at efficient and effective approaches to measure performance. Financial measures of performance were criticized by many authors (Singh & Kumar, 2007) for: being short term oriented, considering past performance, being non consistent with current business's environment, focusing on tangible assets, lacking predictive power, reinforcing functional silos, and being irrelevant for all levels in the organizations. The key weaknesses of the performance measurement systems used by many firms is that they have traditionally adopted a narrow, or uni-dimensional, focus. Neely , et al , 2000 . Various authors, most notably Kaplan and Norton (1992), have argued that this problem can be overcome if a firm adopts a balanced set of measures. According to Kaplan and Norton (1992), such an approach allows managers to answer four fundamental questions:

- (1) How do we look to our shareholders (financial perspective)?
- (2) What must we excel at (internal business perspective)?
- (3) How do our customers see us (the customer perspective)?
- (4) How can we continue to improve and create value (innovation and learning perspective)?

Performance measurement systems play a key role in evaluating the strategic performance of an organization, but many managers agree that their evaluation systems do not adequately fulfill this function. Hence, in recent years a shift towards the Balanced Scorecard (BSC) has emerged as a managerial approach to evaluate the strategic performance of the organization. Al-Najjar and Kalaf (2012) .

2.4.3 Definition of Performance Measurement System PMS'S

The term "performance" defines as the ability of an entity, such as a person, group or organization, to make results in relation to specific and determined objectives (Laitinen, 2002; Lebas and Euske, 2004 quoted in Zeglat et al, 2012). In addition, performance is an actual work or output produced by a specific unit or entity. Neely, Gregory, and Platts (1995) define the performance measurement concept as "a process of quantifying the efficiency and effectiveness of actions" (Neely et al., 1995, p. 80). On the other hand, Neely, Gregory, and Platts, (2005, p; 1229) refer to the performance measurement system (PMS) as "the set of metrics used

to quantify both efficiency and effectiveness.” The definition of PMS introduced by Neely’s et al (2005 cited in Zeglal et al, 2012) shows that efficiency and effectiveness act as an important part of the performance measurement system concept. Although this definition of PMS is popular, simple, and straightforward, the diversity of the PMS definitions introduced by different disciplines (e.g. strategy, operations, finance, accounting, human resources management, etc.) complicated the understanding of this concept. In this regard, Franco-Santos, Kennerley, Micheli, Martinez, Mason, Marr, Gray, and Neely (2007) claim that there is no agreement in terms of producing a single definition of the PMS concept; accordingly, any research in this area will be with a limited generalisability and comparability. To solve this confusion and simplify the complexity of the PMS definition, Franco-Santos et al (2007) reviewed several definitions introduced in the literature by different contributors who represented various research disciplines. Resulting from their analysis of PMS definitions, Franco-Santos et al (2007) confirmed the diversity of the concept as well as the lack of consensus, since each definition provides a different perspective and characteristic of PMS. However, they categorised the various definitions of PMS into three main themes and perspectives. **First**, the operations perspective, which implies that a PMS uses a set of metrics to quantify efficiency and effectiveness as introduced by Neely et al (1995; 2005). **Second**, the strategic perspective, which refers to the PMS as a tool to cascade performance metrics down to achieve the strategies and objectives of a company and also to align processes with strategic goals and objectives (e.g. Ittner, Larcker and Randall, 2003); and **third**, the accounting perspective, which considers the PMS as a tool for the planning and budgeting of performance and results as suggested by Otley (1999). According to these three perspectives, the PMS concept implies a sophisticated tool that offers useful information, implications, and needful functions.

2.4.4 The Importance of Performance Measurement System PMS’S

The importance of this topic emerged from the assumption that performance measurement system is an essential tool that enables a company to achieve and control its desired objectives. In addition, such tool allows managers to balance the tensions between growth versus control, short-term performance versus long-term performance, and opportunities versus threats (Simons, 2000 cited in Zeglal et al,

2012). The generic literature of PMS's indicates that the design and implementation of PMSs should include dynamic processes and including more multiple stakeholders to have a contemporary and strategic performance measurement system (Bititci and Turner, 2000; Anderson and McAdam, 2004; Kennerley and Neely, 2005; Chenhall and Langfield-Smith, 2007; Lansiluoto and Jarvenpaa, 2008). Thus, good and powerful PMS should be more dynamic, flexible and address several and different requirements and perspectives of stakeholders not only the shareholders' interests.

2.4.5 Stages of Evolutions and Developments for (PMSs)

In order to depict and track the evolution and development in the PMS literature in the last few decades (i.e. since 1980s and until now), this part of the present research attempts to show the main stages and phases for developing the PMS's literature as introduced by different researchers. Neely (2005 cited in Zeglat et al, 2012), for example, limits the developments of PMS into five phases; **(1)** the problem identification phase through criticizing the shortages of the financial and accounting methods which lasted until the 1980s, **(2)** the development of potential solutions phase through developing integrated measurement systems such as the BSC, SMART, performance prism, and so on, **(3)** the methods of application phase which was interested in developing new processes and methods in applying and implementing the proposed frameworks developed in the previous second phase i.e. the process of performance measurement system design, **(4)** the empirical investigation phase which aimed to provide thorough analysis for the existing frameworks developed. In other words, this phase aims to confirm the theatrical validity of the existing frameworks and models emerged in the previous stages, **(5)** the theoretical validation phase was developed as result of the previous fourth stage.

2.4.6 Generation of Performance Measurements PMSs

Description for the development of the PMS's, Neely, Marr, Roos, Pike and Gupta (2003) summarized the evolutionary stages of PMS's into three generations. **The first generation** of PMSs combined the non-financial measure with financial measures such as the Balanced Scorecard.

The second generation of PMSs tried to overcome the limitations of models developed in the first stage by using the strategy and success maps as suggested by Kaplan and Norton (2000).

The third generation of PMS indicates that the system should have three criteria in order to address and fulfill the characteristics of the third generation of PMSs including;

- 1) Models should reflect the static as well as dynamic realities of organizations;
- 2) Information produced should offer right, rich, and rigorous details about the organization, especially the intangible drivers of performance;
- 3) Models should be practical and aligned with all processes in the organization in order to take action. In their review, performance measurement research has been going through four stages and paths including; **1)** transition from operations to strategic, **2)** transition from measurement to management, **3)** transition from static and dynamic i.e. adaptability, **4)** and finally transition from being economic-profit focus to stakeholder focus.

2.4.7 Financial Performance Measurements (FPMs)

Historically, performance measurement has been used to measure the success of organizations. Before 1980s the evaluation of performance has mainly been based on financial measures. At that period, many enterprises were relatively small with family management style enterprises. Profits were the major performance measurement used by businessmen to assess their business activity. Quoted in Grafi 2014 . In the 16th century, organizations started to use the rate of return as performance measurement. At the beginning of the 20th century, the nature of organizations had evolved (i.e. multi-activity organizations), and the ownership and management were increasingly separated. As a result, return on investment (ROI) was established to measure performance, so that owners could observe the performance that managers were achieving. Kaplan (1984) indicated that the evolution of performance measurements began in the early 1900s by the DuPont Company which devised the ROI as financial performance measure of the efficiency of the operating department, and a measure of performance of the company as a whole. In that time, the companies used the budgets to compare the actual and the budgeted return on investment. This measure became the core of FPMs. In the 1940s there was an extension incorporating residual income

(RI) to the return on investment. By the mid-1950s companies started to use discounted cash flow (DCF).

2.4.8 Limitations of Financial Performance Measurement

Traditional financial performance measurements associated with many limitations and problems have been identified in the literature. These limitations relate to focusing extremely on the short term throughout the use of measures such as profits, without considering longer-term performance measures such as quality and customer satisfaction. A major focus on short-term financial accounting measures may no longer provide an adequate indication of good performance for companies (Kaplan, 1984, quoted in Grafi 2014). Furthermore, many researchers underlined the most important criticisms associated with FPMs. Eccels and Pyburn (1992, quoted in Grafi 2014) stated that, “the main limitation of using financial measurements of performance is that, they are “Lagging indicators” which are the result of management action and organizational performance, and not the cause of it”. Johnson and Kaplan highlighted many of the deficiencies in the way in which management accounting information is used to manage businesses (Johnson and Kaplan, 1983; Johnson and Kaplan, 1984; Johnson and Kaplan, 1987). They highlighted the failure of financial performance measures to reflect changes in the competitive environment and strategies of modern organizations. While profit remains the overriding goal, it is considered an insufficient performance measure, as measures should reflect what organizations have to manage in order to make profit. Cost focused measurement systems provide a historical view, giving little indication of future performance and encouraging short term. Neely (1999) believed that, the traditional financial measures are criticized because they:

- Encourage short-term, for example the delay of capital investment (Bank and wheelwright, 1979; Hayes and Abernathy, 1980).
- Lack strategic focus and fail to provide data on quality, responsiveness and flexibility (Skinner, 1974).
- Encourage local optimization, for example “manufacturing” inventory to keep people and machines busy (Goldratt and Cox, 1986; Hall, 1983).

- Encourage managers to minimize the variances from standard rather than seek to improve continually (schmenner, 1998; Turney and Andersen, 1989).
- Fail to improve information on what customers want and how competitors are performing (Camp, 1989;kaplan and Norton, 1992).

The same measures are criticized for being historically focused (Dixon el-al., 1990 quoted in Grafi 2014). Sales turnover, for example, simply reports what happened last week, last month or last year, whereas, most managers want predictive measures that indicate what will happen next week, next month, or next year. Furthermore, Olve et al. (1999) summarized the limitations of the financial measurement:

- Furnishes misleading information for decision-making.
- Encourages short-term thinking and sub-optimization.
- Plays second fiddle to the requirements of financial accounting.
- Fails to consider the requirements of today's organization and strategy.
- Provide misleading information for cost allocation and control of investments.
- Furnishes abstract information for employees.
- Pays little attention to the business environment.

The previous overview, led Ghalayini and Noble (1996) to classify the limitations of the financial measurement into two categories: general limitations due to the overall characteristics and limitations specific to certain financial performance measurements such as profit, productivity, or cost. General limitations which apply to all financial performance measurements are:

1. Relying on traditional accounting and cost accounting systems.
2. Lagging metrics. Providing information about the result of past decisions.
3. Not incorporating business strategy.
4. Not being relevant to all organizational levels.
5. Inflexible in that they have a predetermined format which is used across all departments.
6. Expensive: The preparation of traditional financial reports requires an extensive amount of data which is usually expensive to obtain.
7. In general, conflicts with continuous improvement.
8. Are no longer useful for meeting customer requirements.

2.4.9 Non-financial Performance Measurements (NFPMs)

In the new economy, non-financial measures appear more significant. Internally, the activities that create shareholders value must be identified and managed. Externally, investors need to assess value creation. Internal and external needs can be served by appropriate metrics that capture and communicate activities linked to strategy and vision (Davis and Albright, 2004; Wang, 2005; Wells and Weiner, 2005). As a result of the limitations of the traditional performance measures non-financial performance measures were proposed by many researchers in the 1970s and 1980s (Johnson and Kaplan, 1987; Kaplan and Norton, 1992; Ghalayini and Noble, 1996; Kaplan and Norton, 1996; Neely, 1999; Neely et al. 2000). Neely et al. (1994) suggested that performance measurement assists managers to: identify good performance, modify timely strategic targets, make precise trade-off between profits and investment and make useful intervention when the organizational performance is failing. Ittner and Larcker (1998b) reported that managers tended to place greater emphasis on FPMs for appraising the performance of a business unit and on NFPMs for appraising managerial performance. Consequently, non-financial performance measurements (NEPMs) could be defined as measures expressed in non-monetary units and ratios resulting from mathematical manipulation of information expressed in non-monetary units. Therefore, customer satisfaction rate, services defect rate, time span rate, number of customer complaints, number of new customers, laborer turnover rate and average of flexibility are examples of NFPM. Neely, (2007). Otley, (quoted in Neely, (2007), noted that, accounting measures of performance have been the traditional mainstay of quantitative approaches to organizational performance measurement. Nonfinancial performance measures have undergone significant development, to the relative neglect of the development of improved financial measures. However, the recent publicity surrounding the marketing of economic value added (EVA) as an overall measure of company performance by management consultants Stern Stewart can be seen as a sign of a new emphasis on the financial aspects of performance. In the past decade, increasing numbers of companies have been measuring customer loyalty, employee satisfaction, and other performance areas that are not financial but that they believe ultimately affect profitability. Ittner and Larcker, (2003). Using non-financial measures can offer several benefits:

- i. Managers can get a glimpse of the business's progress well before a financial verdict is pronounced and the soundness of their investment allocations has become moot.
- ii. Employees can receive better information on the specific actions needed to achieve strategic objectives.
- iii. Investors can have a better sense of the company's overall performance.

Ittner and Larcker, (2003).

Since nonfinancial indicators usually reflect realms of intangible value, such as R&D productivity, that accounting rules refuse to recognize as assets. But the reality is that only a few companies realize these benefits. Why? Because they fail to identify, analyze and act on the right nonfinancial measures. Ittner and Larcker, 2003 , conducted field research in more than 60 manufacturing and service companies and supplemented it with survey responses from 297 senior executive's .To our surprise, we discovered that most companies have made little attempt to identify areas of nonfinancial performance that might advance their chosen strategy. Nor have they demonstrated a cause –and-effect link between improvements in those nonfinancial areas and in cash flow, profit, or stock price. But businesses often fail to establish such links partly out of laziness or thoughtlessness. As a result, self-serving managers are able to chose –and manipulate- measures solely for the purpose of making themselves look good and earning nice bonuses. Ittner and Lacker, 2003. Maskell (1989) classified non-financial measures into five categories: quality, production process time, flexibility, delivery and cost. These measurements are however, not a new phenomenon. A major benefit of non-financial measures is that they can usually be reported on a timelier basis rather than financial measures. Therefore, if a non-financial measure indicates poor performance, action can often be taken before negative financial consequences occur. In addition, non-financial measures are easy to understand and always available. This provides instant feedback regarding the performance of the company (Tatikonda, 1998). Furthermore, many researchers argued that non-financial performance measures have been recently proposed as a means of overcoming the limitations of traditional financial performance measures (Eccles, 1991; Kaplan and Norton, 1992; Ittner and larcker, 1998; Vaivio, 1999). It seems clear that there are wide differences between traditional financial and non-financial performance measurements. Ghalayini and Noble (1996), summarized these differences, table 2-1: show these differences.

Table (2-1): Comparison between financial and non-financial performance measures

Traditional performance measurements	Non-traditional performance measurements
Based on outdated traditional accounting system	Based on company strategy
Mainly financial measures	Mainly non-financial measures
Intended for middle and high managers	Intended for all employees
Lagging metrics (weekly or monthly)	On-time metrics (hourly, or daily)
Difficult, confusing and misleading	Simple, accurate and easy to use
Lead to employee frustration	Lead to employee satisfaction
Neglected at the shop Floor	Frequently used at the shop Floor
Have a fixed format	Have no fixed format (depends on needs)
Do not vary between Locations	Vary between locations
Do not change over time	Change over time as the need change
Intended mainly for monitoring performance	Intended to improve performance
Not applicable for JIT, TQM, CIM, etc	Applicable
Hinders continuous improvement	Help in achieving continuous improvement

Source: Ghalayini & Noble (1996), "The changing Basis of performance measurement", p.68 .

Ghalayini and Noble (1996) stated that to overcome the limitations of traditional performance measurement new systems should be dynamic, stress the importance of time as a strategic performance measure and link the areas of performance and performance measurement to the factory shop-floors. A summary of the characteristics of a good set of performance measures proposed by several researchers is illustrated in table 2-2 below.

Table(2-2): characteristics of non financial performance measures

Maskell (1991)	Lockamy (1995)
<ul style="list-style-type: none"> • Directly related to strategy. • Vary between locations • Be primarily non- financial • Change over time. • Be simple and easy to use. • Provide fast feedback of information. • Foster improvement rather than just monitor performance 	<ul style="list-style-type: none"> • So Encompass-the entire product-delivery system, from the supplier to the customer. • Be consistent with the manufacturing objectives of the facility • System information must be shared between organizational levels to Provide organizational focus
Dhvale (1996)	Ghalayini and Noble (1996)
<ul style="list-style-type: none"> • Make performance measures understandable • Be clear about what is being measured • Ensure that data can be collected • Make the performance measures timely • Link the performance measures to strategy • Tailor performance measures for different levels of management • Avoid allocations • Encourage the good of all • Make performance measures relevant • Improve communication • Stress teamwork • A void proxies and surrogates • Shoot high • Act rather than react 	<ul style="list-style-type: none"> • A clearly defined set of improvement areas and associated performance measures that are related to company strategy and objectives • Stresses the role of time as a strategic performance measure • Allow dynamic updating of the improvement areas, performance measures and performance measures standards • Links the areas of improvement and performance measurement to the factory shop-floor • Used as an improvement tool rather than just monitoring and controlling tool • Considersprocess improvement efforts as a basic integrated part of the system • Uses historical date of the company to set improvement objectives and to help achieve such objectives
Allen (1993)	DTI (1998)
<ul style="list-style-type: none"> • The measurement criteria must be developed in conjunction with the individual , function, or organization being measured • The ultimate goal here is not just to monitor status, it is to improve performance, thus it is important to have the "buy in" of the group responsible for making it happen • Ease of data collection. • Timeless: time lag between data collecting and publication of the measurement • Frequency: Measurement frequency. 	<ul style="list-style-type: none"> • should contain a balanced mix of financial and non-financial measures • Can help to predict what is about to happen and what has happened • Can encourage people to do the things that management desire • Should be an integral part of a systematic process for reviewing the measures and stimulating purposeful action.

<ul style="list-style-type: none"> • Trend identification: to review trends, reinforcing the concept of continuous improvement. • Transparency : easy to understand and use 	
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Source: Haung, K.(2000), the development of an integrated manufacturing performance measurement and evaluation framework, p 21.

Many arguments have been raised regarding the importance of including non-financial measurements in management practices. Ittner and Larcker 1998a) concluded that, the improvements in different non-financial areas such as customer satisfaction, quality and innovation would affect future financial performance. They found that customer satisfaction measurements are associated with the company's current market value. Furthermore, Anderson et al. (1994) conducted a study to investigate the relationship between non-financial measurements and financial performance in (77) Swedish companies. They found that, higher customer satisfaction leads to a higher return on investment, after controlling the past-returns and time trend. Banker et at. (2000) conducted a study to investigate the managerial incentive compensation plans based mainly on financial performance measurements, with the implementation of new incentive compensation plans that include non-financial performance measurements. Based on a sample of (18) hotel chains, the findings showed that customer satisfaction measurements were significantly associated with future financial performance, and that both financial and nonfinancial measurements enhance performance following the implementation of incentive plans. Said et al. (2005) evaluated the economic performance of a group of companies using both financial and non-financial performance measures against the performance of a sample of companies that depend exclusively on financial measures in their performance measurement. The findings showed that non-financial measures are significantly associated with future accounting-based and market-based return. In addition, the results point out that the use of non-financial measures are linked to innovation-oriented strategy, the implementation of quality initiatives, a shorter length of product development, and a lower level of financial distress. Furthermore, the results suggest that, a better fit between firms' features and their non- financial performance measures yields an enhanced performance. Overall, researchers argue

that non-financial performance measures are better for predictors of company's long-term performance and that they sustain managers in monitoring company's progress to achieve strategic objectives (Kaplan and Norton, 2001a).

To survive in today's rapidly changing business environment, organizations must identify their existing positions, clarify their goals, and operate more effectively and efficiently. Performance measurement systems (PMS) assist organizations in achieving such objectives. Julia 2013 .

Drucker, (1994 quoted in Eltinay 2013) argued that, "Measurements are the key ..."
You cannot measure what is not measured"

- i)** If you can't measure it, you can't control it...
- ii)** If you can't control it, you can't manage it...
- iii)** If you can't manage it, you can't improve it!!

2.5 Competitive Advantage , (CA)

2.5. Competitive Advantage Concept and Difinitions

Porter, (1985) stated that ,”*Competitive pressure is a fact of business life, unless a business can develop strategies to compete successfully in the market place and enjoy competitive advantage, it has practically no chance of growth and would remain a tiny firm performing far below its potential .*” Porter, (1985), argued that, “*Competitive advantage is gained when a firm acquires attributes that allow it to perform at a higher level than others in the same industry.* “ A firm’s relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. To attain this, all business organizations must either decrease their costs of production or differentiate their products and/ or services or launch new products in order to gain the ability to outperform its competitors through high efficiency as a result of the strategic business planning. Porter, (1985, pp 11-15) . A company is said to have a competitive advantage over its rivals when its profitability is greater than the average profitability for all firms in its industries. (CHill & Jones.2004,.P.76) . The greater the extent to which a company’s profitability exceeds the average profitability for its industry, the greater its competitive advantage. In the late 1980s and early 1990s, the theme had evolved into the pursuit of competitive advantage and its sources within a firm. Professors C.K. Prahalad and Gary Hamel’s core competence of the firm and the resource-based view of the firm emerged as the dominant themes (quoted in Allan Afuah (2009). From the late 1990s to today, the dominant themes have been strategic innovation, globalization, and the impact of information and communications technologies on value-adding activities, Allan Afuah (2009). Porter’s Five Forces and business system (value chain) were the analytical tools of the day. An attempt to take a position in a highly competitive enterprise environment, managers must understand the importance of strategic decision-making to organizations. Porter (1990) confirmed that to position themselves in a leading role, enterprises must adopt strategies to take advantage of their own competencies including new product design, new production technology, training plan, quality control plan and improved supplier relationships. Market competitiveness is based on enterprise internal competence and determines the future

development of the enterprise. Internal competence is the cornerstone for enterprises to succeed in market competition (Corbett and Wassenhove, 1993,p.22). The competitive advantage or core competence concept is some competitive advantage that is the prerequisite for success in competition. Ansoff (1965) believed that competitive advantage is an advantageous position in competition brought on by a unique individual product or market asset. Hofer and Schendel (1978) stressed that competitive advantage is a unique position in competition relative to other competitors attributable to organizational decision-making on operational activities and resources. Porter (1986) defined competitive advantage, as “the conditions resulting from competitive strategic planning that are beneficial to competition and sustainable.” Relative to competitive advantage, competence has been involved in deeper and wider discussions. In the literature, competence is usually divided into three levels: enterprise, industrial and national competence (Francis and Tharakan, 1989; Nelson, 1992, pp.37-127). The emphasis on competence is a sustainable advantage, a long-term concept, that can be established and sustained only by long-run accumulated efforts, experience and technology (Dunning, 1993, pp.7-15).

2.5.1 Sustainable Competitive Advantage:

A company is said to have a sustained competitive advantage when it's able to maintain above – average profitability over a number of years.Hill & Jones.2004,.P.76). (Porter, 1985) noted that, every industry including banking has an underlying structure or a set of fundamental economic and technical characteristics which give rise to competitive forces. A firm can clearly improve or erode its position within an industry through its choice of strategy. Competitive strategy, then, not only responds to the business environment but also attempts to shape the environment in its favor the strategist must therefore seek to position firm to cope best within its industry environment or to influence that business environment in the firms favor. Abraham, (2012), argued that, strategic planning is about positioning an organization for sustainable competitive advantage.Masanell and Ricart, pointed out in their Article of November 2009, Harvard Business Review, The field of Strategy has evolved substantially in the past twenty-five years. Firms have learned to analyze their competitive environment, define their position, develop competitive and corporate advantages, and understand threats to sustaining competitive advantage in the face of

challenging competitive threats. St-Hilaire (2011) believes that the usage of strategic plan is very important to organization's ability to achieve and maintain competitive advantage over other organizations. Abraham, (2012), noted that, Strategic planning is about positioning an organization for sustainable competitive advantage. It involves making choice about which industries to participate in, what products and services to offer and how to allocate corporate resources to achieving such a sustainable advantage. Today's firms face the challenge of designing and using new strategies and control systems to maintain existing competitive advantages and to create new ones. Nilsson and Rapp , 2005 .

2.5.2 Competitive Advantage, Distinctive Competencies and Profitability

2.5.3 The Roots of Competitive Advantage

A company has a competitive advantage over its rivals when its profitability is greater than the average profitability of all companies in its industry. It has a sustained competitive advantage when it is able to maintain above-average profitability over a number of years (as Walmart has done in the retail industry and Starbucks has done in the restaurant industry). The primary objective of strategy is to achieve a sustained competitive advantage, which in turn will result in superior profitability and profit growth. Hill and Jones, 2013 .

What are the sources of competitive advantage, and what is the link between strategy, competitive advantage, and profitability?

2.5.3.1 Distinctive Competencies

Competitive advantage is based upon distinctive competencies. Distinctive competencies: Are firm-specific strengths that allow a company to differentiate its products from those offered by rivals, and/or achieve substantially lower costs than its rivals? Starbucks, for example, has a distinctive competence in managing coffee shops, which creates value for customers, leads to higher employee productivity and lower costs . Similarly, it can be argued that Toyota, which historically has been the stand out performer in the automobile industry, has distinctive competencies in the development and operation of manufacturing processes (although the company has struggled somewhat since 2008). Toyota has pioneered an entire range of manufacturing techniques, such as just-in-time inventory systems, self-managing teams, and reduced setup times for complex equipment. These competencies,

collectively known as the “Toyota lean production system,” helped the company attain superior efficiency and product quality as the basis of its competitive advantage in the global automobile industry. Distinctive competencies arise from two complementary sources: resources and capabilities. Hill and Jones, 2013 .

2.5.3.2 Resources:

Resources refer to the assets of a company. A company’s resources can be divided into two types: tangible and intangible resources. Tangible resources are physical entities, such as land, buildings, manufacturing plants, equipment, inventory, and money. Intangible resources are nonphysical entities that are created by managers and other employees, such as brand names, the reputation of the company, the knowledge that employees have gained through experience, and the intellectual property of the company, including patents, copyrights, and trademarks. Resources are particularly valuable when they enable a company to create strong demand for its products, and/or to lower its costs. Hill and Jones, 2013 .

Toyota’s valuable tangible resources include the equipment associated with its lean production system, much of which has been engineered specifically by Toyota for exclusive use in its factories. These valuable tangible resources allow Toyota to lower its costs, relative to competitors. Similarly, Microsoft has a number of valuable *intangible resources*, including its brand name and the software code that comprises its Windows operating system. These valuable resources allow Microsoft to sell more of its products, relative to competitors. Valuable resources are more likely to lead to a sustainable competitive advantage if they are *rare*, in the sense that competitors do not possess them, and difficult for rivals to imitate; that is, if there are barriers to imitation (we will discuss the source of barriers to imitation in more detail later in this chapter). For example, the software code underlying Windows is *rare* because only Microsoft has full access to it. The code is also difficult to imitate. A rival cannot simply copy the software code underlying Windows and sell a repackaged version of Windows because the code is protected by copyright law, and reproducing it is illegal. Abraham, (2012), stated that, strategic planning involves making choice about which industries to participate in, what products and services to offer and how to allocate corporate resources to achieving such a sustainable advantage. It embraces several current concepts:

- i. It involves positioning the organization for sustainable competitive advantage even though actually sustaining a competitive advantage, today is becoming more difficult than ever.
- ii. It involves the decision at which industry to compete in, not just taking the industry that one is in for granted.
- iii. It contains the notion of creating value by providing customer value and recognizing that value like, competitive advantage, can erode over time.

2.5.3.3 Capabilities:

Capabilities refer to a company's resource coordinating skills and productive use. These skills reside in an organization's rules, routines, and procedures, that is, the style or manner through which it makes decisions and manages its internal processes to achieve organizational objectives. More generally, a company's capabilities are the product of its organizational structure, processes, control systems and hiring systems. They specify how and where decisions are made within a company, the kind of behaviors the company rewards, and the company's cultural norms and values. Hill and Jones, 2013 .

2.5.4 The Relationship Between Strategic Planning and Competitive Advantage

Porter , (1998) , stated that , Competitive advantage is at the heart of a firm's performance in competitive markets. After several decades of vigorous expansion and prosperity, however, many firms lost sight of competitive advantage in their scramble for growth and pursuit of diversification. Today the importance of competitive advantage could hardly be greater. Firms throughout the world face slower growth as well as domestic and global competitors that are no longer acting as if the expanding pie were big enough for all. Porter (1998). Competition is at the core of the success or failure of firms. Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation. Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Two central questions underlie the choice

of competitive strategy. The first is the attractiveness of industries for long-term profitability and the factors that determine it. Not all industries offer equal opportunities for sustained profitability, and the inherent profitability of its industry is one essential ingredient in determining the profitability of a firm. The second central question in competitive strategy is the determinants of relative competitive position within an industry. In most industries, some firms are much more profitable than others, regardless of what the average profitability of the industry may be. Neither question is sufficient by itself to guide the choice of competitive strategy. A firm in a very attractive industry may still not earn attractive profits if it has chosen a poor competitive position. Conversely, a firm in an excellent competitive position may be in such a poor industry that it is not very profitable, and further efforts to enhance its position will be of little benefit. A firm's strategy's defined as its theory about how to gain competitive advantages.' A good strategy is a strategy that actually generates such advantages. Barney and Hesterly, (2012, P4). Barney, (2012), noted that, a firm's strategy's defined as its theory about how to gain competitive advantages. A good strategy is a strategy that actually generates such advantages. Apple's theory of how to gain a competitive advantage in the music download-for-a-fee business is to link the music download business with particular MP3 players. Amazon's e Music's and Sony BMG's theory is that users will want to have no restrictions on the use of downloaded music. Each of these theories of how to gain competitive advantages in the music download-for-a-fee business—like all theories is based on a set of assumptions and hypotheses about the way competition in this industry is likely to evolve, and how that evolution can be exploited to earn a profit. The greater the extent to which these assumptions and hypotheses accurately reflect how competition in this industry actually evolves, the more likely it is that a firm will gain a competitive advantage from implementing its strategies. If these assumptions and hypotheses turn out not to be accurate, then a firm's strategies are not likely to be a source of competitive advantage. But here is the challenge. It is usually very difficult to predict how competition in an industry will evolve, and so it is rarely possible to know for sure that a firm is choosing the right strategy. This is why a firm's strategy is almost always a theory: It's a firm's best bet about how competition is going to evolve, and how that evolution can be exploited for competitive advantage.

In today's business landscape, it has never been more important to implement solid strategies — the unique and sustainable ways by which organizations create value. A

competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage) Porter 1985.

Competitive advantage theory suggests that states and businesses should pursue policies that create high-quality goods to sell at high prices in the market .Cheng , (2011). Porter (1995) emphasizes productivity growth as the focus of national strategies. Competitive advantage rests on the notion that cheap labor is ubiquitous and natural resources are not necessary for a good economy. Competitive advantage is necessary for satisfied customers who will receive higher value in delivered products for higher income what the owners request from management and such requirements can be fulfilled with organization of production, higher application and as low as possible production costs (Ranko, Berislav ,and Antun, 2008). Barney (1991) suggested that the resources that are scarce and valuable at the same time can create competitive advantage, and if these resources are also difficult to duplicate, substitute and hard to deliver, they can sustain the advantage. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources.

2.5.5 Sources of Competitive Advantage

2.5.5.1 Technology and Innovation for Competitive Advantage

A technology is important for competition if it significantly affects a firm's competitive advantage or industry structure. Porter , P. 166 . Technological change is one of the principal drivers of competition. , Porter, 1985 P169 It plays a major role in industry structural change, as well as in creating new industries. It is also a great equalizer, eroding the competitive advantage of even well-entrenched firms and propelling others to the forefront. Many of today's great firms grew out of technological changes that they were able to exploit. Of all the things that can change the rules of competition, technological change is among the most prominent. The term innovation has a commercial aspect different from scientific research. Innovation has a very important role in economic development of countries, because innovative companies, through commercializing their research and development results, are

creating new and nonexistent value. Cheng , (2011). 2000). In spite of the increasing importance of innovation and the role played by technological capabilities in a firm's growth trajectory, little is known how technological innovation in different organizations is driven by their technology strategy, the plan that guides the accumulation and deployment of technological resources and capabilities (Dasgupta, Sahay, and Gupta, 2009). That is, the most innovative firms engage in a continual search for better products, services, and ways of doing things. They try to continuously upgrade their internal capabilities and other resources. Aggregate innovative capacity of a nation is derived from the collective innovative capacity of its firms. The more innovative firms a nation has, the stronger that nation's competitive advantage. Innovation also promotes productivity, the value of the output produced by a unit of labor or capital. The more productive a company is, the more efficiently it uses its resources. The more productive the firms in a nation are, the more efficiently the nation uses its resources (Knight, 2007). Innovation and entrepreneurial activity are the engines of long-run economic growth. Often, entrepreneurs first commercialize innovative new products and processes, and entrepreneurial activity provides much of dynamism in an economy. For example, the economy of the United States has benefited greatly from a high level of entrepreneurial activity, which has resulted in rapid innovation in products and processes.

2.5.5.2 Human Resources for Competitive Advantage

Human resources are a term used to describe the individuals who comprise the workforce of an organization, although it is also applied in labor economics to, for example, business sectors or even whole nations. Firms can develop this competitive advantage only by creating value in a way that is difficult for competitors to imitate. Traditional sources of competitive advantage such as financial and natural resources, technology and economies of scale can be used to create value. However, the resource-based argument is that these sources are increasingly accessible and easy to imitate. Thus they are less significant for competitive advantage especially in comparison to a complex social structure such as an employment system. If that is so, human resource policies and practices may be an especially important source of sustained competitive advantage (Jackson and Schuler, 1995).

2.5.5.3 Organizational Structure for Competitive Advantage

Organizations are a variant of clustered entities. An organization can be structured in many different ways, depending on their objectives. The structure of an organization will determine the modes in which it operates and performs. Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual. Individuals in an organizational structure are normally hired under time-limited work contracts or work orders, or under permanent employment contracts or program orders. Also, this correlate of changing structures and processes is reinforced by increased competitive pressure forcing companies to focus on their core competencies, redrawing their boundaries around what constitute and support their competitive advantage. This pressure is reflected in the changing organizational structures from a functional to a multi-divisional one, through the shifting of business towards smaller, decentralized units. When superior skills or resources exist outside the company, firms are making increased use of strategic alliances to supplement and sometimes enhance their own competencies. (Petison and Johri, 2006).

2.5.6 The Structural Analysis of Industries

The first fundamental determinant of a firm's profitability is industry attractiveness. Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness. The ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firm's favor. Porter P 4 . In any industry, whether it is domestic or international or produces a product or a service, the rules of competition are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors (see Figure 2.3). The collective strength of these five competitive forces determines the ability of firms in an industry to earn, on average, rates of return on investment in excess of the cost of capital. The strength of the five forces varies from industry to industry, and can change as an industry evolves. The result is that all industries are not alike from the standpoint of inherent profitability. In industries

where the five forces are favorable, such as pharmaceuticals, soft drinks, and data base publishing, many competitors earn attractive returns.

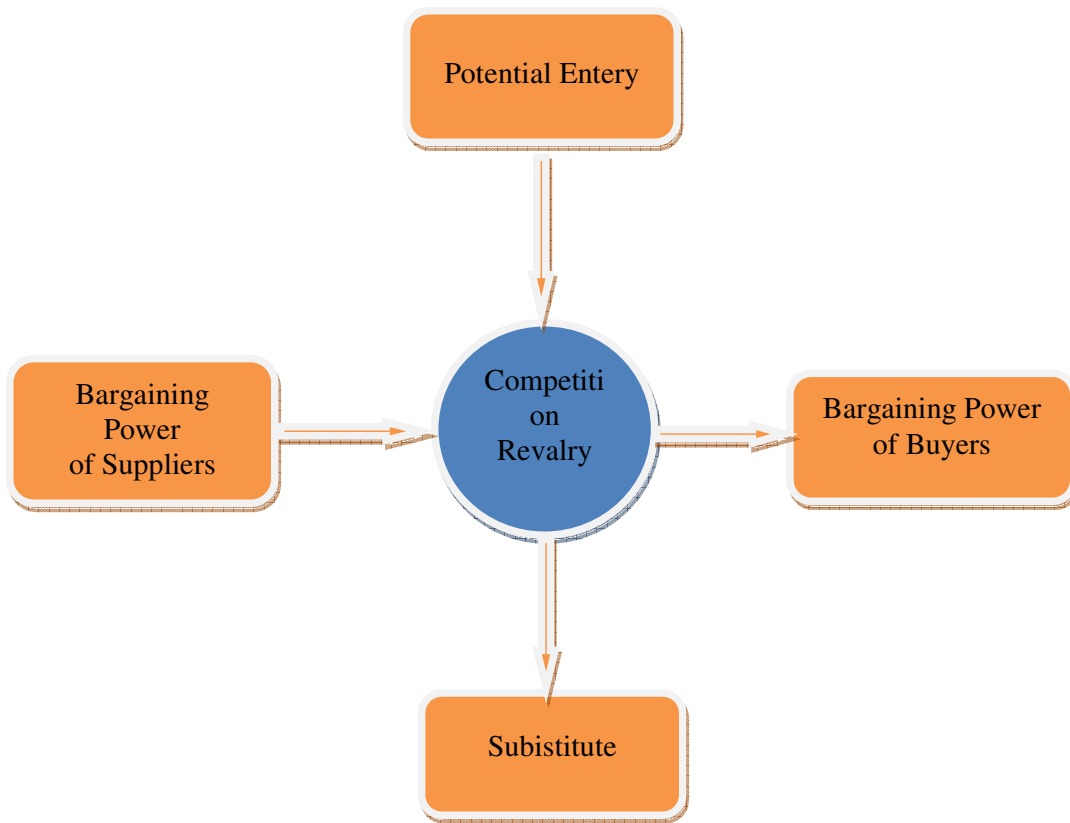


Figure 2.4 The Five Competitive Forces that Determine Industry Profitability
Source : Porter, 1985 quoted in , Johson , et.al 2008 PP 60,61.

The five forces determine industry profitability because they influence the prices, costs, and required investment of firms in an industr the elements o f return on investment. Buyer power influences the prices that firms can charge, for example, as does the threat of substitution. The power of buyers can also influence cost and investment, because powerful buyers demand costly service. The bargaining power of suppliers determines the costs of raw materials and other inputs. The intensity of rivalry influences prices as well as the costs of competing in areas such as plant, product development, advertising, and sales force. The threat of entry places a limit on prices, and shapes the investment required to deter entrants.

The strength of each of the five competitive forces is a function of industry structure, or the underlying economic and technical characteristics of an industry. Porter, 1985, P8. Often firms make strategic choices without considering the long-term consequences for industry structure. They see a gain in their competitive position if a move is successful, but they fail to anticipate the consequences of competitive reaction. If imitation of a move by major competitors has the effect of wrecking industry structure, then everyone is worse off. Porter , 1985 , P11 .

2.5.6.1 Strategies for Competitive Advantage

The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments. By contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry. A firm positions itself by leveraging its strengths. Porter (1985) has argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation. By applying these strengths in either a broad or narrow scope, three generic strategies result: cost leadership, differentiation, and focus. These strategies are applied at the business unit level. They are called generic strategies because they are not firm or industry dependent. The following Porter's generic strategies:

2.5.6.2 Generic Strategies

These three approaches are examples of "generic strategies," because they can be applied to products or services in all industries, and to organizations of all sizes. They were first set out by Michael Porter in 1985 in his book, "Competitive Advantage: Creating and Sustaining Superior Performance." (Porter, 1990). Porter called the generic strategies "Cost Leadership" (no frills), "Differentiation" (creating uniquely desirable products and services) and "Focus" (offering a specialized service in a niche market). He then subdivided the Focus strategy into two parts: "Cost Focus" and "Differentiation Focus." These are shown in Figure 2.4. below.

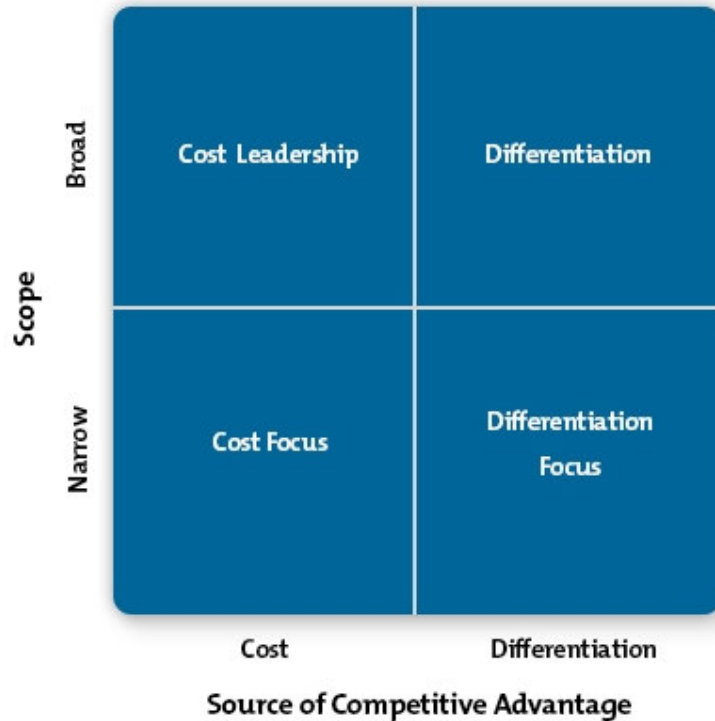


Figure 2.5 Three Generic Strategies

Source : Porter , 1985 P 12 .

2.5.6.3 The Cost Leadership Strategy ,

Porter's generic strategies are ways of gaining competitive advantage – in other words, developing the "edge" that gets you the sale and takes it away from your competitors. Porter, 1985, P12 , noted that There are two main ways of achieving this within a Cost Leadership strategy:

- Increasing profits by reducing costs, while charging industry-average prices.
- Increasing market share through charging lower prices, while still making a reasonable profit on each sale because you've reduced costs.

The Cost Leadership strategy is exactly that – it involves being the leader in terms of cost in your industry or market. Simply being amongst the lowest-cost producers is not good enough, as you leave yourself wide open to attack by other low-cost producers who may undercut your prices and therefore block your attempts to increase market share.

2.5.6.3.1 The Differentiation Strategy

Differentiation involves making your products or services different from and more attractive than those of your competitors. How you do this depends on the exact nature of your industry and of the products and services themselves, but will typically involve features, functionality, durability, support, and also brand image that your customers value. To make a success of a Differentiation strategy, organizations need:

- Good research, development and innovation.
- The ability to deliver high-quality products or services.
- Effective sales and marketing, so that the market understands the benefits offered by the differentiated offerings.

Large organizations pursuing a differentiation strategy need to stay agile with their new product development processes. Otherwise, they risk attack on several fronts by competitors pursuing Focus Differentiation strategies in different market segments.

2.5.6.3.2 The Focus Strategy

Companies that use Focus strategies concentrate on particular niche markets and, by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low-cost or well-specified products for the market. Because they serve customers in their market uniquely well, they tend to build strong brand loyalty amongst their customers. This makes their particular market segment less attractive to competitors.

2.5.7 Core Competencies in the Retail Sector of the Financial Services Industry

There are five core competencies that are required for a firm to successfully compete in the retail market. Each competency is aligned to a functional group in the firm. The competencies require certain skill sets to be manifest in the daily operations of the firm. Each core competency has a direct relation to customer value.(Victor Smith ,15 April 2002).

2.5.7.1 Brand

Brand development relates directly to the sales and marketing groups with the firm. The skills sets required include advertising and managing customer expectations. Managing customer expectations is extremely important because that is how a firm interacts with the customer. The firm attracts customers by promoting their brand and setting customer expectations. The customer enters the business relationship with the expectation that the firm will meet their financial needs. By developing brand awareness, a firm can extend its value in the marketplace. A firm that successfully manages its brand will add value to the customer by increasing trust and customer satisfaction. A firm can also deepen its relationship with the customer and gain wallet-share, by up-selling high margin products. Developing a strong brand is the key to differentiating a firm from its competition.

2.5.7.2 Product

Product development is the responsibility of marketing, sales and, the IT groups in the firm. These products need to be flexible, support mass customization and leverage multiple distribution channels. Differential pricing is a required skill set. The pricing schemes are based on customer value, not just cost margins. The products value to the customer is based on aligning appropriate features to meet the needs of the individual customer. This is accomplished through consistent performance across all distribution channels, with features available on demand.

2.5.7.3 Service

The service competency has two components: customer interface and transaction execution. These two components have overlapping skill sets, yet they provide different value propositions to the customer and stakeholders. The customer interface is the responsibility of all parts of the organization that has direct interaction with the customer. Sales, customer support call centers, customer web portals, VRU (Voice Response System) and written correspondence are all components of the customer interface. The primary skills required to develop and enhance the customer interface are data processing, Internet technology, CRM, and customer interaction management. This includes training, empowering employees and creating knowledge embedded systems to manage customer requests on demand. The development of the customer interface will strengthen the one-to-one relationship with the customer. This

provides a basis for sustained competitive advantage. The transaction execution component is the domain of Sales, IT and Operations. The transaction component accepts the inputs from the customer interface and processes the data. Once the processing is completed, the results are forwarded to the customer through an appropriate interface. The skill sets of the transaction and customer interface converge on data processing, CRM-data mining and systems integration. This skill set is especially important for customized products. The overall customer value gained from the service competency is the ability to add “context” to the customer interaction. Context is specific information relating to the personal preferences and needs of the customer at the time of each interaction. Context is key to deepening the customer relationship and ensuring a firm’s ability to differentiate itself. Context is a key component of the customer interface. The customer interface is partially supported by the firm’s transaction capabilities. The customer interface solidifies the actual relationship with the customer. The customer relationship is key. Whoever owns the customer relationship owns the profits and future cash flows of that customer. Transaction execution performance levels will converge as technology innovations are adopted by the industry. Therefore there is greater potential for differentiation by building skills related to the customer interface.

2.5.7.4 Intellectual Capital

All employees are involved in developing the intellectual capital of the firm. It is management’s responsibility to identify and transform “know-how” into accessible knowledge and skills across the enterprise. The primary skill sets required to build intellectual capital in a firm are knowledge management, human resource management, technical and product knowledge. These skills will provide the firm with a diverse talent pool and the means to distribute their skills throughout the organization. The organization’s culture needs to foster continuous learning and practice continuous improvement. The value added to the customer is most apparent through the products and customer interface. There is additional value added if the firm’s intellectual capital can be patented and generate license fees.

2.5.7.5 Cost and Infrastructure

Senior management, line managers and IT groups are primarily responsible for the cost and infrastructure competencies. The primary skill sets would include

flexible organization and systems integration, value chain management, risk/cost management, legal/regulatory compliance and security. These skill sets provide the basis for rapidly responding to changes in the retail market. It allows the firm to quickly adjust its product and services to address customer needs and target new customer groups. The ultimate result of this competency is superior financial performance and increased shareholder value.

Julius Mwangi August, 2014, stated that, all firms aim at achieving and sustaining competitive advantage leading to high performance. However all firms face a challenge on how to achieve and sustain this performance especially in a rapidly changing environment. This can only be achieved if the firms understand drivers of competitive advantage and factors influencing performance within their sector. Sudanese banks sector face the same challenge and though the sector has been performing well, there is a differentiated performance among the banks with some banks reporting great increase as others report decrease of profit before tax. This indicates a differentiated performance within the sector.

2.5.8 Resource – Based View of Competitive Advantage

The resource-based view of the firm has generated significant attention in Strategic Management and other business disciplines. The underlying logic that is most widely accepted is that a firm's competitive advantages are associated with the characteristics of the resources it possesses. In spite of its logical simplicity and substantial empirical support, this perspective offers only limited advice to managers regarding what they can do to develop competitive advantage. Harrison, (2009), Lee, et.al , (2007), pointed that , resources used to be represented by only organization's physical assets and capital (Barney, 1997). The notion of "resources," however, has been broadened and now encompasses all of the organization's assets (e.g., capabilities, competencies, organizational processes, organization attributes, information, and knowledge) that enable the organization to develop and implement strategies to enhance its efficiency and effectiveness (Daft, 1983). In resource-based theory, variously identified as 'competitive advantage', 'sustained competitive advantage', .Competitive advantage can be defined as follows: An enterprise has a *Competitive Advantage* if it is able to create more economic value than the marginal (break even) competitor in its product market. (Peteraf and Barney 2003: 314) This

definition is consistent in spirit with the definition of competitive advantage provided by Barney (1986a, 1991a) and with the usage of this term by Porter (1985). It is consistent, as well with the value based approach to competitive advantage presented in Peteraf (2001). The *Economic Value* created by an enterprise in the course of providing a good or service is the difference between the perceived benefits gained by the purchasers of the good and the economic cost to the enterprise. (Peteraf and Barney 2003: 314) . Several things about this definition are notable. First, it is a *net* benefits approach to value creation. It is the benefits produced by a firm's undertakings, net of their costs. Second, it is a view of value creation closely aligned with fundamental economic principles. Value is expressed in terms of the difference between perceived benefits, or customer willingness-to-pay, on the one hand, and economic costs on the other. This is, in essence, the same as the economic concept of *total surplus*, which equals the sum of the economic rents (*producer surplus*) and customers' 'value for the money' or *consumer surplus*.

2.5.8.1 The Resource-Based View of Strategic Planning

The resource-based view is founded on the ideas of Penrose (1959: 24–5), who wrote that the firm is, 'an administrative organization and a collection of productive resources' and saw resources as 'a bundle of potential services'. It was expanded by Wernerfelt (1984: 172), who explained that strategy, 'is a balance between the exploitation of existing resources and the development of new ones'. Resources were defined by Hunt (1991: 322), as, 'anything that has an enabling capacity'. The concept was developed by Barney (1991: 102), who stated that, 'a firm is said to have a competitive advantage when it is implementing a value-creating strategy not simultaneously being implemented by any current or potential competitors *and* when these other firms are unable to duplicate the benefits of this strategy'. This will happen if their resources are valuable, rare, inimitable and non-substitutable. He noted later (Barney 1995: 49) that an environmental (SWOT) analysis of strengths, weaknesses, opportunities and threats was only half the story: 'A complete understanding of sources of a firm's competitive advantage requires the analysis of a firm's internal strengths and weaknesses as well.' He emphasized that: Creating sustained competitive advantage depends on the unique resources and capabilities that a firm brings to competition in its environment. To discover these

resources and capabilities, managers must look inside their firm for valuable, rare and costly-to-imitate resources, and then exploit these resources through their organization.

2.5.8.2 Strategic Capabilities and Competitive Advantage

Johnson, et al (2011, P 111), argued that, "Managers readily talk about the importance of building on strategic capabilities or core competences to gain and sustain competitive advantage. The competitive advantage of an organization is likely to be based on the strategic capabilities it has that are valuable to customers and that its rivals do not have or have difficulty in obtaining. Strategic capabilities comprise both recourses and competences ".Today, everything has changed. Globalization, the integrated internationalization of markets and corporations, has changed the way modern corporations do business. As Thomas Friedman points out in *The World Is Flat*, jobs, knowledge, and capital are now able to move across borders with far greater speed and far less friction than was possible only a few years ago. For example, the inter-connected nature of the global financial community meant that the mortgage lending problems of U.S. banks led to a global financial crisis in 2008. The worldwide availability of the Internet and supply-chain logistical improvements, such as containerized shipping, mean that companies can now locate anywhere and work with multiple partners to serve any market. To reach the economies of scale necessary to achieve the low costs, and thus the low prices, needed to be competitive, companies are now thinking of a global market instead of national markets. As more industries become global, strategic planning is becoming an increasingly important way to keep track of international developments and position a company for long-term competitive advantage. For example, General Electric moved a major research and development lab for its medical systems division from Japan to China in order to learn more about developing new products for developing economies. Microsoft's largest research center outside Redmond, Washington, is in Beijing. According to Wilbur Chung, a Wharton professor, "Whatever China develops is rolled out to the rest of the world. China may have a lower GDP per-capita than developed countries, but the Chinese have a strong sense of how products should be designed for their market. Over and above environmental scanning and sustainability which refers to the use of business practices to reduce a company's impact upon the natural, physical environment

internal or external. Scanning and analyzing the external environment for opportunities and threats is not enough to provide an organization a competitive advantage. Analysts must also look within the corporation itself to identify internal strategic factors—critical strengths and weaknesses that are likely to determine whether a firm will be able to take advantage of opportunities while avoiding threats. This internal scanning, often referred to as organizational analysis, is concerned with identifying and developing an organization's resources core and distinctive competencies. Wheelen , et al (2012), In today's world, the company ability to adopt the changes will determine its success and sustainability or even survival. As today the global business environment has been changing dramatically and the firms face many new challenges daily. There are lots of competitive pressures and risks which prevent the businesses to achieve their goals (Akdogan & Cingoz, 2012).

Over and above environmental scanning and sustainability which refers to the use of business practices to reduce a company's impact upon the natural, physical environment internal or external. Scanning and analyzing the external environment for opportunities and threats is not enough to provide an organization a competitive advantage. Analysts must also look within the corporation itself to identify internal strategic factors—critical strengths and weaknesses that are likely to determine whether a firm will be able to take advantage of opportunities while avoiding threats. This internal scanning, often referred to as organizational analysis, is concerned with identifying and developing an organization's resources core and distinctive competencies. The primary issues have been and continue to be how to gain and sustain competitive advantage through strategic innovation using new game strategies, and how to compete in a world with rapid technological change and increasing globalization. A strategic innovation is a game changing innovation in products/services, business models, business processes, and/or positioning vis-à-vis competitors to improve performance, Afuah , (2009).

In the competitive business environment, financial services cooperative management must have the ability to differentiate them in the competition in order to be able to survive this is in accordance with the statement of Peterson (2005) that the cooperative must get competitive advantage over other business organizations to be able to win in the competition. Factors competitive advantage must come from: (1) the sources of tangible just as the quality or uniqueness of the products marketed and capital strength; (2) non-tangible resources such as brand name, reputation, and

management practices are applied; and (3) the capability or competence core complex is the ability to perform a series of specific job or competitive activities (Peterson, 2005), Johnson et.al. (2011), Ridwan Ibrahim, Ina Primiana (2015),

2.5.9 Competitive Advantage and Banks Performance

the impressive development of the finance literature with its emphasis on asset pricing and the formal modeling of incentive systems during the past three decades has largely relegated the business and operational aspects of banking as an industry from the agenda of academic research. Giacomo, Schmidt (2005) . Though this is understandable, it is especially regrettable in view of the dynamic developments in the banking industry which have started about a decade ago and are currently in full swing. Fortunately, there are now signs of a change to the effect that banking is back on the research agenda. The needs for better "customer orientation" and for distinguishing retail banking from corporate banking activities were already clear to bank managers during the Eighties. However, only in the second half of the Nineties it became apparent, on one side, that in the bank industry real customer orientation could be achieved only by changing the macro and micro, hard and soft profiles of the organization and, on the other side, that corporate banking should not be confined to the small number of very large corporations but should be extended to medium-size customers. The creation of a dedicated organization division and competitive strategies nowadays represents the most relevant evolution being carried out by big and medium-size banks in corporate banking. Giacomo, Schmidt (2005) . Giacomo , et al (2005) , noted that “ Banking is an important part of any financial system, and it is especially important in the financial systems and economic sector of all countries, There are many reasons, based on empirical and theoretical considerations, to believe that strong banks are not only important for the banking industry itself, but also for the respective national economies. This situation makes it highly important to deal with the question of how banks of a given country can and do face the competitive pressures which come from the banks of other countries? From truly global banks, from "non-bank banks" and, last but not least, from the capital markets, and adapt to the new structures in the corporate world. In particular in a subfield of banking which one can call corporate banking there is a need for banks to find new and appropriate

ways of meeting the demands of their clients. If they fail in this respect, they will lose these clients to their competitors “.

The study of Wood and Laforge (1979) in the United States in 41 Banks revealed that comprehensive planners out-performed non-planners and showed no relationship between comprehensive and partial planners.

Maryan (2012) with 138 questionnaires conducted a study on 14 banks listed in the **Amman** Stock Exchange in Jordan and revealed a statistically significant relation between research and development processes and the “Central Bank Monitoring” with regard to competitive advantages of the bank. Arasa and K'Obonyo (2012) conducted a study in Kenya , banks and reported in their findings that the correlation analysis results indicate the existence of a strong relationship between strategic planning and firm performance and competitive advantage. Further, all the strategic planning steps (defining firm's corporate purpose, scanning of business environment, identification of firm's strategic issues, strategy choice and setting up of implementation, evaluation and control systems) were found to be positively related to company performance.

2.5.10 Critical Success Factors (CSFs) for Competitive Advantage:

The resource based theory of competitive advantage, and critical success factors approach (CSFs) which are relevant in the banking industry. In an industry as complicated as that of financial intermediation, no simple formula can predict winners and losers from the surrounding environment. Instead of guessing winners and losers, the researcher tries to identify the principal factors that determine a bank's performance success and sustainability. Chen, (1999) . Critical success factor (CSFs) were proposed by Daniel in 1961, and popularized by Rockart's in 1979. Ahmad, et.al. (2012), Study of information systems, over the past two decades demonstrate that the CSFs method has been widely adopted and used in a variety of fields of study to determine the most critical factors influencing enterprise success. Study of CSFs will permit companies to focus their efforts on some areas to meet the CSFs, or even allow companies to decide if they have the capability necessary to meet CSFs requirements. Boynton and Zmud, regard CSFs as one of the few things that ensure success for an organization. Furthermore, the CSFs concept is the most important for overall organizational objectives, mission and strategies. Ahmad, et.al. (2012), The critical success factors (CSFs) which are relevant in the banking industry. In an

industry as complicated as that of financial intermediation, no simple formula can predict winners and losers from the surrounding environment. Instead of guessing winners and losers, we try to identify the principal factors that determine a bank's success. Today's banking industry is characterized by intensifying global competition and rapid advancements in the liberalization of the banking market. Johnson and Johnson (1985) proposed that the width and depth of the product and service line, low operating costs, and a good bank reputation can be considered as the three critical success factors in a competitive market in the banking industry. Canals (1993) recognized that the concepts of value chain and bank configuration could be employed to develop a bank's competitive advantage. He identified four sources of a bank's competitive advantage, namely:

- 1 manpower;
- 2 financial management;
- 3 asset base; and
- 4 intangible assets.

Wilde and Singer (1993) singled out three critical success factors for banks and insurers, that is, lower cost, product differentiation, and financial strength. In our study, we highlight the role of business strategy when we identify CSFs in the banking industry. Our research results contribute to the current literature and provide some useful insights concerning the CSFs associated with bank management and business strategy. and functional area strategies and found that there were obvious differences between the organizational structure, management function and competitive resource/advantage.

Miles and Snow (1985) have derived four CSFs in the banking industry, which can reflect four business goals for the bank manager. They are:

- 1 ability of bank operation management;
 - 2 ability of bank marketing;
 - 3 ability of developing bank trademarks;
 - 4 ability of financial market management.
- Their results also show that the various strategies adopted have a discriminating effect on the CSFs. These four composite CSFs can, moreover, be linked back to the competitive strategies .

2.6 The Balanced Score Card (BSC)

This section presents the second part of the literature review. It covers the relevant literature on BSC which is structured in nine sections: (1), BSC Background and Concept. (2), balanced scorecard definition, purpose and benefits (3), the BSC perspectives. (4), Literature review (5), Strategy Map (6), the generations of the BSC. (7), Strategy Implementation, Performance, and BSC . (8), principles of strategy-focused organization. (9), the relationship between the BSC and organizational performance. (10),the criticisms of the BSC.

2.6.1 The BSC Background and Concept

In the early 1990s, the business world brought a holistic approach to the concept of performance. It's recognized as the balanced scorecard and it was an important turning point for performance management, Elif & Coskun, 2014. The balanced scorecard, first proposed in the January- February 1992 issue of HBR ("The Balanced Scorecard - Measures that Drive Performance"), provides executives with a comprehensive framework that translates a company's strategic objectives into a coherent set of performance measures. Much more than a measurement exercise, the balanced scorecard is a management system that can motivate breakthrough improvements in such critical areas as product, process, customer, and market development. Kaplan and David P. Norton, (2010) . The widespread variant of these multi-perspective approaches is the Balanced Scorecard (BSC). BSC was pioneered by Kaplan and Norton in the 1992, after they conducted a number of studies in several American companies to overcome the shortcomings of traditional financial performance measurement system. Kaplan and Norton (1992, 1996a, b,c, 2001) provided a framework for selecting multiple performance measures which focus on critical aspects of business. In other words, the BSC framework is a multi-dimensional performance measurement system, explicitly balancing financial and non-financial measures that are derived from the organization's strategy. The connections between financial and non-financial factors are linked together in a series of cause-and-effect relationships (Kaplan and Norton, 1992, 1996b; Kennerley and Neely, 2002). According to Kaplan and Norton (1996a), the BSC is a strategic management system involving strategic goals setting and performance evaluation measuring across at least four crucial perspectives. These perspectives are financial,

customer, internal business process and growth and learning, which represent the pillars of all businesses strategic planning. Once the vision as a strategic theme is being determined, it should be translated into a strategy map (Kaplan and Norton, 2001). A strategy map is one of the tools in the BSC system, which visualizes and communicates a strategy via hypothesized cause-and-effect relationships across the said perspectives. In each perspective, the responsible managers have to identify a number of goals and measures for gauging the degree of goal attainment (Kaplan and Norton, 2001a). In other words, this cause-and-effect logic has been described as a fundamental characteristic of BSC approach, and its proponents stress the necessity of correctly gauging the impact of such relationships. A series of subsequent studies and publications refined the BSC concept and put it in the centre of strategy-making (Kaplan and Norton, 1996a, b, c, 2001a, b, 2004). Recent surveys have indicated that, BSC had been implemented by approximately half of the larger companies in the U.S.A and Western Europe in some way (Russel, 2003). According to the surveys undertaken by the consulting company Bains & Company (2011), the BSC model consistently ranked as one of the most pertinent and popular management tools and the rate of satisfaction of users between 1996 and 2010 was around "4" out of five scale (Kasperskaya & Tayles, 2013). The balanced scorecard (BSC) has gained widespread acceptance as a useful performance management tool for business organizations (Kald and Nilsson, 2000; Malmi, 2001; Rigby, 2001; Brignall, 2002; Hallman, 2005). Initially, the BSC was proposed as a multi-dimensional performance measurement tool (Kaplan and Norton, 1992), but its focus soon shifted to performance management (Kaplan and Norton, 2001a, 2001b) quoted in Northcott, Taulapapa, (2012),". The balanced scorecard is a worldwide accepted management accounting tool which proposed that non-financial performance measurements should also be measured with financial performance measurements, so institutional performance is measured in a multi-dimensional way which results in a better focusing on the institution's strategies. (BSC) links performance measures to strategy, allow managers to look at the business from financial and non financial perspectives, for issuing strategic decisions. (Kaplan and Norton, 2010). The Balanced Scorecard considers the value of intangible assets along with tangible ones and enables performance management system to reach its aims. (Kaplan and Norton, 2004 b) The BSC turns an organization's visions and strategies into actions. Through the Balanced Scorecards, institutional strategies are adopted by other organizations and the

institution's internal integrity is ensured. The BSC turn the strategies set by top managers into explicit, clear and focused strategy. Kaplan and Norton (1992; 1993; 1996a; 1996b) strongly argue that, the BSC approach provides an integrated set of financial and non-financial performance measures to assess the activity of both tangible and intangible assets of an organization. In other words, these measures allow managers to investigate their organizations from different perspectives. The balanced scorecard provides a framework for selecting multiple performance measures that subliment tradional financial measure with operating measures of (non-financial) customer satisfaction, internal business processes, and learning and growth activites in business units. As essencial aspect of balanced scorecard lies in its articulation of the linkage between performance measures and business strategy. Robert S. Kaplan and Norton, (2010) On the other hand, (Kaplan and Norton, 1996b) suggest considering Balanced Scorecard as innovation not just a measure, so, it affects strategic decision making process. Today's managers recognize the impact that measures have on performance. But they rarely think of measurement as an essential part of their strategy. For example, executives may introduce new strategies and innovative operating processes intended to achieve breakthrough performance, and then continue to use the same short-term financial indicators they have used for decades, measures like return on- investment, sales growth, and operating income. These managers fail not only to introduce new measures to monitor new goals and processes but also to question whether or not their old measures are relevant to the new initiatives. Kaplan and Norton, (2010), . raditional performance measurement approaches (financial-based measures) provide an incomplete view of corporate performance. The reason behind this is that financial-based measures have failed to identify and integrate other non-financial parameters, such as employee morale and intellectual capital that are critical in their contribution to business excellence (Kaplan, 1983; Masked, 1992;Eccles, 1991). Financial measures of performance were criticized by many authors (Singh & Kumar, 2007) for: being short term oriented, considering past performance, being non consistent with current business's environment, focusing on tangible assets, lacking predictive power, reinforcing functional silos, and being irrelevant for all levels in the organizations. Najjar & Kalaf, 2012, This is a drawback that represents a fertilizer for numerous criticism of depending totally on financial measures to grow, as they are uni-dimensional, historical and lack future outlook. They also fail to convey strategies and priorities effectively

within an organization, beside encouraging short-termism, and inflexibility to change. Therefore, their relevance in the information era is questionable. It is now widely accepted that the use of appropriately defined measures can ensure the strategic alignment of the organization and communication of the strategy throughout the business. This led to the development of innovative performance measurement frameworks, although some have concentrated on making some modifications on the traditional financial measures making them relevant. Grafi, 2014. Some of these new approaches are: the Economic Value Added (EVA), Activity-based Costing (ABC). On the other hand some have suggested to incorporate non-financial measures: the Balanced Scorecard (Kaplan and Norton, 1992); the Performance Measurement Matrix (Keegan et al., 1989); Performance Prism (Kennerley and Neely, 2002); and the EFQM Excellence Model (European Foundation for Quality management, 2003). The common factor of the latter models is that all have multi-perspective views through which corporate evaluation could be measured.

2.6.2 Balanced Corecard Definition, Purpose and Benefits

The BSC is a management system that enables organizations to explain their vision and strategy, and translate them into action. It provides feedback around both the internal business processes and external outcomes, to facilitate continuous improvement in strategic performance and results. When fully deployed, the BSC transforms strategic planning from theory into a strategic map for the organization (Kaplan, 1992). However, Kaplan and Norton writings do not provide a clear definition of what a BSC is, yet, they focus on how one might be used, or how it relates to other organizational attributes. Kaplan and Norton (1996a) describe the BSC as Follows:

"The BSC retains traditional financial measures. But, financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation". Additionally, Kaplan and Norton (1996b, 2001) argue that, the BSC is more than a collection of financial and non-financial measurements. It is the

translation of the business unit's strategy into a linked set of measures that define both the long-term strategic objectives, as well as the mechanisms for achieving and obtaining feedback on those objectives. More specifically, the BSC has been labeled as a comprehensive system of strategically aligned performance measures. In this new management system, employees understand to where the organizations are going, and they will use their best knowledge about corporate vision to help the organization achieving the desired future. It is also believed that the BSC system will create an environment where the executives spend more time on strategy. Kaplan and Norton (2000) argue that, the main purpose of a BSC was to communicate the firm's vision and strategy to the employees and to help implement that strategy. It ves numerous management requirements. It pulls together, all important elements of a company's competitive plan. Through this, the top management can better understand the internal trade of whether the value accumulation in one area is achieved at the cost of another. By combining the financial, customer, internal process and organizational learning and growth perspectives, the BSC helps managers understand, at least implicitly, many interrelationships. This understanding can help managers to overcome traditional concepts about functional barriers and ultimately lead to improved decision making and problem solving. Iamdar and Kaplan (2002) mentioned that, the BSC system attains the following potential benefits to organizations:

- It aligns the organization around a more market-oriented, customer focused strategy.
- It facilitates, monitors, and assesses the implementation of the strategy.
- It provides a communication and collaboration mechanism.
- It assigns accountability for performance at all levels of the organization.
- It provides continual feedback on the strategy and promotes adjustments to marketplace and regulatory changes.

In the same vein, Ritter (2003) states that, the most important benefits of the BSC formation process are:

- It promotes the systematic development of vision and strategy and therefore the understanding of the state at all management levels.
- It allows for the creation of the business model, specifying the key success factors and their interrelation.

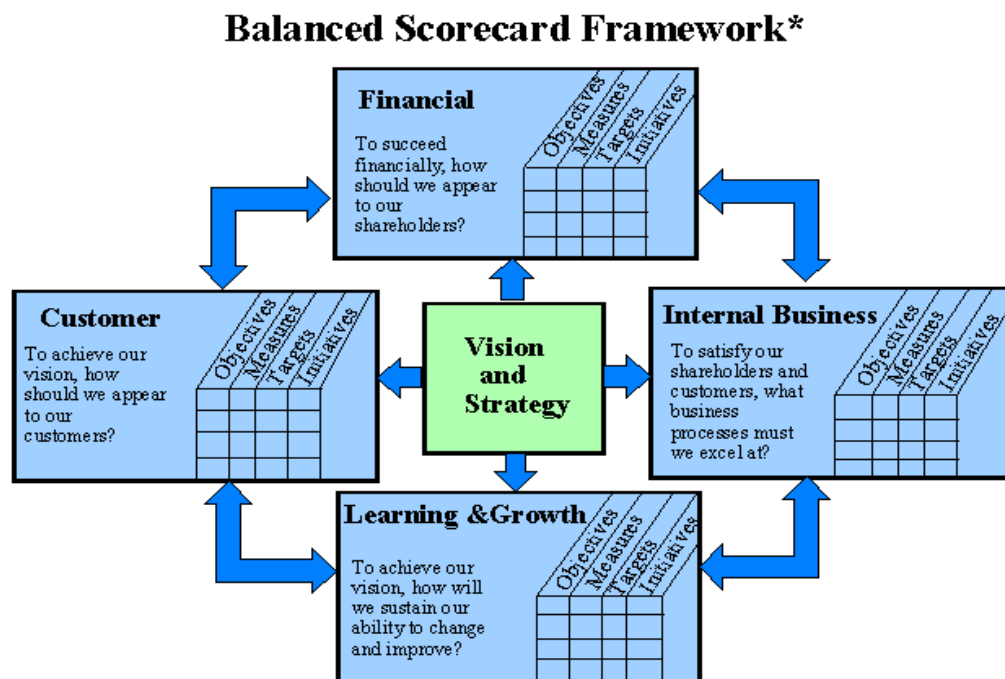
- Minimizing the unnecessary information, by considering only the important measures, thus forcing managers to focus specifically on a small group of measurements which are critical.
- Making it possible to recognize the important adjustment elements of the business and its management through cause- and- effect analysis, identifying all activities that act as cause to reach accepted goals and to which it is therefore convenient to allocate the company's resources.
- The defined measurement parameters allow the organization to verify whether a certain strategy succeeded in the stage of projecting future business, and not just when the books show the lack of results.
- The facilitation of the top-down communication of objectives and the alignment of key processes to the strategy.

Kaplan and Norton (Harvard Business Review Article 2001) noted that, organizations use the Balanced Scorecard approach to focus their organizations on strategy by adhering to the five key principles that will be explained in detail in this summary:

- i) Translate the strategy into operational terms.
- ii) Align the organization to the strategy.
- iii) Make strategy everyone's everyday job.
- iv) Make strategy a continual process.
- v) Mobilize change through executive leadership.

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The Balanced Scorecard considers the value of intangible assets along with tangible ones and enables performance management system to reach its aims. (Kaplan and Norton, 2004 b) The BSC turns an organization's visions and strategies into actions. Quoted in Öztürk1 & Ali Coskun , 2014 . Kaplan and Norton (2001) argue that the uniqueness of BSC framework can be understood in terms of the following three aspects: structure, implementation, and use. The first aspect relates to the design of the BSC, which structurally has three important features differentiating it from other performance measurement systems: 1) its measures are derived from strategy, 2) there is balance among measures, and 3) the measures are causally linked. Further details will be in subsequent sections. Implementation aspect relates to how the BSC is placing in the organization, whereas use aspect relates to how the BSC is employed to implement strategy and assess performance. Kaplan and Norton (1992) say that, the BSC should be used as a communication, informing, and learning system and that it should become the cornerstone of the management system. The (BSC) proposed by Kaplan and Norton has proven to be a successful model of performance measurement and management. The BSC proposes a holistic view of the organization by integrating four perspectives of performance: financial, customer, internal business, and learning and growth (Kaplan and Norton, 1992).



* Adapted from Kaplan & Norton 1996. *The Balanced Scorecard*. Harvard Business School Press: 9. Original from HBR Jan/Feb 1996, p. 76.

Figure - 2-6 , Balanced Scorecard Framework

By the 1980s, many executives were convinced that traditional measures of financial performance did not let them manage effectively and wanted to replace them with operational measures, arguing that executives should track both financial and operational metrics. The balanced scorecard lets executives see whether they have improved in one area at the expense of another, knowing that, will protect companies from posting suboptimal performance. The balanced scorecard tracks all the important elements of a company's strategy, from continuous improvement and partnership to teamwork and goal scale. And that allows companies to excel. Robert Kaplan & David Norton , (2005) *The Balanced Scorecard Measures that drive performance* , Harvard Business Review Article , *The High – Performance Organization*. August 2005.

2.6.3 The Four Perspectives Integrated in the BSC

Banks have diverse visions and strategies and will therefore develop BSC with varying numbers and kinds of perspectives. However the primary model consists of four perspectives: financial, customer, internal business process and learning and growth perspectives. Kaplan and Norton (1996b) claim that, the four perspectives allow a balance between: short-term and long- term objectives, desired outcomes and the performance drivers of those outcomes, and hard objective measures and softer, more subjective measures. While the diversity of measures on a BSC seems confusing to some people, appropriately constructed scorecards have a unity of purpose since all the measures are directed toward achieving an integrated strategy.

2.6.3.1 The Financial Perspective

The financial perspective reflects the results of a company's strategies, the implementations success as well as the evaluation of the improvements of the organization's profit. Kaplan and Norton (1996b) state that, the financial performance measures define the long-run objectives of the business unit, as most of business firms rely on profitability and other financial objectives. It is worth to say that, financial measures provide a common language for analyzing and comparing companies, but they are, inadequate to lead performance in creating value. They depend on non-financial measure (the other three perspectives) for providing the bottom-line score.

The key financial performance indicators include: growth, profit margin, return on investment, economic value added, and shareholder market value.

2.6.3.2 The Customer Perspective

Kaplan and Norton (1996b) suggest that, the customer perspective aims at creating value for the customers and as such, it is important for the organization to identify the market segment of which will be profitable and contribute to the company's financial objectives. The outcome measures, as they were, should be modified to the customer groups and the pinpointed market segments, which in turn, can be facilitated by linking the performance drivers. Accordingly, the organization should translate its notion, business concept and strategies into measures that really matters to the customers. It is also crucial for the organization to be able to concentrate its strategy on targeted customer groups. The general consequent measures include customer satisfaction, customer retention, new customer acquisition, customer profitability, and market share in targeted market. While these measures may appear to be general across all types of organizations, they should be adapted to the targeted customer groups from whom the business unit accepts its greatest growth and profitability to be derived. In order to understand the drivers of the main measurement of customer satisfaction, acquisition, retention, and market share; it is important to understand the customer value proposition which is, as per Kaplan and Norton (1996b), the most important key objective for future value creation. While value propositions vary across industries, and markets, Kaplan and Norton's research show that, the measurements are different between organizations. However, they have identified three general categories to consider the measurements; which are:

- Product/service attributes
- Customer relationship
- Image and reputation

Product and service attributes include the functionality of the product, service, its price, and its quality. The customer relationship intends to measure the delivery time and the customers' experiences, concerning a particular business deal between the customer and the company. The image and reputation measurement enables a company to pro-actively define itself for its customers.

In brief, the customer perspective enables business unit managers to clear their unique customer and market-based strategy that will bring better future financial returns.

2.6.3.3 Internal Business Process Perspective

This is the most essential perspective for the success of an organization. It includes internal business processes which allow the business unit to deliver on the value propositions of customers in targeted market and satisfy shareholder expectations of excellent financial returns (Kaplan and Norton, 1996). This perspective helps the firm establishing its competencies and the processes where it must excel to create customer delight. The key objectives are: process improvement and suppliers' relations. The processes for determining metrics are cycle time, quality performance, productivity, and after-sales service. Kaplan and Norton (1996b) explain that, the internal process perspective reveals two essential differences between traditional and the (BSC) approaches to performance measurement. Traditional approaches attempt to evaluate and improve existing business processes. The BSC approach, however, usually determines new processes at which the organization must excel to meet customer and financial objectives. Its objectives emphasize the most important processes for the organization's strategy to succeed. The second difference of the BSC approach is to integrate innovation process into the internal process perspective. Traditional performance measurement systems focus on the processes of delivering today's products and services to today's customers. They attempt to manage and improve existing operations. But the drivers of long-term financial success may require the organization to create new products and services that will meet the emerging needs of current and future customers. The innovation process is, for many companies, a more powerful drive of future financial performance than the short-term operating cycle. But managers do not have to choose between these two critical internal processes. The internal process perspective of the BSC incorporates objectives and measures for both the long-wave innovation cycle as well as the short-wave operations cycle.

2.6.3.4 Learning and Growth Perspective

learning and growth, perspective, identifies the infra-structure that the organization must build to create long-term growth and improvement. This perspective focuses on innovation, creativity, competence, and capability. Kaplan and Norton (1996b) state that, organizational learning and growth come from three basic sources-people, systems, and organizational procedures. The objectives of the other three perspectives on the BSC will typically expose large gaps between existing capabilities of people, systems, and procedures and what is required to achieve targets for advance performance. To close these gaps, organizations will have to invest in re-skilling employees, enhancing information technology and systems, and aligning organizational procedures. The key employee based measures includes a mixture of generic outcome measures: employee satisfaction, employee retention, and employee training and employee skills. Information systems capabilities can be measured by real-time availability of precise customer and internal process information to frontier employees. Organizational procedures can examine alignment of employee incentives with overall organizational success factors, and measured rates of improvement in vital customer- based and internal processes.

Each perspective of the BSC includes objectives, measures of those objectives, target values of those measures, and initiatives needed to achieve targets (see figure 3-2).

- Objectives: The company specifies main objectives to be achieved under each perspective.
- Measures: Measures are the indicators that assess improvement towards reaching the objective.
- Targets: Targets are the values for the measures
- Initiatives: initiatives are the actions necessary to be performed to achieve objectives and targets.

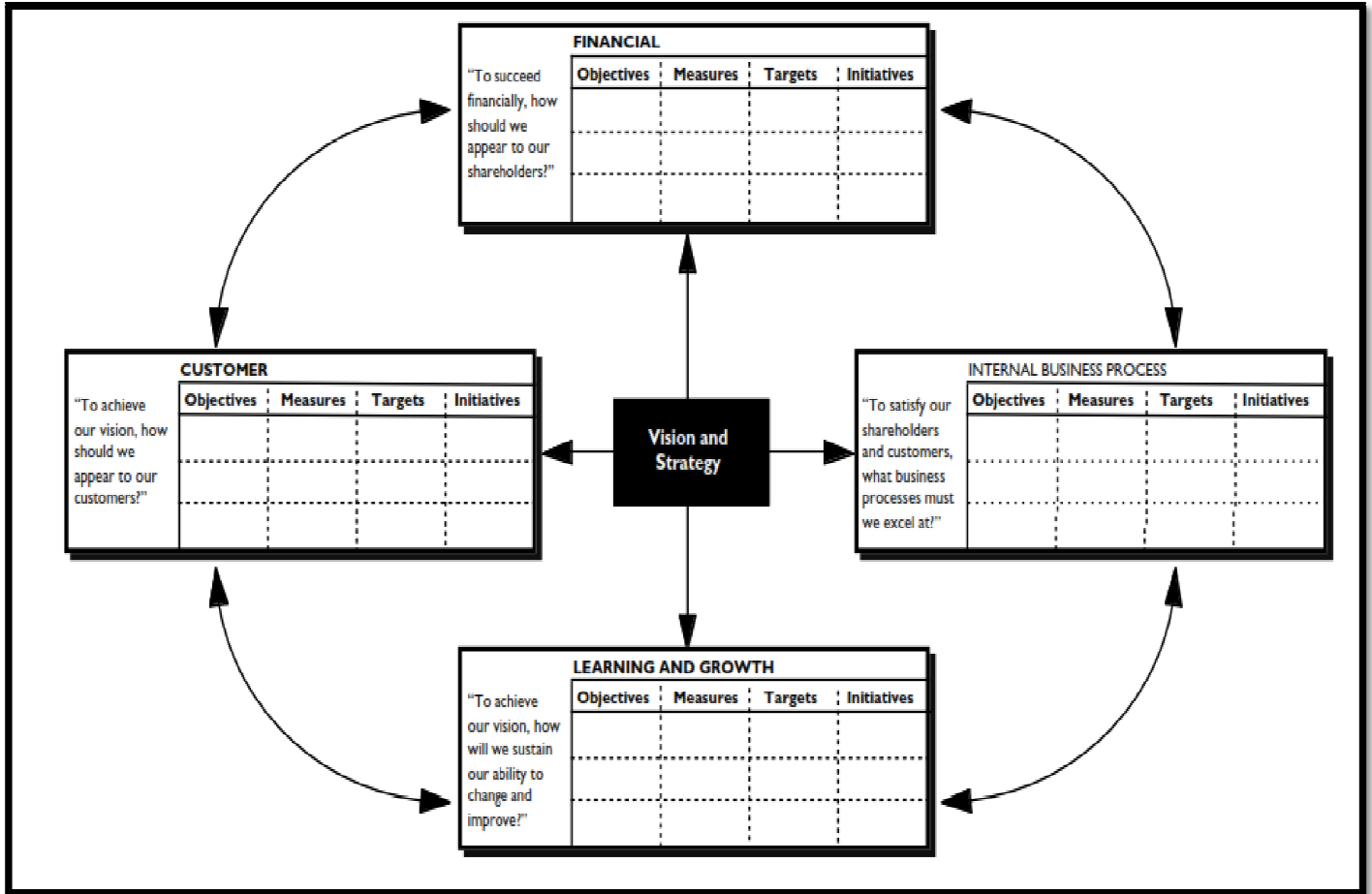


Figure (2-7): Translating Vision and strategy: four perspectives

Source: Kaplan and Norton (1996b), *Using the Balanced Scorecard as a strategic management system*, P. 77

2.6.4 Litreature Review

Bankers et al, 2004, noted that , The balanced scorecard provides a frameword for selecting multiple performance measures that subliment tradional financial measure with operating measures of (non-financial) customer satisfaction, internal business processes, and learning and growth activites. As essential aspect of balanced scorecard lies in its articulation of the linkage between performance measures and business strategy. Bankers et al, 2004 Quoted in Öztürk1 & Ali Coskun , 2014 . The balanced scorecard (BSC) is a system of combining financial and non-financial

measures of performance in one single scorecard. The popular form of this card includes performance measures from four perspectives: financial, customer, internal business process, and learning and growths. It focuses on the link between business processes, decisions and results. Hence, the proponents of the BSC claim that, it is a device to guide strategy formulation, implementation, and communication (Kaplan and Norton, 1996). It also helps in tracking the performance and providing quick feedback for control and evaluation. The proponents of the BSC believe that, lead factors interrelationships and their improvement lead to improved financial performance. BSC presents a tool for translating an organization's mission (embodied in its strategy) into more tangible measurable goals, actions and performance measures. The technique is documented by Kaplan and Norton (2010,2005, 1996, and 1994) and was derived following the realization that no single performance indicator could fully capture the complexity of an organization's performance (Assiri et al, 2006). However, the BSC approach, which can be applied at different levels (total organization, strategic business unit, individual operational units, or even to individuals), involves identifying key components of operations, setting goals for them and finding ways to measure progress towards their achievement (Evans, 2005; Walker, 1996). The measures are not to be viewed merely as a collection of various metrics (Kaplan and Norton 2001) instead they are selected to show cause and effect in the implementation of the company's mission and strategy.

Several surveys indicate that, the BSC concept is by far the most popular and widely used throughout the worldwide business community (Cohen et al., 2008) .Over the past decade, hundreds of organizations have implemented the BSC concept in one-way or another. For Example, the Hackett Group reports that, more than 700 of the U.S. organizations are users of the BSC framework (Christensen, 2008). Another study estimates that more than 40% of all Fortune 500 U. S. companies use BSC (Williams, 2001). Similarly, a European survey showed that firms in Germany, the UK and Italy are familiar with the BSC at rate of 98, 83 and 72 per cent, respectively (Cohen et al.,2008). According to Kald and Nilsson (2000) 27 per cent of Nordic companies included in their analysis had already implemented BSC while another 61 per cent was expected to use it within a two-year period. Aidemark (2001) observes that Swedish healthcare organizations have appreciated the BSC philosophy after many years of exclusively focusing on financial measures. On the contrary, Bourguignon et al. (2004) report limited adoption of BSC in France because of the

extensive use of the Tableau de Bord. Also, Speckbacher et al. (2003) estimate that only a minority of 26 per cent of the most important publicly traded firms of Germany, Austria and Switzerland use BSC while most of them appear to use only a limited or incomplete version of it. Andra, G. and Robert N.(2006) Quoted in Nikos et. al. 2013, said that Balance Scorecard (BSC) can help organizations achieve better results when compared to traditional performance measurement system. Many researchers (Fletcher & Smith, 2004; Rickards, 2007) have criticized the limitations of Balance Scorecard (BSC), such as BSC applies a large number of variables that create complex optimization problems. Moreover, Banker, Potter, & Srinivasan, (2000) said that the Balance Scorecard (BSC) does not provide a common scale of measurement, and it lacks a standardized baseline or benchmark to compare performance. Furthermore, Rickards, (2007) said that the Balance Scorecard (BSC) does not have a mathematical model or a weighting scheme. In addition, Banker et al., (2004); Neves & Lourenco, (2008) argues that the BSC does not have a comprehensive index to review the interaction between measures of performance. In addition several studies as Chen & Chen, (2007); Eilat, Golany, & Shtub, (2008); Najafi, Aryanegad, Lotfi, & Ebnerasould, (2009); Rickards, (2007) have been conducted to solve these limitations of BSC, and researchers have found that data envelopment analysis (DEA) can complement the complexities of BSC. The performance management potential of the BSC is predicated on the assumption that causal links exist between its four dimensions – innovation and learning, internal business processes, the customer, and financial (Brignall, 2002; Inamdar and Kaplan, 2002; Ittner and Larcker, 2003; Nørreklit, 2003; Davis and Albright, 2004). According to Kaplan and Norton (1996a, p. 65), “an entire chain of cause-and-effect relationships can be established as a vertical vector through the four balanced scorecard perspectives According to Kaplan and Norton (1996a, p. 65), “an entire chain of cause-and-effect relationships can be established as a vertical vector through the four balanced scorecard perspectives” (see Figure 1 for a simplified representation of their BSC model and its causal assumptions). These causal links suggest that managerial action directed at improving outcomes on the “leading” indicators (in the first three dimensions) will ultimately drive performance improvement in the fourth, “lagging” dimension (i.e. financial outcomes). Clearly, this conceptualisation locates financial objectives as the endpoint of the BSC’s performance management aims, which appears inconsistent with the aims of most public sector organisations.

However, Kaplan and Norton (2001b, p. 98) suggest that, while originally conceived for profit making firms, the BSC can be readily adapted for use in public sector organisations simply by “rearrang[ing] the scorecard to place customers or constituents at the top of the hierarchy” (Kaplan and Norton, 2001b, p. 98; see also Niven, 2006). Suitably restructured, they argued the BSC can serve a dual role in public sector contexts as a measurement instrument to guide performance, and a means of enhancing democratic accountability and responsibility (Kaplan and Norton, 1992). This view is supported by others who suggest the BSC has utility in the public sector due to its multi-dimensionality in capturing the non-financial aspects of performance (Forgione, 1997; Aidemark, 2001; Bilkhu-Thompson, 2003) and its identification of a limited number of KPIs that provide a clear focus for achieving organisational strategy in spite of a complex operating environment (Chow et al., 1998; Modell, 2004). However, other researchers have expressed reservations about the efficacy of transplanting management tools like the BSC into complex public sector contexts (e.g. Arnaboldi and Lapsley, 2004; Pidd, 2005). Notably, Griffiths (2003) identified problems with demonstrating causal relationships in public sector BSCs, suggesting that the necessary “rearranging” of the BSC may not be straightforward in practice and may impair its performance management potential.

2.6.5 Strategy Map

Balanced Scorecard a strategic performance measurement system is a set of nonfinancial and financial objectives and performance measures representing a causal chain of activities that articulates management's hypothesis of strategy (Epstein and Manzoni, 1997). Quoted in , Banker et al.(2011) . According to Kaplan and Norton (1996a), the BSC is a strategic management system involving strategic goals setting and performance evaluation measuring across at least four crucial perspectives. These perspectives are financial, customer, internal business process and growth and learning, which represent the pillars of all businesses strategic planning. Once the vision as a strategic theme is being determined, it should be translated into a strategy map (Kaplan and Norton, 2001). A strategy map is one of the tools in the BSC system, which visualizes and communicates a strategy via hypothesized cause-and-effect relationships across the said perspectives. In each perspective, the responsible managers have to identify a number of goals and measures for gauging the degree of

goal attainment (Kaplan and Norton, 2001a). Robert S. Kaplan and David P. Norton, (2010) A series of subsequent studies and publications refined the BSC concept and put it in the centre of strategy-making (Kaplan and Norton, 1996a, b, c, 2001a, b, 2004). Recent surveys have indicated that, BSC had been implemented by approximately half of the larger companies in the U.S.A and Western Europe in some way (Russel, 2003). According to the surveys undertaken by the consulting company Bains & Company (2011), the BSC model consistently ranked as one of the most pertinent and popular management tools and the rate of satisfaction of users between 1996 and 2010 was around "4" out of five scale (Kasperskaya & Tayles, 2013). The BSC's inherent complexity creates difficulties in communication and comprehension of its underlying logic which hinder implementation and use (Lipe and Salterio, 2000; Malina and Selto, 2001; Ittner et al., 2003a, 2003b; Ittner and Larcker, 2003; Banker et al., 2004; Dilla and Steingbart, 2005). Research on causal modeling suggests that strategy maps can simplify and facilitate the transmission of complex systems, and thus implies that strategy maps have the potential to help decision makers overcome the cognitive challenges posed by the BSC (Fiol and Huff, 1992; Vera-Muñoz et al., 2007). This approach is consistent with studies in accounting, information systems, and psychology that find that altering or supplementing the manner in which information is presented can improve performance on decisions requiring complex judgments (e.g., Vessey, 1991; Tuttle and Kershaw, 1998; Lipe and Salterio, 2002; Dilla and Steingbart, 2005). Accordingly, the purpose of this study is to investigate the impact of supplemental strategy maps on BSC decisions using an experiment. Strategy maps are causal maps depicting relations between BSC performance measures and overriding strategic objectives. Strategy maps can aid managerial decisions if they enable managers to assess a measure's relative importance to the achievement of strategic goals (i.e., linkage to strategy) and thus provide cues for managers to weight and aggregate BSC measures in formulating an overall decision.

2.6.6 Causal Maps and Mental Models

A strategy map for a BSC is a causal map depicting relations between various performance measures and corporate objectives. Causal maps express the judgment that certain events or actions will lead to particular outcomes. Research in cognition has long recognized the value of causal maps in structuring complex problems (e.g.,

Axelrod, 1976; Eden, 1992; Fiol and Huff, 1992), and several studies have addressed the construction of causal maps (e.g., Eden et al., 1992; Tan and Hunter, 2002; Scavarda et al., 2006; Druckenmiller and Acar, 2009). Fewer studies have investigated the impact of causal maps on complex strategic tasks. Such research has generally used a case-study approach to examine the decision-making performance of the individual(s) that formulated the map, and thus reflects performance effects obtained through the non-trivial exercise of developing the map (e.g., Wyman and Randel, 1998; Scavarda et al., 2006; Barad and Dror, 2008; Montibeller et al., 2008; Capelo and Dias, 2009). However, a claimed strength of the map is its ability to both simplify and facilitate the transmission of complex ideas from individual to individual (Fiol and Huff, 1992).

2.6.7 Strategy Implementation, Performance, and BSC

To achieve a competitive edge, and to retain customers; organizations should be innovative to fulfill the ever changing needs of their customers. Being innovative leads to customers' satisfaction which in turn strengthens the financial position of the organization (Ahmad et. al., 2010). Therefore, organizations should develop sound strategies to maintain strong financial positions. Evans (2005) mentioned that strategies may be very well drawn and presented, but the problem is that strategy is not very well communicated to people involved in the execution process. Charan & Colvin (1999) pointed that although strategy execution is everyone's business in the organization, the final result is poor strategy execution in many organizations. Top management formulates strategy, but the execution is a bottom up process.

According to Anand (2004) four barriers are responsible for strategy implementation:

- Vision Barrier: Few people in the organization understand the strategy of their organization.
- People Barrier: The objectives of most workers are not linked to the organization's strategy.
- Resource Barrier: Misallocation of time, energy, and money to processes that are critical to the organization.

- Management Barrier: Management allocates little time to strategy, and much time to short-term tactical decision-making. Kaplan and Norton (2000) argued that most companies fail to execute strategies, and that:
 - ❑ Only 5% of the workforce understands their company's strategy.
 - ❑ Only 25% of managers have incentives linked to strategy.
 - ❑ 60% of organizations don't link budgets to strategy.
 - ❑ 86% of executive teams spend less than one hour per month discussing strategy.

With respect to performance measurement, the literature indicates that most operational and control systems are designed around financial measures and targets. Namazi & Abhari (2010) mention that prior to 1980's, organizations used financial measures (ROI, net profit, return on equity etc.) to evaluate their performance, however it is very well known that financial measures are good, only, in the short term. The emphasis placed by most companies on financial measures creates a gap between strategy development and implementation. Therefore, it is imperative to communicate the strategy to everyone in the organization in an understandable language. If strategy is well expressed in terms of measurements and targets, then employees will understand their roles and what is expected from them. This will finally lead to better strategy execution and enhanced performance (Kaplan & Norton, 1996). The issues of poor strategic implementation, and the reliance on financial measures only to judge the strategic performance of the organization motivated Kaplan and Norton (1992) to propose the BSC (in a series of articles) as a tool to link performance measures by looking at the business's strategic vision from four different perspectives: Financial, Customer, Internal Processes, and Learning and Growth.

In the mid of the 1990s, Kaplan and Norton (1996) promoted a new version of the BSC to alleviate the problems of the early model. contains four perspectives, each perspective, consists of four parameters: goals, objectives, targets, and initiatives. It, also, depends on four processes that bind short-term activities to long-term objectives Kaplan and Norton (1996) argue that this version could be used as a strategic management system which supports the a forementioned perspectives. The elements of this strategic management system are: Translating the Vision, Communicating and Linking, Business Planning, and Feedback and Learning.

2.6.8 The Balanced Scorecard for Banks

At the end of 1999, a survey, answered by 140 managers of banks, insurance companies, and other financial institutions in the United States, showed that 20 percent of the organizations use the Balanced Scorecard. According to survey results, 11 percent of those answering the survey do the preparatory work to implement the Balanced Scorecard, 17 percent stated that they consider using the Balanced Scorecard. 51 percent of those answering the survey do not think of using the Balanced Scorecard. (Ittner, Larcker and Randall, 2003). A survey conducted in 1998 determined that nine out of 20 biggest banks in the UK use the BSC (Broadly-Preston & Preston, 1999). A survey, done in 2002 by "Bain & Company" about "management tools and techniques" and answered by 708 business managers from various regions of the world, showed that 62 percent of the managers stated that they use the Balanced Scorecard (Rigby, 2003). The same research done in 1999 determined that 43, 9 percent of the managers use the Balanced Scorecard in the United States (Rigby, 2001, quoted in Öztürk1 & Coskun, 2014). Performance management can be addressed at three levels: organizational (strategic), business process and employees. (Rousseau and Rousseau, 1999: 25-29) Different Balanced Scorecards are prepared for different levels belonging to an organization, a group of individuals, or units. For instance, a business group called "General Electric Lightening" formed their Balanced Scorecards for different levels such as corporate scorecard, group scorecard, unit scorecard, factory scorecard, and employee scorecard (Davis, 1996: 14-18). (Soderberg et al., 2011) provide literature with performance measurement systems on 149 organizations and they find out that Balanced Scorecard is widely applied by organizations as a performance measurement and strategy implementation tool. On the other hand, (Antonsen, 2014) studied on downside of the BSC in Norway and the study states the way of using BSC influence interactive and personal learning and commitment of the line managers and employees in, and reduce organizational learning. Also, the results of the study showed that instant measurement does not guarantee critically reflective work behavior and has the opposite effect of absorbing valuable slack time in team meetings that otherwise could be used for reflection by advisors and line managers on improving work practices. Wua et al (2009), provide the literature with critical aspects of evaluating criteria as well as gaps to improve banking performance in order to achieve desired level and the

study shows that the proposed fuzzy evaluation model of banking performance using the BSC framework can be a useful and effective assessment tool. (Zhang et al., 2009) studied the balanced scorecard in a commercial bank in the performance management system and they stated the Balanced Scorecard raises the value of performance management appraisal system based on the introduction of customer factors, internal business processes, employee learning and growth and financial factors. For every performance criteria targets are indicated. Initiatives need to be done to achieve the determined aimed performance (Kaplan and Norton, 1996a: 9). The data for targeted performance used in the Balanced Scorecard can be determined by comparing to competitors. Performance values goals are required to achieve financial objectives, competition to ensure effectiveness, and meet the needs of customers . The bank uses a Balanced Scorecard comprising of financial, customer, processes, learning and development dimensions. In the Balanced Scorecard of Venture Bancorp, there are short term performance indicators such as efficiency ratio, asset profitability, net incomes, total asset and asset ratio to the employees. Also, long-term performance indicators for long-term performance measurement presented below exist in the Balanced Scorecard (Frigo, Pustorino & Krull, 2001):

- Training hours in the strategic subjects;
- Time consumed by the Senior Management to discuss the strategic matters;
- The amount of money spent to invest in electronic network infrastructure to support internet banking;
- The number of marketing activities performed internally and externally;
- Training time spent to introduce internet banking services to the employees;
- Comparison, view and study of competitors' web pages

Implementation of the method is important as much as its success. For this reason practicing Balanced Scorecard is also important in order to get the desired results in strategic performance measurement. On the other hand, (Kaplan and Norton, 1996b) suggest considering Balanced Scorecard as innovation not just a measure. So, it affects strategic decision making process.

2.6.9 Balanced Scorecard Generations

Since the Balanced Scorecard(BSC) was introduced by Kaplan and Norton in 1992, its evolvement has gone through three distinct generations (Urrutia, and

Eriksen, 2005; Lawrie and Cobbold 2004; Speckbacher et al, 2003, Kaplan and Norton, 2004) and several alterations have been made to improve its effectiveness as a strategic management tool.

2.6.9.1 First generation

The first generation used a "Forth perspective" approach namely Financial, Customer satisfaction, internal business processes and Learning and growth. Initially the BSC was intended to be a measurement tool, with operational focus. According to Kaplan and Norton, the starting point of developing this new concept was to overcome the limitations of using the financial measurement systems, due to their inadequacy for today's information age (Kaplan and Norton, 1996, 2001). Kaplan and Norton presented it as an integrative device that would encourage and facilitate the use of non-financial information by top management (Kaplan and Norton, 1992). It is a framework for describing value-creating strategies that link tangible and intangible assets. This is done by formulating strategic objectives with respect to these assets in four perspectives: "financial," "customer," internal business process," and "learning and growth (Kaplan and Norton, 2001, Norreklit, 2000)."

As a result, BSC first generation has at least the following attributes:

- A mixture of financial and non-financial measures (Kaplan and Norton, 1992, 1993, 1996 a, b).
- Performance measurement system that implies a specific approach to measuring intangibles. Intangibles are identified and measured by non-financial strategic measures rather than by their financial value (Speckbacher et al, 2003).
- A limited number of measures to assess performance in a company should range between 15-20 measures (Kaplan and Norton, 1993) and the number increased to 20-25 (Kaplan and Norton, 1996b).

2.6.9.2 Second generation

Problem with the "2nd generation" design approach was that the plotting of causal links among twenty or so medium-term strategic goals was still a relatively abstract activity. In practice it ignored the fact that opportunities to intervene, to

influence strategic goals are, and need to be, anchored in current and real management activity. Kaplan and Norton realized that, the practical difficulties associated with the design of first-generation BSCs are significant, because the definition of a BSC was initially vague. But the difficulties also stemmed from the design questions posed by first-generation BSC. In particular, the need to filter (i.e. choose the most important measures to be monitored), and cluster (i.e. decide how to group measures into "perspectives"). Consequently, they replaced the attitudinal approach to measure selection by the concept of "strategic objectives" and suggested a direct mapping between each of the several "strategic objectives" attached to each perspective and one or more performing measures (Lawrie and Cobbold, 2004). Therefore, the strategy map was considered the first innovation for the second generation. Whereas, the second key innovation of Kaplan and Norton was concerned about causality. As noted above, early attempts to define causality were weak, but in the period from 1992 to 1996, the work focused on finding ways to show causality amongst measures. In this regard, measures-based linkages provide richer model of causality than before, but they encounter some conceptual problems. Nonetheless, over time the idea of strategic linkage became an increasingly important element of BSC design methodology. In the mid-1990s BSC documentation began to show graphical linkages between the strategic objectives themselves (rather than the measures) with causality linking across the perspectives toward key objectives relating to financial performance. Meanwhile, diagrams that showing linkages between objectives were called "strategic linkage models;" more recently they have been called "strategy maps" (Kaplan and Norton, 2004). These changes allow the BSC to evolve from measurement system to strategic management system (Kaplan and Norton, 1996b). Therefore, Kaplan and Norton (2000) describe the second-generation BSC as:

- Measures which are chosen to relate to specific strategic objectives. The design aim is to identify about 20-25 strategic objectives, each associated with one or more measures under one of the BSC's four perspectives.
- Multidimensional performance measurement system that chooses a specific approach to describe strategy by using a sequential cause-and-effect logic to link tangible and intangible assets.

2.6.9.3 Third generation

The third generation refined second generation to give more relevance and functionality to strategic objectives. The major difference is the incorporation of Destination Statements. Other key components are strategic objectives, strategic linkage model and perspectives, measures and initiatives. According to Andersen and Lawrie (2004), second-generation BSC also has a potential weakness that affects the selection of strategic objectives. So, Kaplan and Norton (1996) propose that the organization's strategy is first analyzed by a small group comprising key personnel supported by consultants. Their analysis should then be used to drive the selection of objectives on behalf of the organization's management team. The third-generation BSC model has emerged in the late 1990s providing a new design approach based on full management participation. This model is considered as a refinement of the second-generation design, with new features intended to give better functionality and more strategic relevance (Andersen and Lawrie, 2004; Lawrie and Cobbold, 2002, 2004). As per Kaplan and Norton (2001a), the BSC concept should evolve from performance measurement system to a strategic management system, capable of communicating vision and strategy to all parts of the company. Hence, a fully developed BSC should not only describe the strategy of the company (via cause-and-effect relationships), it should be used to implement the corporate strategy. Based on that, Kaplan and Norton introduced the concept of strategy-focused organization, and its five principles, which meet the criteria for an effective strategic control tool. The strategic control model implicit in the BSC (Kaplan and Norton, 1996a) aims to facilitate the alignment of individual goals to strategy, and consequently narrowing the gap between planned and actual strategy. According to the new developments, the BSC has implemented the organization's strategy by defining objectives; action plans and results, and by linking incentives to BSC measures.

2.6.10 Measures Derived From Strategy

Using strategy as the basis for developing measures reflects a carefully considered thought process in the design of an effective performance measurement system. Linking the scorecard's dimensions and measures to the organization's strategy is a key characteristic of the BSC. Kaplan and Norton state that an

organization's strategy should be apparent by looking at its BSC. The organization's strategy is the Key requirement for an organization to be considered to have at least begun to adopt a BSC. If the measures are not derived from the organization's strategy, then the performance measurement system cannot be called a BSC.

2.6.11 Cause and –Effect Relationships

Another issue that is fundamental to the BSC concept is related to causal relationships between dimensions of performance. Many writers consider cause-and-effect chains as a defining characteristic of the BSC concept. For example, Norreklit (2000) writes:" The cause-and-effect chain is central to the (BSC). The chain distinguishes the model from other approaches". Also, Atkinson et al. (1997) interpret Kaplan and Norton's cause-and-effect logic as the "essence of their approach."

The four perspectives are linked together in cause-and–effect relationships, which provide information about how well the organization has performed (outcomes) and how performance is created (performance drivers). The measurement system should make the link between the goals in the different perspectives as actual as possible to make sure that they can be managed and verified. The cause-and-effect chain should emerge in all four perspectives. Every measure should be a link that communicates the implication of the company's business plan towards the employees. According to Kaplan and Norton (1996a,b,c) ,the four perspectives could also reflect a cause-and-effect relationship associated to time. By this means the financial perspective shows the outcome of the organization (past). The customer and internal business perspectives reflect what is taking place at present (present). Aspects that will be essential for future operations will be revealed by the learning and growth perspective (future). The cause-and-effect relationship is important in the BSC concept since it defines how the goals of the scorecard are to be achieved. In that sense the goals in all perspectives, except the financial, can serve both as an objectives and as means for achieving the goals. Kaplan and Norton (1996a,b,c) stress that, the BSC differs from other performance measurement systems in the way it describes strategy. In Kaplan and Norton's approach, strategy is specifically described as a set of hypothesis about cause-and-effect which can be expressed by a sequence of if-then statements, that Kaplan and Norton call a "strategy map" in their recent contributions. Therefore, the strategy map can be describes as the process of transforming intangible assets into tangible customer and financial outcomes (Kaplan and Norton, 2001 a).

2.6.12 Make Strategy Everyone's Everyday Job

According to Kaplan and Norton (2001c), in Strategy-focused organizations require that all employees understand the strategy and conduct their day-to-day business accordingly. This is not top-down direction; rather it is a top-down communication. Executives use the BSC to help, communicate and educate the organization about the new strategy. Companies can educate their employees about surprisingly sophisticated business concepts. Employees in turn, to fully understand the scorecard should learn about customer segmentation, variable costing, and database marketing. The companies then cascaded the high-level corporate and business unit scorecard to lower levels of the organizations; in many cases personal scorecards were used to set personal objectives. The strategy and scorecard were communicated holistically. Instead of cascading objectives through the chain of command, as is normally done, the complete strategy was communicated in a top-down fashion. Individuals and departments at lower levels could develop their own objectives in light of the broader priorities. Finally, successful organizations link incentive compensation to the BSC and compensation could be based on up to twenty-five strategic measures. Instead of raising confusion, the scorecard compensation systems heighten the employees' interest in all components of the strategy and further increase their demand for knowledge and information about scorecard measures (Kaplan and Norton, 2001c). Kaplan and Norton emphasized the importance of linking process and outcome measures in a causal manner for strategic management purposes. Norrekit (2000), however, denied this link in the light of the three criteria for a causal relationship (Lord et al., 2005) namely, that "X precedes Y in time; the observation of an event X necessarily, or highly probably, implies the subsequent observation of another event Y; and the two events can be observed close to each other in time and space" (Norreklit, 2000). She argues that, the time lay required by the causal relationship is not considered within the BSC, since outcome and process measures are reported within the same framework. It may thus be difficult for senior managers to observe whether progress made in process perspectives has contributed to outcome targets. She also explains that, the relationship between Kaplan and Norton's four perspectives would be more interdependent, rather than causal. The justification is that, a causal relationship involves events X and Y being logically independent so that Y can only be empirically inferred through X.

According to Norreklit (2000), the hypothesis of causal relationships made by Kaplan and Norton are based on the rationale that organization faces on primary long-term objective (e.g. maximizing shareholders' wealth in a profit motivated organization).

2.6.13 Make Strategy a Continual Process

Companies with the BSC adopt a new “double loop” process to manage strategy. The process integrates the management of tactics with the management of strategy, using three important processes:

First, organizations link strategy to the budgeting process. They use the BSC as a screen for evaluating potential investments and initiatives.

Second, in making strategy continual, BSC companies introduce a management meeting to review strategy, which may schedule on a monthly or quarterly basis. The managers check whether strategic initiatives are being implemented as planned. Building upon the principle that "strategy is everyone's job;" managers empower "everyone" by giving them the knowledge needed to do their job.

Third and final step for making strategy development continual sees a process evolve for learning and adapting the strategy. The initial BSC represents hypotheses about the strategy; at the time of formulation, it is the best estimate of the actions expected to create long-term financial success. The scorecard-design process makes the cause-and-effect linkages in the strategic hypotheses explicit. As the scorecard is put into action and feedback systems begin their reporting on actual results, an organization can test the hypotheses of its strategy to see whether its strategy is working (Kaplan and Norton, 2001 c).

2.6.14 Criticisms of the BSC

After its introduction in the early 1990s, the BSC has attracted much attention in the literature. As mentioned earlier, the BSC was originally introduced as a multi-dimensional approach for performance measurement purposes. However, in order to compete with other performance measurement systems (e.g. EVA). Otley (1999) argued that Kaplan and Norton attempted to promote the BSC as a strategic management mechanism for maximizing shareholders' value. This development, however, has attracted increasing criticisms. For example, some have attempted to

analyse its key concepts: Kaplan and Norton (1996, 2001) (Otley, 1995 Norreklit, 2002, 2003; Neely et al., 1995). Others have examined the application of this performance measurement system in both private and public sectors (Ittner et al., 1997). A review of the literature identifies five main areas of criticism relating to the BSC (Norreklit, 2000, 2003; Chang, 2007; Lord et al., 2005), and are set as follows: The first criticism regards the BSC as a multi-stakeholder approach. Critics of the BSC argue that, the BSC is not "balanced" because it neglects the interests of other key organizational stakeholders, such as suppliers, competitors, public authorities and community (Neely et al., 1995; Ahn, 2001; Norreklit, 2000 ; Bourne, 2002; Brignall, 2002). Brignall (2002) argues that operations of business organizations certainly have a significant impact on society and environment, which make them accountable for their actions. Nevertheless, the managerialist approach adopted by Kaplan and Norton in designing the BSC largely ignoring the social and environmental matters (Wongkaew, 2007). Ahn (2001) recommends the stakeholder approach to identify all relevant perspectives, in order to overcome the drawback of BSC that focuses on the interests of two important stakeholder groups (Lord, 2005). In this regard, Kaplan and Norton (1996a) emphasized that the BSC is not a stakeholder approach, but a tool for enhancing shareholder value. This justifies why their initial recommendations should be regarded as a " template" rather than a "straitjacket" . Thus, BSCs will be modified and adapted to the needs of various firms. The BSC outcomes and performance drivers should measure those factors that create competitive advantage and breakthroughs for an organization. Many organizations, to cover the interests of other stakeholders, have redesigned the original four perspective layouts. For example, Malmi (2001) showed that it is common for Swedish companies to add a fifth BSC perspective, in order to recognize employee interests. However, Malmi also found that 15 out of 17 Finish firms were using the original four perspectives. Indeed, it has been argued that the BSC does consider employee satisfaction, particularly through the learning and growth perspective (Otley, 1999; Lord, 2005).

Chapter 111

The Methodology of the Study And Hypothesis Development

3.0 Introduction

The following part generally presents the research methodology, and ensures the compatibility between its questions and objectives. Creswell (2009) defines the term "Methodology" as "the scientific approach used for the purpose of gathering information that helps answering the research questions, and meeting its objectives".

Therefore, this part is the link between background material of the earlier part and the subsequent one. Towards establishing relationships between the variables of interest, (the effects of strategic planning on performance and sustainable competitive advantage employing the mediating role of balanced scorecard), there is a need to formulate and test appropriate hypotheses. The underlying concepts are translated into measurable forms to facilitate testing of the formulated hypotheses.

3.1 Research Design

This study is a corollational study, it follows a quantitative, descriptive statistics analytical method to describe, measures and analyses the relationship between the variables (the effects of strategic planning on sustainable competitive advantage, using the mediating role of balanced scorecard, BSC). Christensen *et. al.*, (2011) note that quantitative design is a systematic way of collecting numerical information and analyzing it using statistical procedures. This quantitative study will aim to empirically analyze the effects of strategic planning on sustainable competitive advantage and performance. Barker *et. al.*, (2002) note that quantitative designs facilitate greater precision in measurement and also avail a good basis for generalizing results over and above the study sample.

The quantitative design similarly enhances comparisons because the researchers are able to obtain feedback from a big number of people for comparisons.

Mann (2013), defines the term "descriptive statistics, consists of methods for organizing , displaying , analyzing and describing data by using tables , graphs and

summary measures ” The study employs this approach in an attempt to empirically determine the relationship between the variables of interest by applying the appropriate statistical data techniques using statistical package for the social sciences technique (SPSS) . The methodology provides; research procedures, operational framework, assumptions and limitations and research schedule is included.

3.2 The Pilot Study

The purpose of the pilot test is to refine the questionnaire, so that respondents will have no problems in answering and recoding the questions (Saunders et al. 2009). Saunders et al. also states that, the pilot study enable the researcher to get some assessment of the questions’ validity and the likely reliability of the data. In line with that, Bryman and Bell (2003) claim that, piloting and pre-testing questions are vital, not only to ensure that the questions fit well, rather they also have a role of ensuring the research instrument as a whole function. Another point raised by Sekaran et al. (2010), who say that, pilot study is necessary to ensure the understandability of the questionnaire, and it is free of problems and mistakes. Pre-testing normally may involve a sub-sample of respondents, to test the appropriateness of the questions and their comprehension. This will help to rectify any inadequacies, and thus reduces bias. According to Saunders et al. (2010), the sample size for a pilot depends on research questions and objective. Fink (2003b) goes further for a precise number, by limiting the pilot study to minimum 10 respondents. To avoid difficulty, pilot study may engage friends, family, colleagues and people of different opinions (Saunders et al., 2009). The pre-testing process is performed in two stages. In the first one, the draft questionnaire is presented to five professors, for arbitration. They provided many insightful comments relating to the wording and sequencing of questions, which at the end enhanced and enrich the quality of the questionnaire. In the second stage, (40) copies were distributed to some senior staff members of Sudanese banks. They have been requested to make any remarks and notes relating to the understandability and clarity of the questions, to appoint the weaknesses, if any, and then to propose any suggestions that may boost the work quality. The feedback was positive, with minor changes to impose to remove some confusing words.

3.2.1 Validity and Reliability

The examination of the questionnaire's accuracy and precision is a key factor for the result trustworthiness, which eventually enhances the scientific value of the research. (Saunders et al., 2009).

3.2.2 Reliability

According to Sekaran et al. (2010), the reliability of measures indicates to what extent measures are neutral and unbiased. It means the reliability of measure is an indication of the stability and consistency with which the instrument appraises the concept, and helps to assess the "goodness" of measure. Similarly, Saunders et al. (2009) link reliability with the robustness of the instrument. Empirically, there are a variety of methods to assess reliability (Mitchell, 1996). Some of them are: (a) test-retest and parallel-form reliability, which are two tests of stability of measures, and (b) inter-item consistency reliability, (c) split-half reliability, and (d) the Cronbach's alpha test, which are four tests to calculate internal consistency of measures.

The Cronbach's alpha test is one of the most commonly used to test internal consistency of measures (Sekaran et al. (2010); Saunders et al., 2009). Cronbach's alpha takes a value between $(0 \leq \alpha \leq 1)$, (0) denoting for no internal consistency, whereas (1) denoting for perfect internal reliability. The empirical studies find that 0.7 is as an acceptable level, with superiority of higher values ($\alpha > 0.7$) (Bryman and Bell, 2003). Table (4) presents the values of the Cronbach's alpha measure (α), for internal consistency and to assess the overall reliability of the measurement scale, as follows:

3.2.3 Validity

Validity could be seen as internal and external validity. The later one refers to the extent that the founded results could be generalized, whereas internal validity refers to the confidence we place in the cause and effect relationships (Sekaran et al., 2010). According to Cooper and Schindler (2008), who are concerned mainly with quantitative research and statistical testing. The internal validity has three different parts, the content validity, criterion-related validity, and construct validity. Content validity refers

to the extent to which the measurement instrument provides adequate coverage of the investigative questions. The second one sometimes known as predictive validity and it determines the success of the measure in predicting an outcome. It can be assessed by comparing the data gathered with the questionnaire that is specified in the criterion in some way (Saunders et al., 2009). The final construct validity refers to which measurement questions actually measure the presence of those constructs intended to measure. According to Sekaran et al., (2010), pre-testing of the questionnaire in order to get a feedback can assess this type of validity.

The validity of this study's questionnaire is obtained from stages that should be followed for the preparation of valid questionnaire. As well, the content validity of this questionnaire was established from the pilot study and pre-testing stages. In addition, in this study, the criterion-related validity and construct validity are assessed through the use of Pearson correlation analysis coefficient, often referred to as Pearson's (r). This measure of correlation presumes that interval variables are being used and the relationship must be linear. Statistically, the Pearson correlation coefficient is calculated for each section from the questionnaire's sections. Then, the relation between each section and each respective statement within is investigated. According to Saunders et al., (2009), Pearson coefficient (r) can take on any value between -1 and +1, maintaining the conventional interpretation of the positive and negative signs; (+1= perfect positive correlation, -1=perfect negative correlation). Zero value remains as a sign of nonlinearity, meaning that all variables are totally independent. The following discussion for the results, are depend on the above rules. The correlation test was conducted with SPSS which provides the correlations for 0.01 and 0.05 level of significant.

3.2.4 Collection of Financial Data

Financial data, as a main component of BSC model. Financial data is obtained from banks' financial statements and their annual reports. Despite the comparatively short interval (2014- 2016) with the researcher's original plan, but the unavailability of data necessitates gathering data from different sources. Profitability measures and market share in , total assets , deposits , are the main financial variables that are highly required, in order to be combined with the non-financial measures.

3.2.5 Statistical Methods of Data Analysis

As known, there are many techniques for analyzing data, and the selection of usable techniques depends on the objective of the study, and the nature of data. As mentioned earlier, the researcher decided to adopt the quantitative approach to meet the objectives of this research and to test its hypotheses. The following statistical methods have been used:

- i. The Pearson correlation method is used to analyze the validity of the questionnaire.
- ii. Alpha- Cronbach Coefficient is used to test the reliability data.
- iii. The descriptive Statistics methods, which have been used to provide the summery statistics, including frequency, percentage, mean, weighted mean and standard deviation. Moreover, two other statistical techniques are used, which are the Chi-square test for determining any statistical significant difference in respondents' opinions regarding to any statement, and one-way analysis of variance (ANOVA) for examining the significant mean differences among the respondents' profile and the study perspectives.
- iv. The statistics methods which have been used in testing hypotheses are the Pearson correlation coefficient was used to describe the strength and direction of the linear relationship between variables, and regression analysis (stepwise and linear) is employed for further exploration of the interrelationship among the financial and non-financial measurement.

3.3 Measurement of the Study

This study is attempting to investigate the effects of strategic planning on performance and competitive advantage employing the mediating role of balanced scorecard, also to determine the extent to which broader set of external and internal multiple performance parameters are used and to what extent they could be classified within the non-financial BSC's perspective, also to evaluate their impact on financial performance, and competitive advantage.

3.3.1 Reliability and Validity of Measurement Instrument :

According to Uma Sekaran et al. (2003, 2010), Research Methods for Business, a skill building approach, the reliability of measures indicates to what extent measures are neutral and unbiased. It means the reliability of measure is an indication of the stability and consistency with which the instrument appraises the concept, and helps to assess the "goodness" of measure. Similarly, Mark Saunders et al, (2009), Research Methods for Business Students, link reliability with the robustness of the instrument. Empirically, there are a variety of methods to assess reliability (Mitchell, 1996). Some of them are: (a) test-retest and parallel-form reliability, which are two tests of stability of measures, and (b) inter-item consistency reliability, (c) split-half reliability, and (d) the Cranach's alpha test, which are four tests to calculate internal consistency of measures. Test of reliability in previous studies is carried out to check on the internal consistency of data measurement instrument. Cronbach's alpha was used to measure this reliability. Nunnally (1978) notes that coefficient alpha provides a good estimate of reliability. Alpha values of between 0.80 and 1.00 are considered reliable, values of between 0.50 and 0.80 are acceptable while values of below 0.50 are considered less reliable and therefore unacceptable (Sekaran, 2003). The computed reliability coefficients for various data groups in most of the studies showed, Strategic planning: **Alpha coefficient** 0.901. Performance : **Alpha coefficient:** 0.817. All recording high coefficients, an indication of very high reliability. **For the Study** which is attempting to investigate the effects of strategic planning on performance and competitive advantage employing the mediating role of balanced scorecard. to determine the extent to which broader set of external and internal multiple performance parameters are used and to what extent they could be classified within the non-financial BSC's perspective, as well as attempting to discover if there are any sequential relations among them and also to evaluate their impact on financial performance, and competitive advantage.

A five point Likert scale was used for measurements, which assigns a weighted value to the extent of agreement or disagreement for a factor as shown below :

1. Strongly Disagree, 2. Disagree, 3. Uncertain/Neutral, 4. Agree, 5. Strongly Agree

Mean measures the average response in a collective manner to each factor given by, Where J is the number of respondents agreeing to the factor J is the total number of extent of agreement or disagreement N is the total number of respondents involved in the response and w is the assigned weight to the level of agreement or disagreement

3.3.2 Pilot Study Result:

First: Internal Consistency Validity:

Person's Correlation Coefficient is calculated between the score for each term and the total score of the dimension to which it belongs. The researcher used the Statistical Package for Social Sciences (SPSS) as follows:

Table No (3-1)
Pearson correlation coefficients for the first axis
terms the Bank's Strategic Planning

First dimension		Second dimension		Third dimension		Fourth dimension.	
Statement No	Pearson(C.C)	Statement No	Pearson(C.C)	Statement No	Pearson(C.C)	Statement No	Pearson(C.C)
1	**0.661	1	**0.728	1	**0.669	1	**0.491
2	*0.368	2	**0.650	2	**0.557	2	**0.527
3	**0.629	3	**0.568	3	**0.531	3	**0.536
4	**0.599	4	**0.452			4	**0.626
5	**0.437					5	**0.535

** The level of statistical significance (0.01) and less

Table No (3-2)
Pearson correlation coefficients for the Second axis
terms The Balanced scorecard (BSC)

First dimension		Second dimension		Third dimension		Four dimension.....	
Statement No	Pearson(C.C)	Statement No	Pearson(C.C)	Statement No	Pearson(C.C)	Statement No	Pearson(C.C)
1	**0.715	1	**0.528	1	**0.452	1	**0.649
2	0.290	2	**0.726	2	**0.573	2	**0.772

First dimension		Second dimension		Third dimension		Four dimension.....	
Statement No	Pearson(C.C)	Statement No	Pearson(C.C)	Statement No	Pearson(C.C)	Statement No	Pearson(C.C)
3	0.241	3	**0.726	3	**0.772	3	**0.809
4	**0.484	4	**0.661	4	**0.741	4	**0.697
5	**0.545	5	**0.754	5	**0.804	5	**0.686
6	**0.584	6	**0.665			6	**0.648
	*0.342						

** The level of statistical significance (0.01) and less

Table No (3-3)
Pearson correlation coefficients for the Third axis
terms The Competitive advantage

First dimension		Second dimension		Third dimension		Four dimension		Five dimension	
No	Pearson(C.C)	No	Pearson(C.C)	No	Pearson(C.C)	No	Pearson(C.C)	No	Pearson(C.C)
1	**0.616	1	**0.745	1	**0.614	1	**0.713	1	**0.755
2	**0.850	2	**0.733	2	**0.669	2	**0.725	2	**0.704
3	**0.741	3	**0.654	3	**0.634	3	*0.378	3	**0.676
4	**0.539	4	**0.690	4	**0.702	4	**0.526	4	**0.571
5	**0.685	5	**0.702	5	**0.77	5	**0.653	5	**0.430
				6	**0.793				

** The level of statistical significance (0.01) and less

It is clear from tables (1-3) that: The values of the correlation coefficient of each of the statements with positive axis and statistical at the level of significance (0.01) and less indicate the truthfulness of their consistency with the axes.

Second: Reliability of the study:

The consistency between the data collected by re-applying the same measure to the same individuals or phenomena," said Melhem (2005, p. 327), "is the most important characteristic of the scientific scale before it is applied. Under the same circumstances or under similar conditions to the greatest extent possible. "Constant determination is intended to give the same results almost if repeated more than once to the same persons in similar circumstances.

The researcher calculated the stability of the study instrument by the α -cronbach,s equation (α), as shown in Figure 11, a measure of stability considered by al-Qahtani and others (1431 H, p. 239) "By calculating the degree of stability of each dimension of the study and its axes, as well as calculating the total stability value of the study instrument.

**Table (3-4):
Cronbach’s, Alpha (α) coefficient to measure
the stability of the study instrument**

Factor	No. of items	Cronbach’s Alpha
Strategic Planning	17	.871
Balanced Scorecard	24	.938
Sustainable Competitive Advantage	26	.957
General stability	67	.967

Table (4) shows that the stability coefficients of the study axes and the farthest were between (0.871 - 0.957) and that the stability coefficient is high (0.967). This indicates that the questionnaire has a high degree of stability that can be relied upon in field application.

**Table (3-5): Cronbach's, Alpha (α) coefficient to measure
The stability of the Strategic Planning**

Item-Total Statistics		
	Corrected Item-Total Correlation	Cronach's Alpha if Item
X1	.690	.859
X2	.308	.870
X3	.579	.860
X4	.514	.863
X5	.413	.867
X6	.655	.856
X7	.583	.860
X8	.504	.863
X9	.391	.869
X10	.632	.860
X11	.469	.865
X12	.427	.870
X13	.504	.865
X14	.458	.865
X15	.489	.864
X16	.558	.861
X17	.467	.865

**Table (3-6): Cronbach's, Alpha (α) coefficient to measure
The stability of the Balanced Scorecard**

Item-Total Statistics		
	Corrected Item-Total Correlation	cronbach,s Alpha if Item
X18	.725	.934
X19	.233	.939
X20	.213	.939
X21	.392	.938
X22	.611	.935
X23	.498	.937
X24	.263	.939
X25	.501	.937
X26	.702	.934
X27	.779	.932
X28	.585	.936
X29	.744	.933
X30	.717	.933
X31	.427	.937
X32	.514	.936
X33	.735	.933
X34	.702	.934
X35	.802	.933
X36	.632	.935
X37	.727	.934
X38	.800	.932
X39	.729	.934
X40	.689	.934
X41	.634	.935

Table (3-7): Cronbach's, Alpha (α) coefficient to measure the stability of the Sustainable Competitive Advantage

Item-Total Statistics		
	Corrected Item-Total Correlation	cronbach,s Alpha if Item Deleted
Y1	.577	.956
Y2	.855	.953
Y3	.762	.954
Y4	.573	.956
Y5	.638	.956
Y6	.789	.954
Y7	.768	.954
Y8	.609	.956
Y9	.652	.955
Y10	.694	.955
Y11	.668	.955
Y12	.679	.955
Y13	.678	.955
Y14	.758	.954
Y15	.744	.955
Y16	.770	.954
Y17	.697	.955
Y18	.707	.955
Y19	.384	.958
Y20	.477	.957
Y21	.651	.955
Y22	.768	.955
Y23	.719	.955
Y24	.663	.955
Y25	.714	.955
Y26	.470	.957

Table 3-8 Scale reliabilities and validity

Construct	Items	Factor loading	Cranach's Alpha
Strategic Planning(SP)	Vision, mission, strategic objectives	0.676	0.835
	SP3	0.608	
	SP4	0.646	
	SP6	0.805	
	SP7	0.693	
	SP8	0.613	
	SP10	0.758	
	SP11	0.632	
Balance Score Card	BSC(ALL)		0.931
Performance	P1	0.607	0.742
	P2	0.661	
	P3	0.772	
	P4	0.762	
	P5	0.639	

The measurement model and structural relationships were examined with regard to the two-stage analytical procedures. We checked the internal reliability of our measurement items by using Cronbach's α . Table 1.1 above shows Cronbach values, ranging from 0.742 to 0.931, indicating satisfactory levels of reliability. To validate the measurement model were calculated. In the studies which used the PLS analysis, 0.6 is the minimum recommended level of reliability, composite reliabilities ranging from 0.607 to 0.805, exceeded the threshold values for satisfactory convergent validity.

Table 3-9 Correlation matrix and discriminate assessment

Particulars	Strategic Planning	Balance Score Card	Performance
Strategic Planning	1.000		
Balance Score Card	0.808**	1.000	
Performance	0.568**	0.624**	1.000

**Correlation is significant at the 0.01 level (2-tailed).

In addition, to evaluate the discriminate validity, each variable's square root value of average variance extracted was compared with the correlations between variables. As seen in Table 2, for every variable, the square root value of average variance extracted was larger than any correlation values with other variables, proving the discriminate validity of the study.

Structural model

The determine significance of the path coefficients and to test the hypotheses. The structural equation model results are shown in Figure 1. Result of path analysis indicated that Strategic Planning SP, Balance Score Card **BSC**, are significantly associated with **Performance** (H2-H3). Strategic Planning were positively related to Balance Score Card **BSC** (H1)., all of the research hypotheses, were supported .Summary of hypotheses testing results listed in Table 3.

Table 3-10 Regression coefficients and t-values of hypotheses

Hypothesis	Relation	Coefficient	Std. Error	t-value	P-value	R Square	Results
H1	SP → BSC	2.072	.270	7.685	.000**	.621	Supported
H2	BSC → P	.091	.024	3.829	.000**	.289	Supported
H3	SP → P	.246	.062	3.965	.000**	.304	Supported

**Correlation is significant at the 0.01 level (2-tailed).

Figure 1 also shows the explanatory power of the research model, which explains

64.0% of the variance in BSC, 39.8% of the variance in Performance,. All R² values exceed 10%, indicating an acceptable Explanatory power.

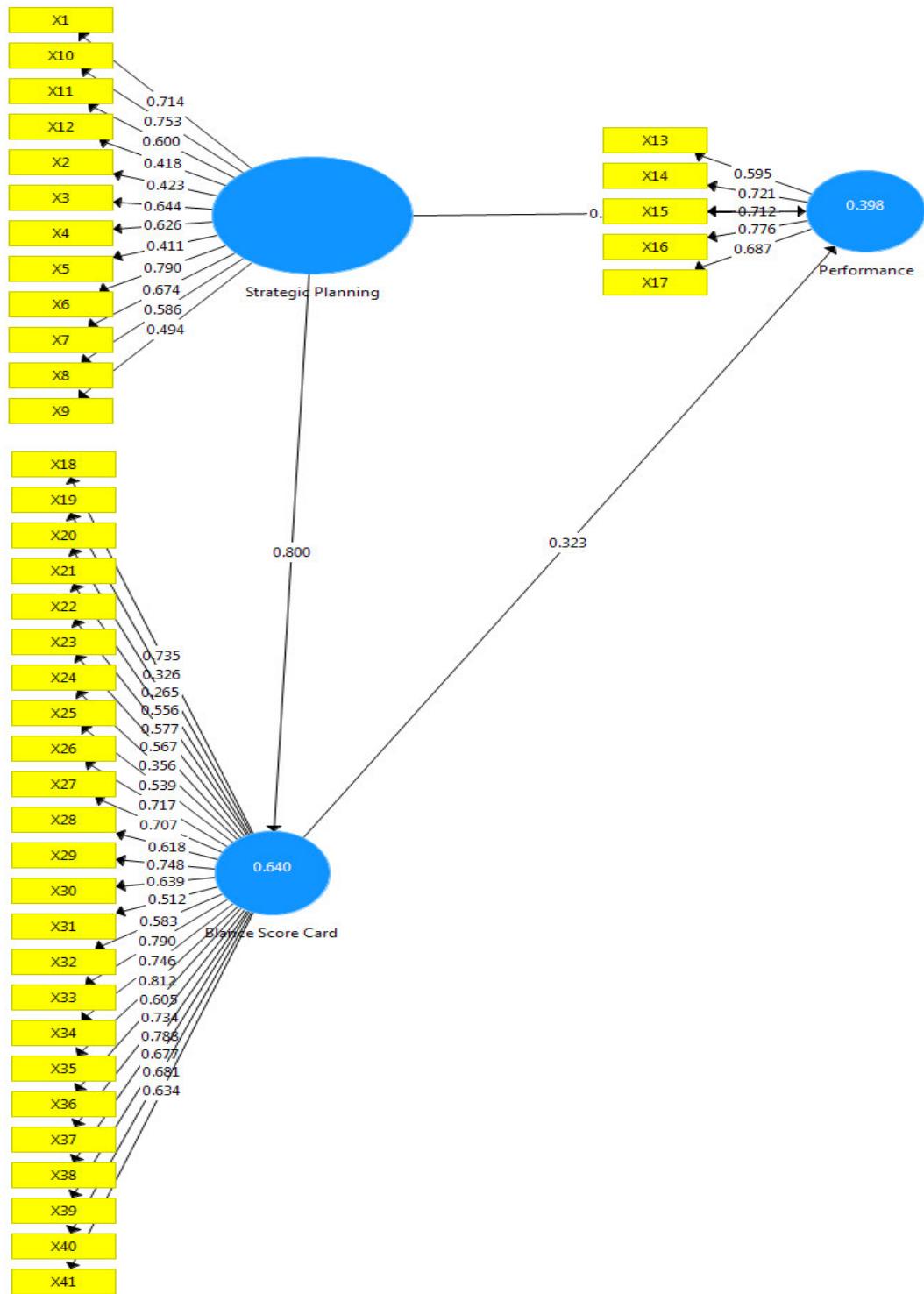


Fig 3.1 : Results of PLS analysis

3.4 Conceptual Framework of the Study

Kaplan & Norton (2001a) maintained that a company's strategy can be cascaded into a set of quantifiable "cause-and-effect" relation in a sequential manner, including the non-financial and financial measures representing value creating activities and their outcomes. In this study the researcher carries out an analysis of one of the most recent and controversial branches of research pertaining to corporate strategy: that known as the resource-based view, competence-based competition, or dynamic capabilities view. These approaches, though with some fine distinctions, show the same layout and solution principles to such an extent that one can talk about a "competence theory". The researcher uses four theories in this regard for the support and strengthen of the study as follows:

First theory: Strategy Theory Lenses, the theoretical lens applied in this research is an activity theory (Blackler, 1993; Engeström, 1987; Jarzabkowski, 2003), which is proposed to help explore the strategic planning process over time (Vygotsky, 1978; Jarzabkowski, 2003, Jarzabkowski & Balogun, 2009). In addition to the exploration of the internal dynamics of organizational continuity and change (Jarzabkowski, 2003). Johnson, et. al. (2008, 2011).

Second theory: Resource based view, RBV. The fundamental RBV theoretical statement is "that valuable and rare organizational resources can be a source of competitive advantage" (Barney, 1991: 107). In his 1991 article Barney cites others' prior definitions of firm resources as including "all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Daft, 1983)" and as "firm attributes that may enable firms to conceive of and implement value-creating strategies", quoted in Priem & Butler, 2001.

Third theory: Critical success factor CSF. The CSF approach represents an accepted top-down methodology for corporate strategic planning, and while it identifies few success factors, it can highlight the key information requirements of top management. CSF approaches identify the appropriate CSFs underlying performance success and the link to strategy in the banking industry. Which are relevant in the

banking industry. Provides some useful insights concerning the CSFs associated with bank management and business strategy. (Byers and Blume, 1994; Rochart, 1979).

Fourth Theory: Barney & Hesterly, (2012) , **VRIO** Framework. "Valuable , Rarity , Imitability , Organization ."

"VRIO" is a mechanism that integrates two existing theoretical frameworks for competitive advantage : The positioning perspective and the resource-based view. It is the primary tool for accomplishing internal analysis. It stands for four questions one must ask about a resource or capability to determine its competitive potential.

Business strategy is an effective management tool and it obviously affects resource allocation and competitive advantage in an enterprise (Hofer and Schendel, 1978). The Balanced Scorecard links the intangible and tangible assets in value-creating activities. Using strategy map of cause-and-effect linkages, it describes how intangibles are mobilized and combined with other assets to create value-creating customer value propositions. Specifically, strategy maps illustrate the processes for transforming intangible assets into tangible customer and financial outcomes, providing executives with a framework for describing and managing strategy in a knowledge economy, Kaplan and Norton (2001). The Balanced Scorecard does include performance in corporate bodies and communities as process perspective objectives when such performance does contribute to the differentiation in the Strategy (Kaplan and Norton, 2003). This view matches that articulated by Michael Porter(1985) , when he advocates that environmental and social performance be aligned to and support the companys strategy (Porter and Kramer, 1999, 2006). Then to empirically assess the sequential causality links amongst strategies and those financial and non-financial BSC's perspectives, hypotheses were developed to explain the relationship between strategic planning and firm performance and the association between financial and non-financial based performance and competitive advantage. The BSC is a system of combining financial and non-financial measures of performance in one single scorecard. The popular form of this card includes performance measures from four perspectives: financial, customer, internal business process, and learning and growths. It focuses on the link between strategic business processes, decisions and results. Hence, the proponents of the BSC claim that, it is a device to guide strategy formulation, implementation, and communication (Kaplan and Norton, 1996). It also helps in tracking the performance and providing quick feedback for control and evaluation.

The proponents of the BSC believe that, lead factors interrelationships and their improvement lead to improved financial performance and competitive advantage. The performance of the banking sector is very essential to be measured for sustainable competitive advantage. The Conceptual framework of the Study is illustrated in the following diagram. Figure (3-2), illustrates the relationship between the independent and dependent and moderating variables.

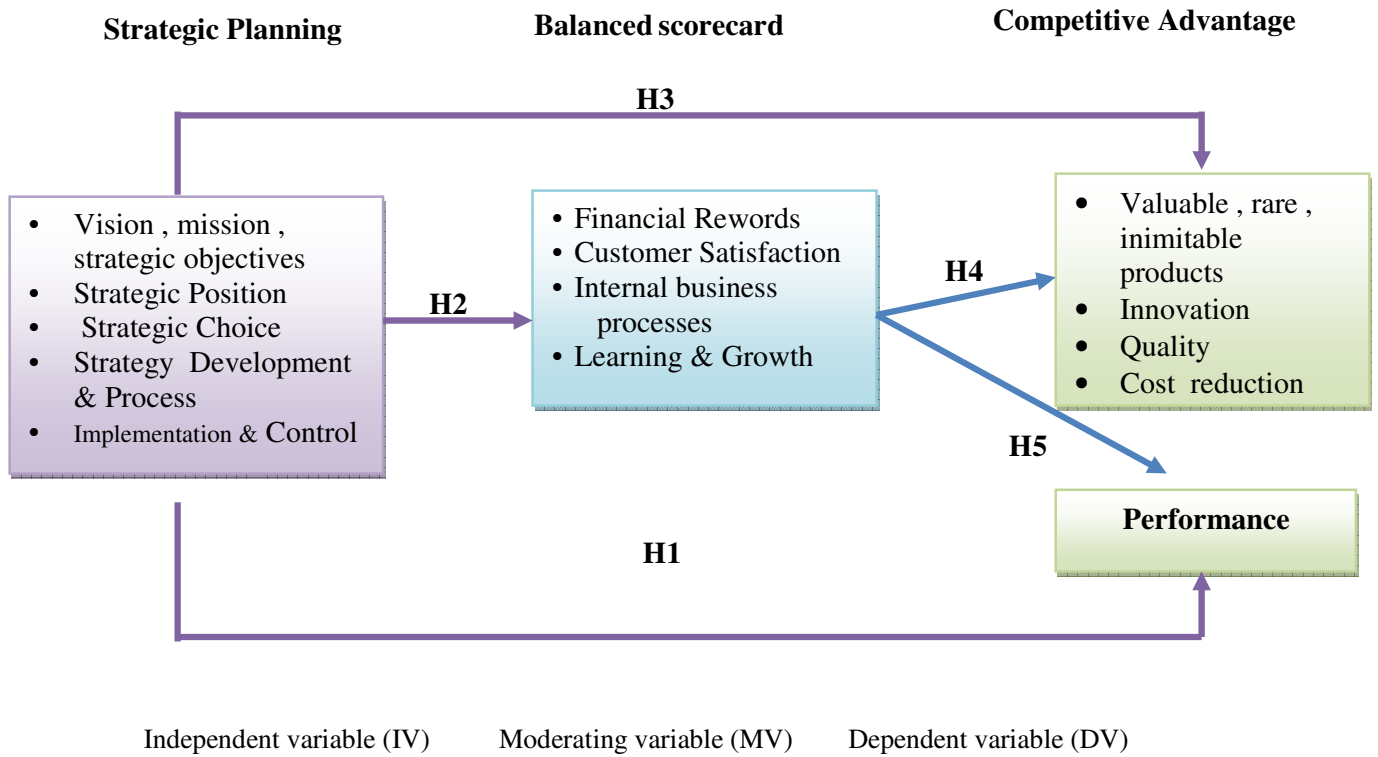


Figure (3.2) : Developed by the researcher.

3.5 Research Hypotheses

Uma Sekaran (2003) defines a hypothesis as a logically conjectured relationship between two or more variables expressed in the form of a testable statement. Relationships are conjectured on the basis of the network of associations established in the theoretical framework formulated for the research study. By testing the hypotheses and confirming the conjectured relationships, it is expected that solutions can be found to correct the problem encountered Sekaran (2003) P 103. A

variable is anything that can take on differing or varying values. The values can differ at various times for the same object or person, or at the same time for different objects or persons. Sekaran (2003), Saunders et al., (2009) Creswell (2009)

Types of Variables as quoted in Saunders et al., (2009) , Creswell (2009) and Sekaran (2003 P 87) there are four main types of variables :

- i) The dependent variable (also known as the criterion variable).
- ii) The independent variable (also known as the predictor variable).
- iii) The moderating variable.
- iv) The intervening variable.

Dependent Variable

The dependent variable is the variable of primary interest to the researcher. The researcher's goal is to understand and describe the dependent variable, or to explain its variability, or predict it. In other words, it is the main variable that lends itself for investigation as a viable factor. Through the analysis of the dependent variable (i.e., finding what variables influence it), it is possible to find answers or solutions to the problem. For this purpose, the researcher will be interested in quantifying and measuring the dependent variable, as well as the other variables that influence this variable. Sekaran (2003) P 78. Creswell , 2009 , PP 49,50 , defines the dependent variables are those that depend on the independent variables; they are the outcomes or results of the influence of the independent variables. Other names for dependent variables are criterion, outcome, and effect variables.

In this study the dependent variables are competitive advantage and performance, as depicted in Figure (1-2) in the Conceptual framework of the Study.

Independent Variable

An independent variable is one that influences the dependent variable in either a positive or negative way. That is, when the independent variable is present, the dependent variable is also present, and with each unit of increase in the independent variable, there is an increase or decrease in the dependent variable also. In other words, the variance in the dependent variable is accounted for by the

independent variable, Sekaran (2003). Creswell , 2009 , PP, 49,50, defines Independent variables are those that (probably) cause, influence, or affect outcomes. They are also called treatment, manipulated, antecedent, or predictor variables.

In this study the independent variable is strategic planning , using strategic balanced scorecard (BSC) as depicted in Figure (1-2) in the Conceptual framework of the Study .

Moderating Variable

The moderating variable is one that has a strong contingent effect on the independent variable–dependent variable relationship. That is, the presence of a third Variable (the moderating variable) modifies the original relationship between the Independent and the dependent variables. Creswell , 2009 , PP 49,50 , defines the ntervening or mediating variables stand between the independent and dependent variables, and they mediate the effects of the independent variable on the dependent variable. For example, if students do well on a research methods test (dependent variable), that result may be due to (a) their study preparation (independent variable) and/or (b) their organization of study ideas into a framework (intervening variable) that influenced their performance on the test. The mediating variable, the organization of study, stands between the independent and dependent variables. Moderating variables are new variables constructed by a researcher by taking one variable and multiplying it by another to determine the joint impact of both (e.g .. age X attitudes toward quality of life). In this study the moderating variable is the balanced scorecard (BSC) .

The main hypothesis of this study is that; there is a strong and statistically significant relationship between the level of adoption and practice of strategic planning and performance and sustainable competitive advantage in the banking sector. This means a bank that adopts strategic planning using strategic balanced scorecard could outperform its competitors and gain and sustain competitive advantage.

To effectively realize and address the research questions and desired objectives of the study, the following hypotheses were formulated for testing:

H1: There is a positive Relationship between Strategic Planning and Bank’s Performance Measurement System

H1-1: There is a positive Relationship between Vision, mission and strategic objectives and Performance

H1-2: There is a positive Relationship between Development of the Bank's strategy and Performance

H1-3: There is a positive Relationship between strategy Implementation and control and Performance

H2: There is a positive Relationship between Strategic Planning and Balanced scorecard (BSC)

H2-1: There is a positive Relationship between Vision, mission and strategic objectives and Balanced scorecard (BSC)

H2-2: There is a positive Relationship between strategy Developments of the balanced scorecard (BSC)

H2-3: There is a positive Relationship between Implementation and control and balanced scorecard (BSC)

H2-4: There is a positive Relationship between Performance and Balanced scorecard (BSC)

H3: There is a positive Relationship between Strategic Planning and Competitive advantage

H3-1: There is a positive Relationship between Vision, mission and strategic objectives and Competitive advantage

H3-2: There is a positive Relationship between Developments of the Competitive advantage

H3-3: There is a positive Relationship between Implementation and control and Competitive advantage

H3-4: There is a positive Relationship between Performance and Competitive advantage

H4: There is a positive Relationship between Balanced scorecard (BSC) and Competitive advantage

H4-1: There is a positive Relationship between Financial performance and Competitive advantage

H4-2: There is a positive Relationship between Customers Satisfaction and Competitive advantage

H4-3: There is a positive Relationship between Internal Business Processes and Competitive advantage

H4-4: There is a positive Relationship between Learning & Growth and Competitive advantage

H5: There is a positive relationship between balanced scorecard (BSC) and Performance

H5-1: There is a positive Relationship between Financial rewards and performance

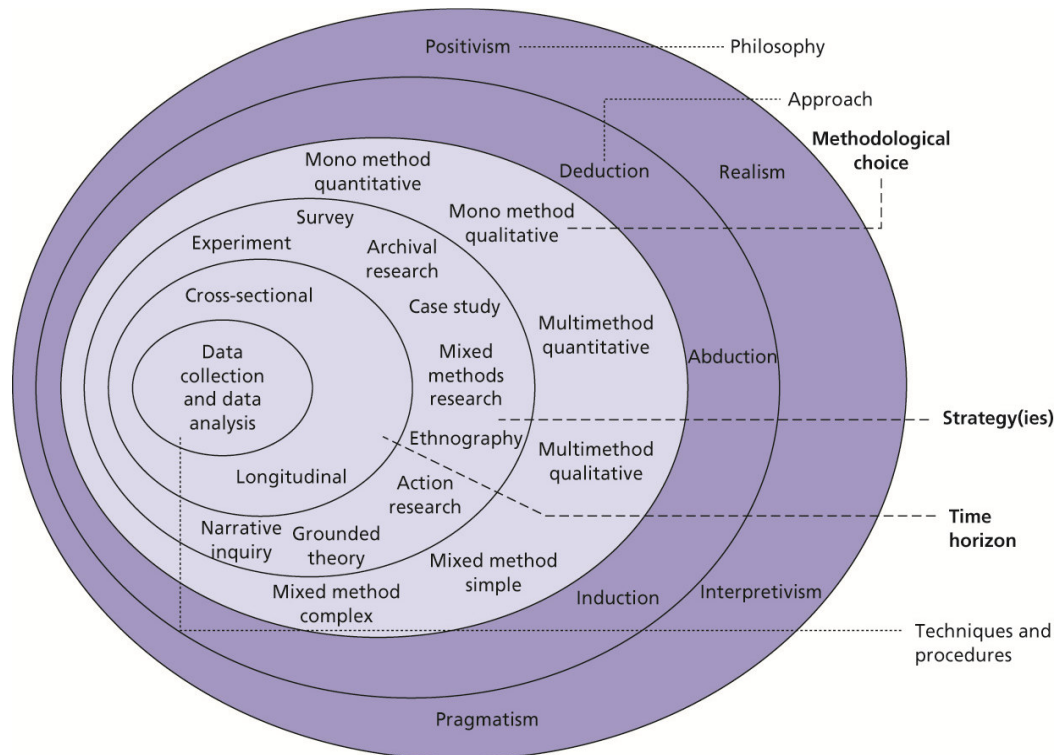
H5-2: There is a positive Relationship between Customers Satisfaction and Performance

H5-3: There is a positive relationship between internal business processes and Performance

H5-4: There is a positive relationship between learning & growth and performance

3.6 Research Process

Saunders et al. (2009) argue that, the research process involves a number of steps that can be viewed as layers of a **research onion**. They are named research philosophies, research approaches, methodological choice, research strategies, time horizons, data collection techniques, and analysis procedures. Each layer includes different choices that the researcher is required to choose among as fits with the purpose of the research; figure (3.4) below depicts the research onion.



Source: Adopted from Saunders et al. (2009), *Research Methods for Business students*, P.108.

Figure (3-3): The research onion

3.6.1 Research Philosophy

The first layer of the research process is research philosophy. Which is contains important assumptions about how the researcher sees the world. These assumptions will underpin the research strategy. Johnson and Clark (2006) cited in Saunders et al. (2009) argued that, business and management researchers need to be aware of the philosophical commitment they make through their research strategy choice, since this has significant impact on what they do, and what they understand of their investigation. According to Saunders et al. (2009), the term "research philosophy" refers to "knowledge and the nature of that knowledge". This is consistent with Collis and Hussey (2003) definition of research philosophy as "the progress of scientific practice based on people's philosophies and assumptions about the nature of knowledge and the world". According to Saunders' definition, there are two major ways of thinking about research philosophy: ontology and epistemology.

3.6.2 Ontology

The Ontology thinking is related to the nature of existence and is concerned with the assumptions which researchers have about the way the world operates and the commitment held to particular views. Research ontology categorized into two main categories: Objectivism and Subjectivism, Saunders et al. (2009).

3.6.3 Epistemology

Epistemology is the branch of philosophy which addresses the nature of knowledge and how it is created. As per Saunders et al. (2009), epistemology deals with what constitutes acceptable knowledge in a field. Chia (2002) adds, epistemology relates to questions about how and what it is possible to know. In epistemological

investigations we attempt to reflect on the methods and standards through which reliable and verifiable knowledge is produced. There are two epistemological perspectives: Positivism and Interpretivism, Saunders et al. (2009).

3.6.4 Philosophical Standing of This Study

Any research in the field of strategic planning performance measurement should be linked to the realism, and often produces cross-disciplinary work. So, researchers believe that the scientific approach is important to the development of knowledge. Performance measurement research is often judged well on the basis of being practically oriented. Additionally, successful performance measurement research must be accepted and applied by other researchers and practitioners; hence, empirical research is the cornerstone for the development of the scientific knowledge. This study relies on the positivism philosophy, which is associated with scientific, experimental, quantitative and deductive framework, where the researcher seeks to specify quantifiable observations and using statistical analysis to test the hypotheses, Saunders et al. (2009).

3.6.5 Research Approaches

The second layer of the research process is the research approach. There are two main approaches that can be adopted when conducting any research: the deductive approach or the inductive approach (Saunders et al., 2009). These approaches have different perspectives in presenting the relationship between theory and research. The deductive approach sets out to test a given theory, and the inductive approach is a method for formulating theories (Saunders et al., 2009, Collis and Hussey, 2009). Thus, the deductive method is referred to as moving from the general to the particular (Collis and Hussey, 2009). On the other hand, the inductive approach moves from the specific to the general (Collis and Hussey, 2009), as it moves from individual observation of empirical realities to statements of general laws. Bryman and Bell (2007) argue that, the inductive approach is related to qualitative research that follows subjectivism, ontological nominalism and epistemological anti-positivism. In contrast, the deductive approach is related to quantitative research that follows objectivism, ontological realism and epistemological positivism. In line with positivism quantitative approach, the

research approach will be deductive because it is relevance to this study. It has been mentioned earlier, this study aims to examine the relationship between strategic planning and factors affecting the corporate performance measurement in Sudan, by explaining the causal relationship between financial and non- financial variables. This can be classified within the perspectives of the (BSC) system, corresponding with the deductive approach.

3.6.6 Research Design

The design used for this study is correlational. The specific research design is the blueprint for fulfilling research objectives and answering research questions. It provides a master plan specifying the methods and procedures for collecting and analyzing the needed data (Adams et al., 2007). This design is selected because the primary objective of this study is to explore the nature of the relationship between four variables; a) strategic planning (independent variable), b) sustainable competitive advantage (dependent variable) and c) performance (dependent variable) and D) balanced scorecard (the moderating variable). These four variables are continuous. However, the moderating variable “BSC” was dichotomized for the ease of data analysis process (Baron and Kenny, 1986). Moreover, it is also reported that, in some circumstances, correlational designs which are statistically based can also provide the best evidence concerning the causality of study variables (Thompson et al, 2005). There are various methods by which both secondary and primary data are obtained. Saunders et al, (2007) list questionnaire, interviews (semi-structured, in-depth and group) and observation as methods that are usable. For this research, the method employed is by survey. The instrument used for collection of relevant data for the study was a questionnaire. A survey method was utilized for collecting research data. Survey is argued to be appropriate when the purpose of research is descriptive, explanatory and exploratory. Further it is also used when the unit of analysis in a study is individual people (Babbie, 2007: 244). Furthermore, the survey method enables the researcher to generalize results of attitudes and behaviors from a selected sample to the large population, and it can also be used to explain the possible reasons for the relationship between variables and generate model accordingly (Saunders et al, 2009: 144). The current study is cross-sectional. Cross-sectional research studies particular phenomena in a single point in time; therefore, it reflects the state of the phenomena at that time

only (Saunders et al, 2009: 155). According to Sekaran et al., (2010); and Saunders et al., (2009), there are six basic aspects of research design, which are: the purpose of the study, the type of investigation, the extent of researcher interference with the study, the study setting, unit of analysis and time horizon. The details of these aspects are coming forth.

3.6.7 The Purpose of The Study

In the research methods' literature the research purpose is classified into threefold: Exploratory, Descriptive, and Explanatory. The essential difference between these types of studies depends on their objectives. The major aim of exploratory studies is to obtain a good grasp of the phenomenon of interest, and to advance knowledge through subsequent theory building and hypotheses testing, while descriptive studies try to describe the characteristics of the interest variables in situation. On the other side, the purpose of the explanatory studies – may be termed hypotheses testing studies to investigate the nature of certain relationship (Sekaran et al., 2010, Saunders et al., (2009). This study could be classified as descriptive and explanatory research since the researcher is trying to: (a) investigate the situation of strategic planning and performance measurement system in the banking industry in Sudan, (b) ascertain the extent of usage of both financial and non-financial factors, and (c) assess the influence of efforts towards improvements in non-financial (BSC) perspectives (lead factors) on financial performance (lag factors), (d) to investigate the relationship between strategic planning and competitive advantage . In the same vein, Sekaran et al., (2010) argued that, studies might be correlations or causal. Correlation studies are concerned about the association between variables, whereas causality studies deal with cause-and-effect relationships. Based on that and consistent with the research objectives, this research is classified as a corollational study.

3.6.8 The Research Strategy

Saunders et al., (2009) pointed out that, a research strategy may include experiment; survey; case study; action research; grounded theory; ethnography and archival research. Creswell (2007) classified these strategies into three main research strategies; quantitative and qualitative and mixed approaches. Generally, the

quantitative approach includes experiments, survey and case study, whereas the qualitative approach comprises action research; grounded theory; ethnography and archival research. This study uses the survey strategy because it is associated with the deductive approach. It is popular and common in business and management research, and it is most frequently used to answer who, what, where, how much, and how many questions. That is why survey tends to be used in exploratory and descriptive research due to its many advantages. One of these advantages is that it allows the researcher to collect large amount of standardized quantitative data from a sizable population effectively. In addition to questionnaire, the researcher may use structured observation and structured interviews method to collect data in this strategy (Saunders et al., 2009).

3.6.9 Research Choice

The term quantitative and qualitative are used widely in business and management research to differentiate both data collection techniques and analysis procedures. One way to differentiate the two is the focus on numeric or non-numeric data (Saunders et al., 2009). Quantitative approach is predominantly used as a synonym for any data collection technique or data analysis procedure that generates or uses numerical data. In contrast, qualitative is used predominantly as a synonym for any data collection technique or data analysis procedures that generates or uses non-numerical data (Saunders et al., 2009). According to Saunders et al., (2009) the term "research choice" refers to "the way in which the researcher chooses to combine quantitative and qualitative techniques, and procedures do not exist in isolation". In order to answer the research question, the researcher has two choices either uses a single data collection technique and corresponding analysis procedure (Mono Method), or employs more than one data collection technique and analysis procedures (Multiple Methods). These choices are increasingly advocated within business and management research (Curran and Black burn, 2001), where a single research study may use quantitative and qualitative techniques and procedures in combination as well as primary and secondary data. In this research, the researcher opted to use the quantitative approach (mono-method), which would be the most appropriate data collection technique for the study's questions and objectives. Specifically, the personally administered questionnaire with quantitative data analysis procedure was used.

3.6.10 Time Horizons

Studies might be cross-sectional or longitudinal. In the latter type, data are gathered at more than one point in time. In other words, longitudinal studies cover a long period of time, sometimes several decades, and follow the sample a repeated number of times. The longitudinal study has a unique ability to answer questions about causes and consequences, and hence provides a basis for substantiated explanatory theory. The terms longitudinal and panel are used interchangeably for the study that involves collecting data from the same sample over time, usually with regular intervals. Another type which is used in this study is cross-sectional study, in which data are gathered to investigate or test a particular phenomenon at a specific time. In other words, the researcher gathers the data at once like case-control study, and then classifies them all together into more than two categories, and their current responses (Sekaran et al., 2010).

3.7 Population and Sample of The Research

3.7.1 Research Population

The term population refers generally to the entire group of people, events, or thing of interest that the researcher wishes to investigate. Saunders et al., (2009) argue that, the population refers to the full set of cases from which a sample is taken. The population for this research is defined as all Sudanese banking sector. The rationale for targeting this sector is as follow:

- 1) The Sudanese banks are expected to have a well designed strategic management system in general and performance measurement system in particular;
- 2) This study is restricted on one sector to implicitly control the large number of confounding variables that can substantively affect any result from a multi-sector,
- 3) The difficulty of designing a single questionnaire applicable for all industries.

The distinctive feature of any banking industry anywhere is emphasized more in less developed countries. Sudan as well as all less developed countries classified as bank-oriented countries in financing. They rely excessively on bank loans more than debt and equity financing, due to their inefficient stock markets.

3.7.2 Choice of Sample

After defining the population and the suitable sampling frame, it is necessary to determine an appropriate sample. A sample can be defined as a set of target respondents selected from a larger population for the purpose of a survey (Singh, 2007). According to Singh (2007), sampling refers to the process of selection sample from population to estimate population parameters in such a way that the sample truly represents the population. Concerning sample size, Saunders et al, (2009) state that, a sample size of 30 observations or more will usually result in a sampling distribution for the means that is very close to a normal distribution. Additionally, they report that sample of larger size are more likely to be representative of the population, from which they are drawn than smaller samples ; specifically, the mean for the sample is more likely to equal the means for the population. On the opposing, Cohen and Manion (1980) consider that, there is no exact number or percentage that can be universally prescribed to be adopted in all studies. However, some writers argue that, determining the size of the selected sample required compromising between the accuracy of the findings and the amount of time and cost of collecting, checking and analyzing the data. The choice of sample size within this compromise is governed by: (a) the level of certainty that the characteristics of the data collected will represent the characteristics of the total population (b) the margin of error that can be tolerated (c) the type of analysis that are going to undertake, and the size of the total population (saunters et al., 2009). After considering the above information about selecting the right size of the sample, the sample size for this study is 238 managers and sub managers. According to Saunders et al., (2009), after the research had chosen a suitable sampling frame and established the actual size required to select the most appropriate sampling technique to obtain a representative samples. There are many factors influencing the decision of choosing the suitable probability sampling technique which are: the research questions and objectives, the structure of the sampling frame, the size of sample, the geographical area over which the population is spread, and needed support workers and case with which the technique may be explained (Saunders et al., 2009). Based on the above, this study uses the disproportionate stratified random sampling technique. The population (Sudanese Banking sector) . As can be seen from table (3-10), a self-administered questionnaire is distributed to 266 executives in 38 Sudanese banks. (238) Questionnaires were returned, a 89.4 % response rate which is a quite high response rate. Out of the total 10.6% were Not received & not Completed .

Table (3-11): Response Rate

Description	Number	Percent (%)
Distributed questionnaires	266	100
Received questionnaires	238	89.4
Completed questionnaires	238	89.4
Not received & not Completed questionnaires	28	10.6

Source: Researcher's field study data

3.8 Data Collection Methods

The last layer of the research onion is related to the data collection technique, and the methods of analysis in a research. The choice of appropriate data collection method(s) depends mainly on the nature of the research, to enable achieving the research objectives. Data can be collected in different ways, in different settings and from different sources (Sekaran et al. 2010; Saunders et al., 2009). As mentioned earlier, this research has a quantitative nature, with a strategy (survey) that emphasizes the collection and analysis of data with positivism and objectivism foundations. From different views, this study also is linked with the deductive approach, where emphasis is placed on testing the hypotheses. Both secondary and primary data were collected for the purpose of this research. For clarity, Saunders et al, (2007) define data as facts, opinions and statistic that have been collected together and recorded for reference or for analysis. Due to the qualitative and quantitative aspects of the research, both primary and secondary data will be employed. In that way, a comprehensive questionnaire is an appropriate method to quantify most of non-financial variables, while the rest of financial variables are obtained from financial statements and annual reports.

3.8.1 Secondary Data

Secondary data is data that is used for purposes other than for which it was originally obtained. It may be descriptive or explanatory (Saunders et al, 2007), raw (unprocessed) or summarized (Kervin, 1999). They can be categorized into documentary, multi-source or survey-based (Saunders et al, 2006). Secondary data for the research was collected by reviewing textbooks, journals, articles, magazines, publications, financial statements, industry reports, Central banks of Sudan and banks annual report, newspapers etc. to gather historical perspectives of the research data from renowned authors and researchers.

3.8.2 Primary Data

Primary data is data that is used for a specific purpose for which it was gathered. For this study, it was obtained by administering questionnaire. The questionnaire technique is widely used as an effective collection tool in business and management arena (Creswell, 2007; Collis and Hussey, 2007; Saunders et al., 2009; Sekaran et al., 2010). However, sometimes both experiment and case study researches can borrow this technique (Saunders et al., 2009). According to Saunders et al., (2009), there are a variety of definitions of the term "questionnaire", some writers exclusively limit it where the person answering the question actually records their own answers. Others define it as: "a more general term to also include Interviews that are administered either face to face or by telephone". The latter one nowadays becomes obsolete. Sekaran et al., (2010) argue that, "questionnaire is a pre formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. In the same vein, Questionnaire is defined as a list of carefully structured questions, chosen after considerable testing, with a view to eliciting reliable responses from a chosen sample (Collis and Hussey, 2007). Many writers argue that, Questionnaire is an efficient data collection method, when the researcher knows what is required and how to measure the variables. Moreover, a questionnaire survey is cheaper and less time-consuming than other quantitative methods. According to Saunders et al., (2009), the design of a questionnaire varies according to how it is administered (figure3-11). Self-administered questionnaire is usually filled by the respondents. Recently, e-questionnaire is widely used via Internet

or Intranet, which are posted to potential respondents who send their feedback after completion in the same way. Another type of questionnaire is responses to interviewer – administered questionnaire, which is recorded by the interviewer directly on the basis of each respondent’s answers. Questionnaire administered using the telephone is known as telephone questionnaire. The final category, structured interviews, refers to that questionnaire where interviewers physically meet respondents and ask the questions face to face.

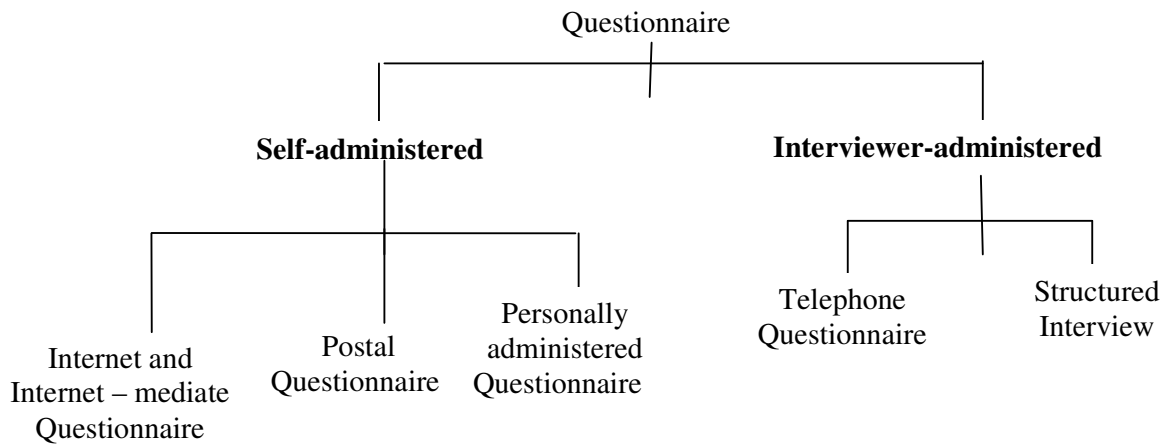


Figure (3- 4): Types of questionnaire

Source: Saunders et al., (2009), Research Methods for Business students, P.363

A personally administered questionnaire is a good mechanism to collect data. The survey is confined to a specific area, and the organization is willing and able to assemble certain groups to respond to questionnaire at the workplace. When it comes to criticism, the personally administered questionnaire has advantages and disadvantages. The main advantages as per Sekaran et al., (2010), are that, the researcher can collect all successful responses within a short time; if the respondents have any doubts on any question it could be clarified promptly. The researcher is also afforded the opportunity to introduce the research topic and motivate the respondents to offer their frank answers. Administering questionnaires to large numbers of individuals all at once is costly efficient and less time-consuming than interviews. Finally, it does not require as much skills as conducting interviews. On the other hand, there are a number of disadvantages of the personally administered questionnaire, such as the firms are often unable or disinclined to allow work hours to be spent on data collection. Therefore, employees may be given blank questionnaires to be collected from them personally on

completion after a few days. According to Saunders et al., (2009) there are many factors that affect the choice of a questionnaire, some of them are related to the research questions and objectives, particularly the characteristics of the respondents, the importance of reaching a predetermined respondents, the importance of respondents' answers not being distorted, the size of the sample, types of questions, number of questions and the availability of resources such as time and cost. From what has been stated above, the self-administered is considered most appropriate method in this study, because it provides the large amount of cross-sectional intended primary data.

3-8-2-1 The Study's Questionnaire Design

The validity and reliability of the collected data and the response rate depend on (a) the sound design of the questions, (b) questionnaire structure and (c) the rigor of the pilot testing (Saunders et al., 2010). In this respect, Sekaran et al. (2010) highlight that, the important issues in designing questionnaire, which it can minimize bias in research are as follows: wording of the questions, the planning of how the variable should be categorized, scaled, and coded, and the general appearance of the questionnaire. The validity means the questionnaire has the ability to gather accurate data, whereas the reliability ensures data consistency for trustable analysis (Saunders et al. 2009). In this context, Foddy (1994:17) stresses that "the question must be understood by the respondent in the way intended by the researcher, and the answer given by the respondent must be understood by the researcher in the way intended by the respondent". Therefore, there are at least four stages should be followed to prepare valid and reliable questions as shown in figure (3-3) below:

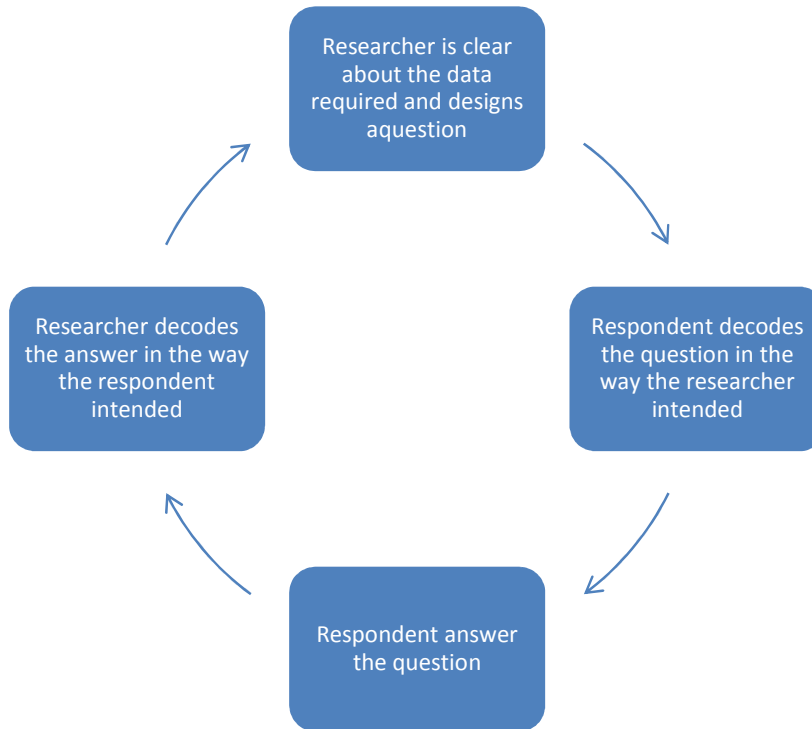


Figure (3-5): Stages of whether a question is to be valid and reliable

Source: Saunders et al., (2009), Research Methods for Business students, P.36

At this stage, the above guidelines have been considered closely in order to design this study's questionnaire. Additionally, a wide range of similar previous questionnaires are reviewed, especially the ones covering the performance measurement dimension generally, and BSC studies extensively and strategic planning . An extra effort is exerted to choose straightforward and understandable questions. The wording process of each question is carefully considered, to provide one possible meaning and to avoid the most obvious and likely problems.

3.9 Measurement for The Study

As known, questions can be classified into open-ended and closed questions (Saunders et al., 2009; Sekaran et al., 2010). Having that, closed questions are used dominantly in this study's questionnaire . The sub-classification of the closed question, which is used in this research is the rating (scale) question. The rating question is the most commonly used in business research (Sekaran et al., 2010). According to Saunders et al. (2010), the Likert-scale is the most common type of the rating questions

ever, in which the respondent is being asked to estimate his/her response to a certain statement, ranging from how strongly agree or disagree. The scale of the estimate consists usually from four to five points rating scale. Sometimes, the rating scale extends to seven points or even more, depends on the nature of study. Generally speaking, five– points Likert scale could be said is a default one, which is used throughout the questionnaire to provide a wider opportunity to respondents to answer. A five point Likert scale was used for the measurements of this study, which assigns a weighted value to the extent of agreement or disagreement for a factor as shown below:

1. Strongly Disagree , 2. Disagree, 3.Uncertain / Neutral, 4. Agree, 5. Strongly Agree
Same scale was used by Peter, 2012, Grafi 2014, Albisani , 2014 , and wgee Alla, 2017, as explained earlier in chapter 1 their studies reveled a positive relationship between the variables .

Mean measures the average response in a collective manner to each factor given by, Where is the number of respondents agreeing to the factor j is the total number of extent of agreement or disagreement N is the total number of respondents involved in the response and is the assigned weight to the level of agreement or disagreement . Saunders et al. (2010) states that, the layout of self-administered questionnaire must be encouraging the respondent to cooperate. In order to satisfy that, the first general rule is to keep the questionnaire as short as possible, as the length of the questionnaire is most likely to affect the response rate negatively. In this regard, Saunders et al. (2010) suggest four to eight pages A4 size would be acceptable. Fortunately, the study's questionnaire met this rule without spoiling the necessary questions. The second general rule to design good questionnaire is the use of precise instruction and the projection of questions. The aim behind this rule is to make the questionnaire easy to be filled, and to motivate the respondents (Saunders et al., 2010). Also, there are many guidelines for the sequence of the questions, but the last form must be determined by the research problems, and the result of the pilot study (Saunders et al, 2010; Dillman, 2007).

Chapter 1V

Sudan Economy and the Sudanese Banking Sector

4.0 Introduction

This study is based on a presumption that strategic planning and its effects on performance is important for organizations' long-term success in different industries especially in the banking sector. In order to fully understand the use of a particular Strategic planning in a particular organizational setting, it is important to understand the context of the organization. This study emphasizes strategic planning effects on performance in Sudan banking sector. As already mentioned, the choice of this sector comes from its importance in Sudan economy as a whole. The performance of financial institutions undoubtedly has a significant impact on other sectors and the economy as a whole, while the health of the economy can greatly affect the operations of financial institutions. Eltinay , 2013 .

The purpose of this chapter is to provide information and comprehensive overview about the Sudan economy, with special emphasis on the development of the Sudanese banking sector and banking environment, It also shows the changes that have taken place in recent times, beside that it helps to provide an understanding of the context in which the Sudanese banks operate as well as describing the main characteristics of these banks. It also provides a broad overview about the operating banks in the banking industry, (38 Banks).

The chapter is divided into five sections: (1), An overview about Sudan (2), Sudan Country Risk (3), Background about Sudan economy, Economic Events and the Banking Sector the main changes in the economical systems since independence and a detailed background of the banking sector. (4), An overview of the banking sector and outlines of the main structures and key features of the sector. (5), An overview about Bank of Sudan. And EBS .

4.1 An Overview About Sudan

Before and after independence the legal system in Sudan was mainly based on the English common Law. The government of the second military regime (1969-1985) in its last years and the current government proposed a change in the legal

system to be based on Islamic Sharia. The four principles governing all facets of economic activity are supposed to be based on Islamic principles namely the: prohibition of interest-based transactions (Riba); avoidance of economic activities involving speculation (gharar); introduction of an Islamic tax (Zakat); and discouragement of the production of goods and services that are inconsistent with Islamic values (haram) (Danesh, 2007). In 2005, As a result of a Comprehensive Peace Accord, Sharia has been observed in the north states and a conventional system was reintroduced in the southern parts of Sudan. In July 2011, the southern parts became the independent Republic of Southern Sudan. Therefore, currently the legal system in Sudan now is based on sharia laws. However, the English common law is still being followed by Sudan government in some financial aspects, such as, the Sudanese Companies Act 1925 (amended 2003), quoted in Grafi, (2014).

Sudan's economic system can be divided into three major economic sectors, namely: agriculture, industry and oil, and services. The service sector is considered to be as the most important sector in Sudan. It contributes to the DGP about 47.3% (BOS, annual report 2011). The service sector comprises the following major sub-sectors: commerce, restaurants and hotels, real estate and business services, transport and communications, tourism, finance and insurance, and government services.

The Sudanese finance and insurance sub-sector is small and under developed compared with many other countries. The delay in the development of this sub-sector could be related to many factors such as two decades of civil conflict.

4.2 Sudan Country Risk

Sudan is an extremely poor country that has had to deal with social conflict, civil war; the oil sector had driven much of Sudan's GDP growth since it began exporting oil in 1999. For nearly a decade, the economy boomed on the back of increases in oil production, high oil prices, and significant inflows of foreign direct investment. Following South Sudan's secession, Sudan has struggled to maintain economic stability, because oil earnings now provide a far lower share of the country's need for hard currency and for budget revenues. Sudan is attempting to generate new sources of revenues, such as from gold mining, while carrying out an austerity program to reduce expenditures. Quoted in Eltinay et.al 2013).

The dynamic growth and structural change of the world economy is shaping the economic policy and development paradigm of developing countries including Sudan. Growing economic liberalization, global financial integration, trade and investment interdependence and revolution in information and communication technology are influencing macro-economic policy decisions to address emerging challenges in the global economy. The Central banks have to respond to 'change pressures' arising due to changes in the global economic environment. As they are under public scrutiny, they have to become more transparent and accountable for their policy decisions and operations. In response to these changes, they have initiated restructuring of their institutional duties and responsibilities and redefined their roles to pay more attention to accomplish their vision, mission, core values, strategic goals and objectives. CBOS Reports 2017. Therefore, managers are challenged by wide-ranging changes in the global arena. Add to these transitions-sweeping economic fluctuations in an economically interdependent world, and the increasing use of information technology, and the emergence of an active global business environment. In today's highly competitive environment that faced the Sudanese banking sector, every bank wants to have a competitive edge in their respective field. Strategic business planning might rapidly become an accepted management tool for redefining and reengineering the bank's functions. Thus, across the globe, and mainly in the Sudanese economy, competitive pressures and the need for quarter-to-quarter financial performance improvement are driving the increase in the magnitude of strategic business planning efforts across the banking sector. Managers face a complicated business environment, full of opportunities but risks, in which they need to make effective business decisions, develop interpersonal associations and cover of social obligations with correct strategy. The Sudanese economy as well as the banking sector is facing new challenges like globalization); Growing economic liberalization, global financial integration, trade and investment interdependence and revolution in information and communication technology; are influencing macro-economic policy decisions to address emerging challenges in the global economy. since the Sudan economy is passing through this critical stage, in addition to the Comprehensive political and economical embargo since 1997 ; global financial crisis in 2008 and at last the repercussions of the secession of Southern Sudan in July 2011 which cast a gloomy shadow on Sudan's economy seen shrinking in 2011-2012 leaving negative implications on the Sudanese banking sector . Also followed by banking embargo,

making the international banking relation between the Sudanese banks and the global correspondents and bank to bank transactions complicated. Managers are challenged by these wide-ranging changes in the global arena. Economic fluctuations; transitions-sweeping in an economically interdependent world, and the increasing use of information technology such as business intelligence (BI) Internet Banking; E-Banking , and the emergence of an active global business environment. Managers face a complicated business environment, full of opportunities and risks, and the entrance of the new foreign competitors in which they need to make effective business decisions, develop interpersonal associations and cover of social obligations responsibilities with correct and competitive strategies.

4.3 Background about Sudan Economy

4.3.1 Economic Events and the Banking Sector

4.3.1.1 First: Global Economy in 2015 – 2016 and 2017

Interim information in the economic reports of the International Monetary Fund (IMF) expect a relative improvement in the rate of growth in the Global Economy from 2.4% in 2015 to 3.4% in 2016 and expect to grow up to 3.5% in 2017.

The economic growth varies in different groups of the economy, as the rate of growth exelerts in some advanced countries due to overcome of the impact of the Global Financial Crisis, where the emerging markets grow in a bit slow rate compared to what had been prevailing before the Global Economic Crisis.

There are a number of challenges facing the Global Economy in the medium term, such as:

- Drastic drop in oil prices and its impact on all countries , exporting and importing of oil
- Acceleration of population aging so minimizing working force.
- Deformation of rate of growth due to drop down of production per capita
- Increase in political unrest in Economic Groups Countries.

All the above mentioned had led to continuation of speckticsm and lack of trust in having the Global Economy back to what it had been before the Global Financial Crisis at the same speed and within the foreseeable time frame .

4.3.1.2 Second: Sudanese Economy in 2015 – 2016 – 2017:

The Sudanese economy has faced a number of challenges, the most important of which is the continuation of sanctions imposed by the American administration since November 1997 at the end of 2016 the economic and commercial sanctions have been partially lifted from Sudan with a grace period of six months for reevaluation and review to lift Sudan from the list of countries supporting terrorism. In addition to this , is the split of Southern Sudan in 2011 , loss of 70% of petroleum of the State budget, devaluation of Sudanese pound (SDG) in contrast to other currencies , the increase of gap between official and market rates, accumulation of foreign debt and interest thereof and rise in government expenditure . All the above have, a negative impact on the performance of the Sudanese Economy that led to a negative reflection on the Banking Sector, which is an integral part of National Economy. In spite of all these challenges, the performance of budget in 2016 has reflected a touchable improvement in the economic benchmark of 2016 summarized as follows:-

- GDP was increased to 5.20% in 2016 compared to 4.9% in 2015 and expected to reach 5.50% by the end of the year 2017.
- Average Annual Inflation rate during 2016 was 19% compared to 17.9% in 2015.
- The official rate of the Sudanese Pound against US Dollar in 2016 was SDG 7.0100 and SDG 6.0923 in December 2015.
- Cash stock was increased to SDG Billion 120.8 in 2016 compared to SDG Billion 93.6 in 2015 - an increase of 29% due to an increase in demand deposits of 32%.
- A deficit of balance of payments was achieved in 2016 amounting to US\$ Million 62.9 compared to a surplus of US\$ Million 38.4 in 2015. It is expected that the balance of payments will be improved during 2017 due to lifting of sanctions with continuous improvement from year to another, if final lifting occurs.

The year 2016 was an important year in the Sudanese Economy as the country's economy encountered various difficulties, which can be summarized in the following points:

1. Continuing devaluation of the local currency versus foreign currencies in the parallel market, in spite of the government's efforts to control such deterioration.
2. - Devaluation of local currency by adding a ratio of 123% to 132% to the official rate as a bonus to the dealers selling foreign currencies to the banks to minimize the gap between the official rate and the parallel rate in order to attract more foreign currency resources to the banking system.
3. - Lack of foreign currency resources required to meet the increasing demand of the economy.
4. - Partial lifting of subsidy granted to the some essential goods such as fuel and medicines.

The above mentioned difficulties have negatively influenced the banking sector performance, which is an integral part of the national economy that led to an increasing in the inflation rate during the year 2016 to reach 30.47% by end of the year compared to 12.6% at the beginning of the year.

In spite of all these challenges, the budget performance for the year 2016 showed a significant improvement in some macroeconomic indicators which can be summarized in the following.

- GDP grew to reach about 5.2% at year end 2016 compared to 4.9% in 2015. 2017 budget targeted a growth rate of 5.3%.
- Average annual inflation rate was 19% in 2016 compared to 17.9% in 2015. 2017 budget targeted an average annual inflation rate of 17%.
- The official exchange rate of Sudanese Pound against USD at December 2016 was 7.0100 SDG compared to 6.0923 SDG at December 2015.
- Money supply has increased to SDG 120.8 Billion in December 2016 compared to SDG 93.6 Billion in 2015 recorded an increase of 29 % due to the increase in demand deposits of 32%.

The government has started to execute an economic reform program (named the Five-Year Program) during the period 2015 – 2019 as extension to the Three-Year Program which culminated in partial lifting of fuel subsidy). CBOS annual report 2016 . The Five-Year Program approved by the Economic Development Sector of the Council of Ministers and it aims to achieve the following: -

1. Increasing the GDP growth rate in sustainable manner in the range of 7% as per annum.
2. Introducing new policies and reforms in the foreign trade sector that lead to restore the balance between exports and imports and achieve a surplus in the balance of payments.
3. Increasing the agricultural production growth rate for farming and livestock at an annual average rate of 6.8%.
4. Increasing industrial production during the program period by about 112% with special focus on manufacturing, mining and oil exploration in addition to the import substitution industries.
5. Reducing the budget deficit, raising the savings rate and increasing public revenues of the State from SDG 67.5 billion in 2016 to SDG 173 billion in 2019.

It is expected that the volume of aggregate investment of this program will be about SDG 1,069 billion, with an annual average of SDG 214 billion, the average share of the public sector is expected to be about 17%, while the share of the local and foreign private sectors expected to be about 83 %, which confirms the role of the private sector in leading the economic growth during the program period.

The most important development in 2016 was the issuance of the American Administration Order of lifting economic and commercial sanctions from Sudan in January 2017 with a grace period of six months for revaluation and review to lift Sudan from the list of countries supporting terrorism. It is expected that lifting of sanctions will improve the overall performance of the national economy and the banking system performance in particular.

During the year 2017 the Sudanese Economy encountered various difficulties, which can be summarized as follows:

- Continuing devaluation of the local currency versus foreign currencies in the parallel market, in spite of the Government's efforts to control such deterioration.
- Devaluation of local currency by adding a ratio in the range of 123% to the official rate as a bonus to the dealers selling and buying foreign currencies to the banks to minimize the gap between the official rate and the parallel rate in an attempt to attract more foreign currency resources to the banking system.

- Lack of foreign currency resources required to meet the increasing demand of the economy.
- Partial lifting of subsidy granted to some essential goods such as fuel and medicines.
- Difficulty in dealing with foreign banks , in spite of lifting the economic and commercial American Sanction.
- In spite of the reduction in the rate of inflation from 32.9% at beginning of 2017 to 25.2%, still this is considered relatively high

In spite of all these challenges, the budget performance for the year 2017 showed a significant improvement in some macroeconomic indicators which can be summarized in the following:

- GDP grew from 4.9% in 2016 to 5.7% in 2017- an increase of 16.3%.
- Inflation rate by end of 2017 was 25.2% compared to 30.5% in December 2016
- The official exchange rate of SDG against USD at December 2017 was SDG 7.0154 compared to SDG 7.0100 at December 2016.
- Money supply including cash and quasi – cash has increased to SDG 203.4 Billion in December 2017 compared to SDG 120.8 Billion in 2016 - an increase of 68.4 % due to the increase in demand deposits from SDG 33.5 billion at December 2016 to SDG 59.5 billion at December 2017 - an increase of SDG 26 billion- an increase of 77.6% and an increase in quasi cash from SDG 48,627 billion in 2016 to SDG 82,367 billion in 2017 - an increase of 69.4%.

4.3.2 Significant Developments and Features of the Sudanese Economy in the period after Lifting of Sanctions:

The lifting of economic sanctions by the United States and European Countries on 12/10/2017 offered a (batch of blue) for the Government to actuate the reform program as well as drafting new sets of policies geared towards economic recovery and trade vitalization. Capitalizing on the refreshment of its political and economic relation with Saudi Arabia and the Gulf States, direct foreign investment is expected to flow more easier. Based on the success stories both of the Leading Saudi and U.A.E private sector investments , mega agricultural projects are presumed to add-up especially export oriented ones.

- Development in infrastructure of the Sudanese Economy which helps in launching its management in an ideal way.
- Big change at the economic level due to balancing the foreign policy the State.
- Co –operation with foreign sides that have relation with the economic file after lifting of sanctions.
- Political movement to release Sudan from the list of countries sponsoring terrorism ,
- A big gap in foreign resources that leads to rise in inflation rate and devaluation in SDG against foreign currencies.
- Reduction in deficit of Trade Scale in 2017
- Increase in export and decrease in imports
- Orientation towards supporting local production infrastructure as there are priorities to oil, wheat and cotton sectors.
- Reduction of government expenditure.
- Change in Central Bank of Sudan policies pertaining to gold purchase and the attempt to bridge the gap between official and parallel rates against US dollar to maintain balance in exchange rate.

4.4 An Overview of the Sudanese Banking Sector

4.4.1 The Size of the Banking Sector as at 31st, December 2017

The banking sector as the spine of the Sudan's financial system continues to perform a Key role as financial intermediary and primary source of financing for the domestic economy.

On December 31, 2017, the number of commercial and specialized banking institutions working in Sudan has reached 38 banks .

4.4.2 The Volume of Employment :-

Manpower planning is considered to be the most important type of planning in any business organization. It helps to get the right person for the right place at the right time. It also helps to achieve the organizational structure consistency. The total

number of employees in the Sudanese Banking Sector is estimated at 22000 employees as at 31st December, 2017 .

4.4.3 The Number of Branches

The total number of the branches in the Sudanese Banking Sector is 755 branches as at 31st, December, 2017; 418 in Khartoum State and 337 in other states.

Table (4-1): Sudanese Banking Structure (Desember 2016)

No	Bank's name	Bank's type	Property type	No. of Branches	No. of employees
1	Bank of Khartoum	Commercial	Jointly-owned	49	1092
2	Faisal Islamic Bank	Commercial	Jointly-owned	28	904
3	Omdurman National Bank	Commercial	Jointly-owned	18	805
4	Blue Nile Mashreg Bank	Commercial	Jointly-owned	12	166
5	Baraka Bank (Sudan)	Commercial	Jointly-owned	25	504
6	National Bank of Sudan	Commercial	Jointly-owned	5	99
7	Saudi Sudanese Bank	Commercial	Jointly-owned	15	433
8	Islamic Co-operative Development Bank	Commercial	Jointly-owned	32	688
9	Tadamon Islamic Bank	Commercial	Jointly-owned	19	522
10	Farmer's Commercial Bank	Commercial	Jointly-owned	29	897
11	Sudanese French Bank	Commercial	Jointly-owned	23	635
12	Export Development Bank	Commercial	Jointly-owned	19	511
13	Sudanese Islamic Bank	Commercial	Jointly-owned	40	741
14	Workers' National Bank	Commercial	Jointly-owned	13	254
15	Animal Resources' Bank	Commercial	Jointly-owned	19	605
16	Al-Shamal Islamic Bank	Commercial	Jointly-owned	18	447
17	United capital Bank	Commercial	Jointly-owned	5	134
18	Sudanese Egyptian Bank	Commercial	Jointly-owned	9	180
19	Byblos Bank(Africa)	Commercial	Jointly-owned	4	109
20	Alsalam Bank	Commercial	Jointly-owned	4	147
21	Real Estates Commercial Bank	Commercial	Jointly-owned	18	236

22	Aljazeera Sudanese Jordanian Bank	Commercial	Jointly-owned	8	141
23	El-Nilein Bank	Commercial	State -Owned	33	692
24	Agricultural Bank	Specialized Bank	State -Owned	98	2506
25	Savings and Social Development Bank	Specialized Bank	State -Owned	35	927
26	Industrial Development Bank	Specialized Bank	State -Owned	5	229
27	Family Bank	Specialized Bank	Jointly-owned	26	320
28	Financial Investment Bank	Specialized Bank	Jointly-owned	1	81
29	Africa Bank for Trade and Development	Commercial	Branches of Foreign Bank	3	57
30	Qatar National Bank	Commercial	Branches of Foreign Bank	6	69
31	Abu Dhabi Islamic Bank	Commercial	Branches of Foreign Bank	1	
32	Abu Dhabi National Bank	Commercial	Branches of Foreign Bank	3	83
33	National Bank of Egypt	Commercial	Branches of Foreign Bank	1	-
34	Arabic Sudanese Bank	Commercial	Branches of foreign Bank	-	-
35	Ivory Bank	Commercial	Branches of Foreign Bank	1	-
36	Al Khaleej Bank	Commercial			
37	Nile Bank	Commercial			

Source : <http://www.cbos.gov.sd> and Sudan Banks Union

4.4.4 The Structure of Banks Operating in Sudan:

The number of the banks operating in Sudan by the end of December 2017 is estimated to be 38 banks, 26 of which are commercial banks while the remaining 4 are specialized banks. The branches of these banks are distributed in different States.

See figure (4 -1) & figure (4 - 2).

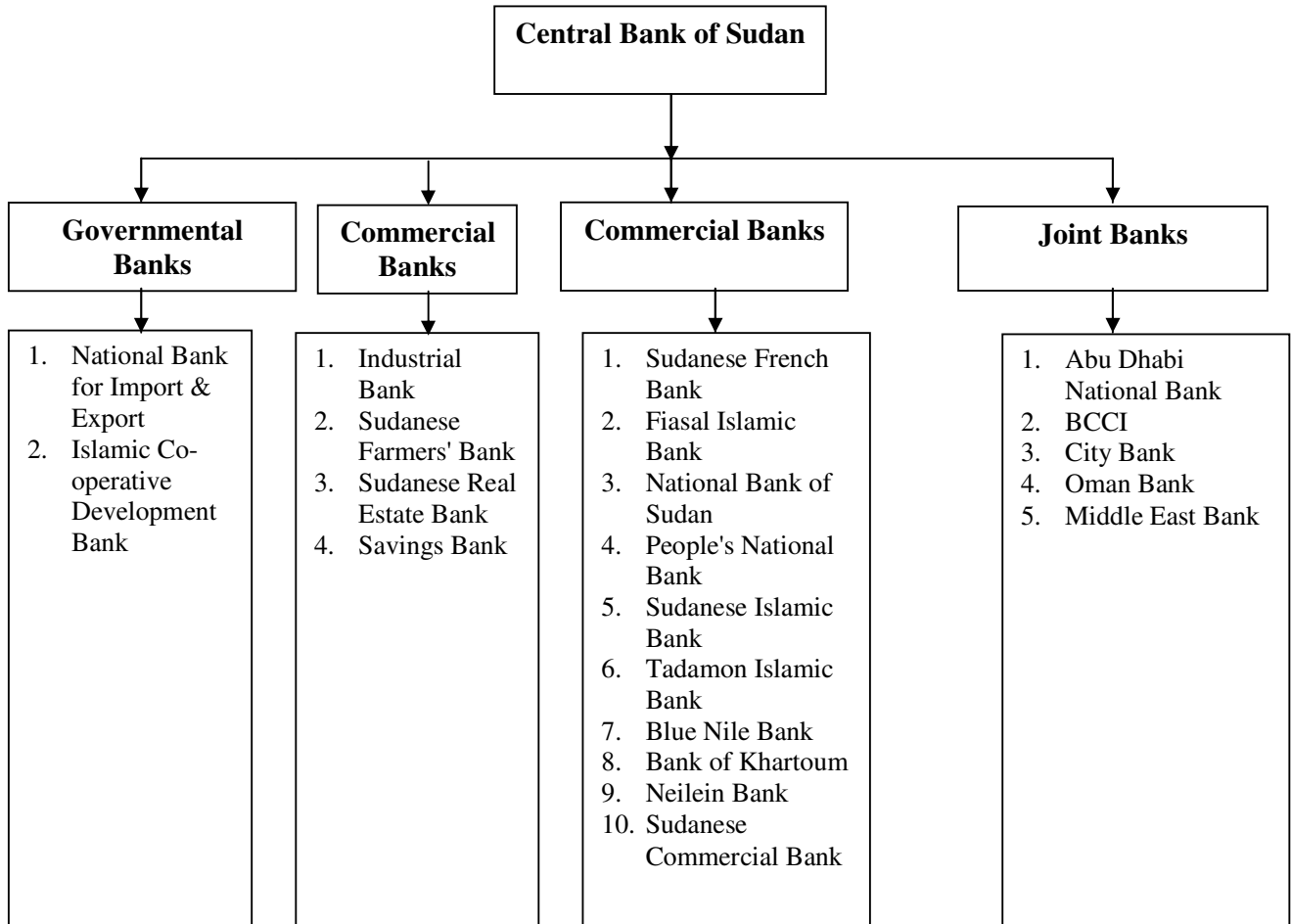


Figure (4-1): The Sudanese Banking Structure during the period (1976 – 1983): -

Source: Central Bank of Sudan, www.cbs.com, 2016, modified by the researcher)

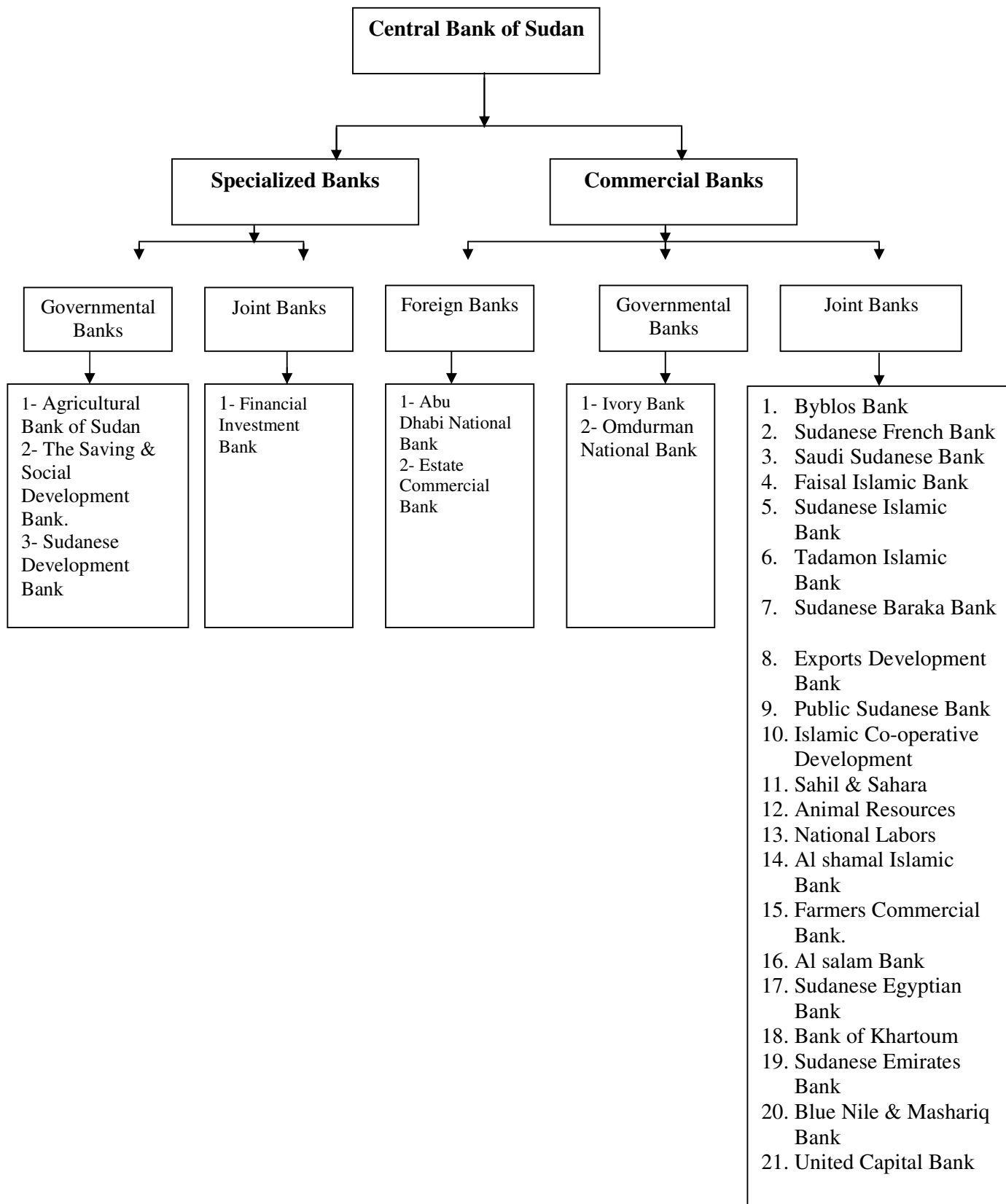


Figure (4-2): The Sudanese Banking Structure by the end of the first quarter of 2016.

4.4.5 History and the Development of the Sudanese Banking Sector

4.4.5.1 The Banking Industry 1956-1983 (Independence and Nationalization)

At birth, Sudan inherited a traditional banking system, which was introduced earlier when the country was a part of the British Colony. The commercial banks were part of the foreign institutions and there was neither a central bank nor local currency (Abdel Mohsin, 2005). The Sudanese banking sector passed through different stages. The first appearance of the banking system in Sudan was in 1903 in the era of the colonialism rule. The Public Egyptian Bank was established in 1903 to meet the needs for the services of the banking sector at that time. In 1913 new foreign banks came to Sudan like Barclays (1913) from England , Osmani Bank (1949) from Turkey , Egypt Bank (1953) , Elkerida Leonia(1953) from France , Arabic Bank (1956) from Jordan and the Commercial Bank of Ethiopia (1958) form Ethiopia .

The financial institutions that existed before independence were mainly the National Bank of Egypt (NBE), Barclays DCO, the Ottoman Bank, Banque Misr and Credit Lyonnais. They were all branches of foreign banks. In 1950 foreign capital was in full control of the banking and insurance sector. Bafchiys bimk viffifally ~controlled -the banking sector **up** –to independence. Afterwards, competition led to the establishment of new foreign banks including branches of the French owned credit Lyonnais and of the other 108 Egyptian, Ethiopian, Jordanian based banks. The year 1956 witnessed the establishment of two banks, the first national bank (Sudan Commercial Bank) and a branch of the Arab Bank (Jordan). In 1957, when the branches of foreign banks became reluctant to undertake assisting agriculture as a result of the cotton failure, the Ministry of Finance decided to establish an agricultural specialized bank, namely the Agricultural Bank of Sudan which started its operation in 1959. After Sudan achieved independence, there arose a need for a Central Bank to replace NBE which opened in Khartoum in 1901 and obtained a privileged position as banker to and for the government as a semi-official central bank besides being a commercial bank. It was serving as the fiscal agent and lender of last resorts for other commercial banks (Bank of Sudan, 2006). A need for a Central Bank became exigent after the independence when the government embarked upon grand scale economic programmes which necessitated effective monetary and financial policies that would cope with those ambitious Sudanese economic programmes (Shaaeldin and Brown, 1985). A Sudan Currency Board (SCB) was established in 1957 to start issuing a national currency

which took over this responsibility in place of the NBE in 1958. Thereafter, the Bank of Sudan commenced its functions in February 1960, to become one of the first operational central banking institutions in Africa, with the main aims of regulating issuance of currency and coins, to help regulate the banking system, the monetary and the finance systems in the Sudan, and to work to ensure financial stability, to achieve economic development in the country in a systematic and a balanced fashion, to consolidate external currency stability, to be the bank of the government and its advisor in financial affairs (Bank of Sudan, 2006). In addition, in 1958, the Ethiopian Commercial Bank was allowed to open a branch in Khartoum as a token of good relations with Ethiopia. The Credit Lyonnais accepted that the government take over 60% of its capital and was renamed "El-Neilein Bank" (Ali, 1977). In 1961 and 1967 two governmental specialized banks started, one in industries financing (Industrial Bank of Sudan 1961), the second in housing finance (Real Estates Bank 1967). In addition, in 1969, the National and Grindleys was established taking over the assets of the 109 Ottoman Bank (Ali, 1982). The sixties witnessed a gradual 'Sudanisation' of banking. After Sudan obtained its independence, the necessity for having a Central Bank appeared in order to replace the bodies executing the functions of central bank which include organizing the issue of currency, formulating monetary and financial policies with the aim of directing finance to serve the economic sectors and build up of a strong, efficient and effective banking system to serve the needs of economic development. Therefore, the structure of the Sudanese banking system between independence and just before the nationalization period included the Central Bank, six branches of foreign banks, two commercial and national mixed banks and three specialized banks. After independence in 1956, the Sudanese banking system passed through many stages of development that could be divided as follow.

4.4.5.2 Post Independence Period (1956-1969)

Before independence, there were no restrictions on the movement of funds between Egypt and Sudan, and the value of the currency used in Sudan was tied to Egyptian currency. This situation was unsatisfactory to an independent Sudan, which then established the Sudan Currency Board (1957) to issue a national currency. It was not a central bank because it did not accept deposits, lend money, or provide commercial banks with cash and liquidity.

(http://www.photius.com/countries/Sudan/economy/Sudan_economy_banking.html).

Therefore, the necessity for having a central bank arose in order to replace the bodies executing its functions which include organizing the issue of currency, formulating monetary and financing policies with the aim of directing finance to serve the economic sectors and build up a strong, efficient and effective banking system to serve the needs of economic development in the country. The need for having a central bank increased after the state adopted ambitious economic programs at that time, which made it inevitable to produce monetary and finance policies to confirm and match these ambitious programs (<http://cbos.gov.sd>). To achieve that goal, a committee of three experts was constituted at the end of 1956 from the American Federal Reserve Board to conduct an extensive study in this respect and to consider the possibility of establishing a central bank in the Sudan. The Committee accomplished its study and raised its recommendations and consequently, the Bank of Sudan Act (1956) was issued and the Bank commenced its business on February, 1960 as an independent body, having its corporate personality, contracting capacity, a common seal and the power to litigate in its own name as prosecutor or defendant. On the other hand, the national Government did not find enough resources to pay for the designed annual development projects. Consequently, it decided to establish national specialized banks. In 1957, the Ministry of Finance decided to establish an agricultural specialized bank (the Agricultural Bank of Sudan) which started its operation in 1959. In 1961 and 1967 two other governmental specialized banks started, one in industry financing (Industrial Bank of Sudan 1961), the second in housing finance (Real Estates Bank 1967). In 1960, the first national commercial bank (Sudan Commercial Bank) was established. In addition, in 1958, the Ethiopian Commercial Bank was allowed to open a branch in Khartoum as a token of good relation with Ethiopia. In 1964, the government took over 60% of the French Credit Lyonnais capital and was renamed (EL-Neilein Bank). In 1969, The National and Grindleys Bank commenced its functions after it purchased the Turkish-Osmani Bank branch (<http://cbos.gov.sd>). Therefore, that period was considered the most important stage of the evolution of the Sudanese banking system. It has witnessed the establishment of the Central Bank, two commercial and national mixed banks and three specialized banks, in addition to the branches of foreign banks which increased by two banks.

4.4.5.3 Nationalization Period (1970 - 1975)

Prior to 1970, the commercial banks in the Sudan were, with the exception of the Sudan commercial banks, all foreign owned (Ali, 2001). Policies emerged that nationalization was imminent when Nimeiri ended the second democracy in Sudan's post independence period. On May 1970, one year after the coup, Nimeiri declared the nationalization of all banks and foreign branches, firms and business of many members of the foreign communities as well a famous Sudanese business family. It even included the only national bank, Sudan Commercial Bank, which was established in 1960 (Ali, 1982). As a result of this Act, the branches of foreign banks were nationalized and renamed. In addition, a new specialized bank was established in 1973 (Sudanese Savings Bank). After nationalization, Barclays DCO, National and Grindleys, The Ethiopian Commercial Bank, The Arab Bank, and Banque Misr became State Bank for Foreign Trade, Omderman National Bank, Juba Commercial Bank, Red Sea Commercial Bank and Peoples' Cooperative Bank followed suit. El-Nei/ein Bank, Sudan Commercial Bank and the specialized banks retained their names, but all in addition to the foreign banks came under direct government control. The Bank of Sudan had, however, absorbed the NBE and whatever responsibilities it used to shoulder in pre-independence Sudan (Bank of Sudan, 1990-2005). Among many, the main objectives of nationalization at the time were to promote exports and enhance their proceeds, attract the savings of Sudanese working iioroaa~'(SW A), promote competition among banks to improve banking services in rural and distant areas, and ending of foreign control over national capital (Shaaeldin and Brown, 1985). In 1973 some banks changed their names to initiate some openness after the tough nationalization period, in the following way: State Bank for Foreign Trade (1970) became Bank of Khartoum (197 5), El-Nilein Bank merged with Red Sea Commercial Bank (1973), Omderman National. Bank (1970) merged with Juba Commercial Bank for Juba Omderman Bank (1973) then was renamed Unity Bank (1975) (Ali, 1982). Others remained as they were, Sudan Commercial Bank, Peoples' Cooperative Bank, Agricultural Bank of Sudan, Industrial Bank of Sudan, Real Estates Bank. Moreover, in 1973 a Sudanese Savings Bank was established.

4.4.5.4 Economic Openness Period (1976-1983)

During the years 1976-1983, the government recognized the importance of foreign and private investment to economy. As a result, in 1976 the government issued the Investment Encouragement Act (1970) which embodied of flexible regulations to attract foreign investors in all fields. As a result of these policies, several foreign banks and joint ventures were established, can be seen in table (4-2) below.

Table (4-2): Sudanese banks in the period (1976-1983)

Joint venture		Foreign Bank branches			Government	
1	Sudanese French Bank 1978	1	National Bank of Abu Dhabi 1976	UAE	1	National Export and Import Bank
2	Faisal Islamic Bank 1978	2	international Bank of Credit and Commerce 1976	UAE	2	Islamic Cooperative Development Bank 1983
3	National Bank of Sudan 1982	3	Citibank 1978	USA		
4	Peoples' Development Bank 1982	4	Oman limited Bank 1979	Oman		
5	Tadamon Islamic Bank 1983	5	Habib Bank 1982	Pakistan		
6	Sudanese Islamic Bank 1983	6	Middle East Bank 1982	UAE		
7	Blue Nile Bank 1983					

Source: (<http://cbos.gov.sd>).

4.4.5.5 First Islamization Period (1984-1989)

The adoption of the Shari 'ah Law was realized in September 1983, but the full Islamization of the Sudan Banking system was completed in 1984. The 1984 Civil Transactions Act prohibited the use of interest in the whole system and many other financial transactions (Government of Sudan, 1984). The banking system was directed by the Bank of Sudan to use Islamic formulae in financing their activities. The Islamization of the banking system in Sudan was initiated by a presidential order from President Nimeiri instructing the Governor of the Bank of Sudan to implement the process immediately. This resulted in an immediate instruction from the Governor to the conventional banks to make themselves Islamic as from July 1, 1984 allowing them only a few months' time. This left virtually no time for advance studies or preparations to be taken by the conventional banks to convert themselves Islamic. As a result, most of the banks tried to replace interest transactions with murabahah. No committee conversed in religious guidance was formed and consulted. Lack of carefulness was also noticed by the incident that no supervisory techniques for Islamic banks were designed by the Central Bank (Stiansen, 1999). During this sub-period the following banks were established: Bar aka Bank Sudan (1984), Islamic Bank for Western Sudan (1984), the Sudanese Saudi Bank 1986, National Workers Bank (1988) and A/ Shamal Islamic Bank (1989) (Ali, 2001). After the 1985 popular revolt which ended the 16 years of Nimeiri rule, the transitional government had given over the country after ruling for one year to the political parties. The political parties, especially the Umma Party, were very critical of the application of Shari 'ah laws in September 1983. As a result of that, the banking system was prohibited from using the concept of interest. Therefore, banks were given, during the third democratic period, the choice to use the Islainic forffiuHie or altefmitively, what was innovated, by the Umma party as, the Compensatory Return. This was considered especially by the National Islamic Front as riba and reversal of Islamic shari 'ah as adopted by the Islamic banks (Ali, 2001). After 1985 many of the traditional banks reverted back to their conventional practices. On the other hand Islamic banks were forced to operate in an extremely hostile environment characterized by negative media coverage, lawsuits, and heavy regulations. Meanwhile, the Sudanese economy was suffering from serious structural problems; drought hit the country, unsuccessful economic policy appeared clearly in the high devaluation of the Sudanese pounds, and high

increase of external debts (Bashir, 1999). It is notable that, this period witnessed the establishment of new banks on an ethnic and professional basis. For example, while the Islamic Bank for Western Sudan was initiated by businessmen and citizens from Western Sudan to develop the Western Region, AI-Shamal Islamic Bank was established in 1990 mainly by sponsors from Northern Sudan together with the Sudanese from the north working abroad as well as some Arab businessmen. By contrast, the National Workers Bank was established by the Sudan Workers Union. This could be attributed to the overall disenchantment of various regions and professional or unions' groups with the content of development. Many, especially those from Western Sudan, thought that the central government was giving lip service to their development. Such and other sentiments emerged in the 1985 revolt reflecting the marginalization of the rural poor especially in Eastern and Northern Sudan. The Ivory Bank as a bank for the South came later (Ali, 2001).

4.4.5.6 The Second Islamization Period (1990-2005)

This stage started after the advent of the third military government which seized power in June 1989. The Islamization of the banking system was reintroduced by the government which tried to be more fundamental in the application of the Islamic doctrine in all facets of political, legal, economic and social life.

In 1991, the Regulation of Banking Operation Act was issued. Also, the Higher Authority for Sharia Control on the Banking System and financial Institutions was established with the following competencies (<http://www.onb.com.sd>):

- 1) Contribution in setting contracts and agreements pertaining to all banking transactions;
- 2) Control over operations of the Central Bank and financial institutions;
- 3) Issuance of (fatwa) and revision of laws and regulations;
- 4) Contribution in banking system training;
- 5) Preparation of researches.

This period witnessed the strengthening of Islamic banking system stage, where the Islamic banking culture was promulgated and staff trained. The most important feature of reform during this period was the assurance of adherence to Sharia in banking transaction through the formation, with the approval of General Assemblies

of banks, of Sharia Supervisory Boards to develop sharia controls in bank operations thus, augmenting Central Bank role in this respect ([http:// www.onb.com.sd](http://www.onb.com.sd)). Also, this period witnessed many changes in the banking system structure. In 1991, the Sudan commercial Bank was privatized and became under the ownership of the Farmers' Bank for Rural Development as a holding company. In 1993, three more banks were established. These banks were, Al Safa Credit Bank, Omdurman National Bank and The Animal Resources Bank. In the same year, The Unity Bank and National Export Import Bank were merged into Bank of Khartoum and renamed Bank of Khartoum Group. The Industrial Bank of Sudan was merged into El- Neilein Bank and renamed as El-Neilein Industrial Development Bank Group. The Middle East Bank and International Credit and Commercial Bank were liquidated. Oman Bank Ltd was renamed as Al Mashriq Bank. In 1995, The Ivory Bank was established. The Sudanese Savings Bank was converted into the Savings and Social Development Bank. Two commercial banks ceased to operate: Citibank (1998) opted for voluntary closure and Nima Bank was liquidated in 1999. In 2003, Pyblos Africa Bank was established. In 2004, Alsalam Bank Sudan was established.

4.4.5.7 The Dual Banking System in 2006 and after

In 2006 a joint partnership between Ahli Bank and Audi bank (Lebanon) established Ahli Audi Bank with \$75 million paid capital in an exchange of 75% of the Ahli Bank's share. In addition, El-Neilein Bank was sold to Alsalam Bank (United Arab Emirate Investments) (Alray Ala'm, 2006). In Dec 2006 the Sudanese currency was changed to the Pound instead of Dinar, as for the south, according to the Peace Agreement started by the southern Sudan where Ethiopian, Kenyan and Sudanese currency was in use before the peace. For the north the change will take place at the end of 2007. According to the peace agreement, the CBOS were restructured, during the preinterim period, so as to reflect the duality of the banking system in Sudan. Two sets of banking systems were developed in 2006 one Islamic and the other conventional. The Bank of Southern Sudan (BOSS), headed by a deputy governor of BOS, is managing the conventional window using conventional financing instruments in implementing the same national monetary policy, set by the CBOS in the north for the Islamic banks, in southern Sudan. In addition, in 2006, Kenya's biggest retail bank, Kenya Commercial Bank (KCB), opened two branches in 2006 in southern

Sudan. However they are more open to organizations than individuals, since the two cities in which the branches operate serve as the headquarters of the United Nations and various aid agencies working in southern Sudan and the economic activity seen there has been concentrated on the work of aid organizations. A dual banking system presents both opportunities and challenges for improved financial structure and management. The coexistence of Islamic- and conventional financial institutions will undoubtedly increase competition and expand the range of financial services to attract greater savings and borrowing by Muslims and non-Muslims. At the same time, managing a dual banking system should not present any serious challenge in view of the experience of the BOS in supervising and regulating both interest-based and Islamic institutions in the past. In fact, in most countries where Islamic banks exist, there is a dual banking system. These countries include Malaysia, Saudi Arabia, Bahrain and the United Arab Emirates. Dual banking systems in these countries significantly contribute to financial development while presenting no serious banking management problems. It is expected that the dual banking system would enhance public confidence in banks and open the door for them to mobilize greater resources. Coexistence of Islamic and interest-based financial institutions will also widen the array of financial products available to savers and investors, while competition within and between the two segments is expected to improve the quality of services. Meanwhile, there is a wide scope for cooperation between Islamic and conventional financial institutions. Conventional banks have been offering Islamic financing facilities since the early 1980s, both within and outside the Muslim world (Wilson, 2002). The competition between Islamic and conventional banks might not be strong since Islamic banks are allowed only in the north and conventional banks in the south. However, Islamic banks may compete with conventional banks in some areas but there are many areas for them to cooperate and complement each other. There is no reason for a dual banking system to disrupt the basic functions of the financial system, especially regarding the development of efficient payment mechanisms. As far as the regulatory and monetary policy for the case of a dual banking system is concerned, it is possible for the Central Bank, in theory and practice, to regulate Islamic and conventional banks with special law(s) for each segment (Chapra and Khan, 2000), notably, that many of the regulation measures developed by the Basel Committee are also applicable to Islamic banks with some modifications. However, the mission is not

simple nor is it easy to control and monitor a system with an interest based system and another one that is equity-based with PLS instruments (Elhiraika, 2004). The policy implication of this duality is that macroeconomic policy framework will have to take into account the needs on the one hand of a post-conflict economy of the south, and on the other the requirements of economic stability of the economy of the north. For the economy of the north the IMF has already established stringent monetary and fiscal targets aimed at maintaining macroeconomic stability. Such a policy prescription is consistent with the required GDP growth rate of 6.7% over ten years in order to reduce poverty by half in northern Sudan by the year 2015. Sudan (i.e. northern Sudan) has already achieved this rate according to the IMF and what is needed is to maintain macroeconomic stability. In 2006 a joint partnership between Ahli Bank and Audi bank (Lebanon) established Ahli Audi Bank with \$75 million paid capital in an exchange of 75% of the Ahli Bank's share. In addition, El-Neilein Bank was sold to Alsalam Bank (United Arab Emirate Investments) (Alray Ala'm, 2006). In Dec 2006 the Sudanese currency was changed to the Pound instead of Dinar, as for the south, according to the Peace Agreement started by the southern Sudan where Ethiopian, Kenyan and Sudanese currency was in use before the peace. For the north the change will take place at the end of 2007. According to the peace agreement, the BOS were restructured, during the preinterim period, so as to reflect the duality of the banking system in Sudan. Two sets of banking systems were developed in 2006 one Islamic and the other conventional. The Bank of Southern Sudan (BOSS), headed by a deputy governor of BOS, is managing the conventional window using conventional financing instruments in implementing the same national monetary policy, set by the BOS in the north for the Islamic banks, in southern Sudan. In addition, in 2006, Kenya's biggest retail bank, Kenya Commercial Bank (KCB), opened two branches in 2006 in southern Sudan. However they are more open to organizations than individuals, since the two cities in which the branches operate serve as the headquarters of the United Nations and various aid agencies working in southern Sudan and the economic activity seen there has been concentrated on the work of aid organizations. A dual banking system presents both opportunities and challenges for improved financial -intefifle&atio1:f and management. The coexistence of Islamic- and 1 For the full context of the Peace Agreement see www.gurtong.org conventional financial institutions will undoubtedly increase competition and expand the range of financial services to attract greater savings and

borrowing by Muslims and non-Muslims. At the same time, managing a dual banking system should not present any serious challenge in view of the experience of the BOS in supervising and regulating both interest-based and Islamic institutions in the past. In fact, in most countries where Islamic banks exist, there is a dual banking system. These countries include Malaysia, Saudi Arabia, Bahrain and the United Arab Emirates. Dual banking systems in these countries significantly contribute to financial development while presenting no serious banking management problems. It is expected that the dual banking system would enhance public confidence in banks and open the door for them to mobilize greater resources. Coexistence of Islamic and interest-based financial institutions will also widen the array of financial products available to savers and investors, while competition within and between the two segments is expected to improve the quality of services. Meanwhile, there is a wide scope for cooperation between Islamic and conventional financial institutions. Conventional banks have been offering Islamic financing facilities since the early 1980s, both within and outside the Muslim world (Wilson, 2002). The competition between Islamic and conventional banks might not be strong since Islamic banks are allowed only in the north and conventional banks in the south. However, Islamic banks may compete with conventional banks in some areas but there are many areas for them to cooperate and complement each other. There is no reason for a dual banking system to disrupt the basic functions of the financial system, especially regarding the development of efficient payment mechanisms. As far as the regulatory and monetary policy for the case of a dual banking system is concerned, it is possible for the Central Bank, in theory and practice, to regulate Islamic and conventional banks with special law(s) for each segment (Chapra and Khan, 2000), notably, that many of the regulation measures developed by the Basel Committee are also applicable to Islamic banks with some modifications. However, the mission is not simple nor is it easy to control and monitor a system with an interest based system and another one that is equity-based with PLS instruments (Elhiraika, 2004). The policy implication of this duality is that macroeconomic policy framework will have to take into account the needs on the one hand of a post-conflict economy of the south, and on the other the requirements of economic stability of the economy of the north. For the economy of the north the IMF has already established stringent monetary and fiscal targets aimed at maintaining macroeconomic stability. Such a policy prescription is consistent with the required GDP growth rate of 6.7% over ten years in

order to reduce poverty by half in northern Sudan by the year 2015. Sudan (i.e. northern Sudan) has already achieved this rate according to the IMF and what is needed is to maintain macroeconomic stability.

4.5 An Overview about The Central Bank of Sudan (CBOS)

The CBOS was established in 1959 to undertake the functions of the Central Bank stipulated in the Bank of Sudan Act commenced its business in February, 1960. These functions included oversight and supervision of the banking system and its development and promotion, issuance and management of the national currency, management of the exchange rate, maintaining stability of the economy and other functions earned out by the central banks as a primary body contributing to the turnover of the economic wheel in the country (<http://www.cobs.gov.sd.English/id.htm>). In December 2002, the Bank of Sudan Act, 2002 was issued wherein section (6) specified the objectives of the Bank as follows:

- i. Issue currency of the types thereof, organize, control and supervise the same;
- ii. Issue monetary and financing policies, and manage the same, in consultation with the Minister of Finance and National Economy in such way, as may achieve the national objectives of the national economy ;
- iii. Organize banking business, monitor and supervise, strive to promote and develop and raise the efficiency thereof, in such way, as may achieve the balanced economic and social development;
- iv. Strive to achieve economic stability and the stability of the par value of the Sudanese Dinar;
- v. Act, in its capacity as the Government banker, as an advisor and agent thereof, in the monetary and financial affairs;
- vi. Abide, in the discharge of the duties, achievement of the objects, exercise of the powers and supervision thereby, of the banking system, by the ordinances of the Islamic sharia.

After concluding the Comprehensive Peace Agreement, the CBOS Act 2002 was amended in 2006, when the nature of the banking system, the Bank and its branches, were specified in section (5) from the act as follow:

- i. The Sudanese banking system shall consist of dual banking system; one of which is Islamic, in Northern Sudan, and the other Conventional, in Southern Sudan.
- ii. The headquarters of the Bank shall be in Khartoum, and may establish branches, or agencies inside the Sudan, and appoint correspondents outside the Sudan.
- iii. The BOSS shall be established as a branch of the Bank to render, in addition to its other tasks, conventional banking services, in Southern Sudan, including the issue of license, as the Board may issue. There shall assume management of the conventional banking system in Southern Sudan, as one of the windows of the Bank, and in accordance with its laws, policies and Safeguards.
- iv. The Bank shall have an independent corporate personality, perpetual succession, a common seal, and the right to litigate, in its power name

After the secession of Southern Sudan, the BOSS became the central bank of the State of Southern Sudan on the 9th of July 2011. All branches of BOS in the previously southern states became affiliated to it. Topics related to Item no (14) of the Protocol of Wealth Sharing, concerning the monetary policy, banking, currency, and lending has been frozen. In addition to this, policies of the traditional banking system in southern Sudan, and all circulars of the BOS relating to the dual system have been suspended, until the amendment of the law of the BOS for the year 2002. The section below will shed light on the main characteristics of targeted banks.

4.6 Electronic Banking Services Co. (EBS)

i. EBS Historical background

Electronic Banking Services Co. (“EBS” or the “Company”) was founded in late 1999 and is incorporated in the Sudan under CR number 13882 as a private limited liability company in accordance with the provisions of the Companies Act of 1925. The Company’s principal facilities and corporate office are located at

the 5th Floor, CBOS Khartoum branch Building, Osman Digna St., P.O. Box 12595, Khartoum, Sudan.

EBS was originally founded by the Central Bank of Sudan (CBOS) and the Union of Sudanese Banks, in order to lead the technological transformation and the modernization of the Sudanese banking sector. The Company commenced its activities by mid-2000 and began with the implementation of its plans by early 2001. EBS. Report, (2017 updated October 2018)

ii. Current Shareholders

- Central Bank of Sudan (49%).
- Telecommunications Company Sudatel (30%).
- Sudanese Commercial Banks (21%).

iii. The main strategic objectives of EBS were:

- Build adequate infrastructure for banking technology.
- Implement electronic banking projects in a joint manner so as to reduce costs and avail expertise
- Transfer of banking technology know-how.
- Promote banking technology concepts amongst banks and the community at large.
- Assist banks to improve their technical and managerial capacities to cope with modern technology.

Towards the achievement of its strategic objectives EBS has received firm support from the Government as well as the banking sector and has thus converted the electronic banking initiative into a national project.

Based on the above strategies EBS was mandated to perform the following:

1. Operation and maintenance of national payment switch (ATM, POS, ECC, SWIFT...etc)
2. Operation and maintenance of mobile payment systems.
3. Provide technical consultancy to banks.
4. Participate in developing electronic payment regulations.
5. Carry out certification tests for all payment systems run by independent service providers in the private sector
6. Certify and link private switch banks

7. Provide training on electronic payments to banks
8. Run and manage the banks network infra structure (BINET)
9. Act as the single gateway to foreign payment switches.
10. Run SWIFT system as a central bureau.
11. Provide banks with payments cards.
12. Clearing of interbank electronic payment transactions.
13. Participate in e-gov. developmental activities.
14. Provide e-payment consultancy and advice to private sectors companies.

iv. **Products**

E-payment tool:

1. Debit Card:

A card issued by banks to their customers when they open accounts allowing them to perform different electronic banking transactions including deposit, withdraw, purchase and any other e-Payment services.

2. Cash Card:

Prepaid card is loaded by cash to give its holder the same privileges of the debit card as it can be used through the different e-Payment channels to perform any electronic banking transaction.

3. Mobile Wallet

Now every individual with a phone number can be a member of the banking system; with the Mobile Wallet service, customers register with their phone number to get access all the electronic banking services.

E-payment Channel:

1. ATM

A banking machine that performs electronic banking services with a highly secured system, hence realizing the principles of the automatic systems, ATM is linked to a computerized bank network, in a manner that preserve the rights of parties of the banking process.

Services provided through the ATM include money deposit, withdraw and transfer,

electricity purchase and phone bills, topping up of mobile, government payments and money transfers. And other non-financial services like balance inquiry and account statement.

2. POS Point of Sale)

A *point of sale* terminal (POS terminal) is an electronic *device* used to process card payments at retail locations.

The POS provide the services of cash in, cash out, balance inquiry, Account statement, electricity purchase and phone bills, topping up of mobile, government payments and money transfers.

3. SMS Service:

The SMS service is fast and easy to use, available to holders of debit card (ATM card) and cash cards. It only requires sending of SMS containing the service code to No., 2999 through any network, for benefiting from various payment services (top up, telephone bill payment,), Government payments, and balance inquiry.

4. Mobile Apps

Mobile Apps allow end users to enjoy all the E. Payment services using debit card, cash card and mobile wallet. Transactions are made through internet applications by entering the Internet PIN NUMBER of the card or mobile wallet. Online applications provide many e-banking services including balance inquiry and different payments (top up, pay phone bills, and purchase electricity), government payments and money transfer.

5. E-commerce:

E-Commerce is one of the most significant channels of the E. Payment as it enables individuals, companies, institutions and government parties to offer their goods and services for sale on the Internet, collect sale proceeds electronically through payment via debit cards (ATM card), cash cards or mobile wallet, for benefiting from various payment services: purchase, top up, telephone bill payment and Government payments.

6. Internet banking:

This service allows bank customers to manage their own bank accounts. It allows customers review all transactions in their bank accounts, anywhere, anytime, through the Internet, to save time and effort.

E-payment services:

1. Purchase

The purchase of goods and services through all the e-payment channels.

2. Government Services

Payment of government services fees through the different E. Payment tools and channels of

2.1 NGOs Subvention

Allow NGOs to provide subvention through special mobile applications that enable the organization to receive subvention on Cash Cards and mobile wallet.

2.2 Electronic Wages Payment

Commercial banks are able to transfer pensions and salaries to beneficiaries' cards electronically also a number of companies have developed specialized mobile applications for wages payment.

2.3 Repayment of micro -finance installments

The service is available through all the e-Payment Channels as it contributed to the success of the micro- finance projects to reach all the sectors of the Sudanese society.

Chapter V

Part one: Discussion of the method

5.0 Chapter Overview

This chapter provides two parts: Part one is a discussion of the method which is used to answer the research questions stated in this study. Therefore, the chapter includes the research design, population and sample, setting, the instruments used for data collection, measurement, and the plan for statistical analysis of the research data. In this chapter, the general research design described first. It is followed by the justification for selecting Sudanese banks as its target population (38 Banks) with special emphasis on the top ten largest banks in the industry. Next, discussion on the population of interest, sampling procedures and sample, survey design and survey method are described. It includes a discussion on the modification of scale items and an explanation of the different measurement scales being used followed by questionnaire design. The methods used in collecting data, in analyzing the data, and in testing the hypotheses are also described.

5.1 Statistical Analysis Techniques

For data analysis and hypothesis testing, statistical package for social science SPSS version 22 was used. The Statistical method used for analyzing the survey data are described below.

5.1.1 Descriptive Statistics

Descriptive statistics are used to summarize and describe the key feature of the sample data such as frequency, percentage, means, standard deviations, and range (Aaker et al., 2007). In this study, descriptive statistics were used to describe the characteristics of the banks and respondents in addition to all the variables under study (strategy, strategic Planning, Balanced scorecard, Competitive advantage).

5.1.2 Factor Analysis

Factor analysis is an interdependence technique, whose primary purpose is to identify the underlying structures or commonalities in the data (Hair et al., 2010). The factor analysis is used to test the validity of items in the survey, i.e., to determine if the items actually measuring the concept supposed to measure (Sekaran, 2003).

In this study, factor analysis was used to test the validity of all the variables under study. Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO)

measure of sampling adequacy are used to examine the sampling adequacy of the data that assess the factorability of the matrix as a whole. The minimum acceptable value for KMO is 0.6 and Bartlett's test of sphericity with p-value less than 0.05 was used to test the overall significance of correlation among items. Extraction method used was principle component analysis with varimax rotation method, which attempts to maximize a variable-factor correlation for clearer separation of the factor (Hair et al., 2010). Kaiser's criterion was used for determining the factor to retain in the analysis. Generally, factor that had eigenvalue exceeded 1.0 were accepted, while the other were dropped (Hair et al., 2010). Moreover, in relating an item to factor Hair et al. (2010) recommended that factor loadings of 0.5 and higher will be considered significant and appropriate for sample that range between 130 and 150. Thus, this study considered 0.5 as a minimum requirement of the factor loading.

5.1.3 Validity and Reliability

The examination of the questionnaire's accuracy and precision is a key factor for the result trustworthiness, which eventually enhances the scientific value of the research.

5.1.3.1 Reliability Analysis

Reliability analysis was used to test the consistency and stability of the measurement instrument and help to assess the goodness of measure (Hair et al., 2010). The internal consistency and stability can be determined by the coefficient value of Cronbach's alpha. The closer Cronbach's alpha is to 1.0, the higher the internal consistency reliability while Cronbach's alpha of less than 0.6 is generally considered as poor, 0.70 is considered to be acceptable, and those higher than 0.80 are to be good (Sekran, 2003). Therefore, in this study reliability analysis were done on all the variables under study.

5.1.4 Tests of Differences

This test was conducted to determine if there exist statistically significant differences between variables. This study used three types of tests of differences; chi-square test, independent sample t-test, and one-way ANOVA. In this study, the chi-square test was used to test for non-response bias by comparing the mean values of key variables between early and late respondents in the demographic variables. The independent sample t-test is used to determine the mean differences between two groups (Hair et al., 2010). On the other hand, one-way ANOVA is used to test for significant mean differences among three or more groups (Hair et al., 2010). In this study, both ANOVA and t-test are used to determine if there are significant differences of strategy, strategic Planning and other variables among Sudanese banks characteristics such as firm age and education level. If the test shows that there are significant differences ($P < 0.05$) of strategy, strategic Planning & Balanced scorecard among these variables then these variables will be used as control variables to control their effect. The reason for these analyses is that problems with control variables may become more common as the number of controls increases (Becker, 2005). For example, Becker (2005, p.285) mentioned that including a control variable “that is uncorrelated with the dependent variable in analyses reduces power”.

5.1.5 Correlation

Correlation analysis was used to establish a correlation matrix between variables of the study. In this study, correlation testing was done to determine any possible relationship between all variables under study. Correlation coefficient of 0.10, 0.30 and 0.50, irrespective of sign, are interpreted as low, medium and strong respectively (Green, Salkin and Akey, 1997). Besides assessing the strength of the association between two variables, the correlation analysis is also able to detect high multi- co-linearity among independent variables (Hair et al., 2010). Multicollinearity occurs when predictor variables are correlated to the extent that the independent variables are linear combinations of one another. Multicollinearity is indicated if the correlations between variables are somewhere around 0.80 or 0.90 (Hair, et al., 2010). Further, the correlation was used to assess

the construct validity (Deng & Dart, 1994) of Strategic Planning on Sustainable Competitive Advantage. In this study, bivariate correlation using Person correlation method was performed to determine the relationships between the independent variables, moderating variables and dependent variables.

5.1.6 Multiple Regression

Multiple regression indicates how adequate the predictors are in explaining the dependent variable. It also gives the best predictive model of the linear relationship present among the independent variables (Hair et al., 2010). This research employed multiple regression to determine if the specified independent variables were statistically significant predictors of the dependent variable. Multiple regression was chosen rather than structural equations approach because of sample size. In fact, SEM applications typically use 200-400 cases to fit models that to have 10-15 observed variables (Hair et al., 2010) which are difficult to achieve particularly the expected low response rate from mail survey (Sekaran, 2003), multiple regression is appropriate multivariate method for evaluating construct and relationship between constructs (Tabachnik & Fidell, 2001). On the other hand, there are several assumptions must be met to determine the appropriateness of regression analysis for the data. The assumptions are as follows:

- i.** Linearity of relationships between the predictor and criterion variables: In this study, linearity is examined by looking at residual plots. Standardized residual plots are plotted against the predicted value using SPSS plot.
- ii.** Normality of the data: This assumption meant that each variable and all linear combinations of the variables are normally distributed. In this study normality is assessed by the histogram (most of the values fall in the center), and normal probability (P-P) plots (residual points should be close to the diagonal line).
- iii.** Multicollinearity within the acceptable level: The multicollinearity refers to the degree to which the effect of a variable can be predicted or explained by other variables. Intercorrelations greater than 0.90 are considered to be evidence of high multicollinearity (Ghozali, 2005). Multicollinearity can be also diagnosed by variance inflation factor 3-(VIF) or Tolerance values. In this study, multicollinearity is considered insignificant when correlation coefficients between

predictors variables are in low to moderate range (0-0.70), VIF less than 10, and Tolerance greater than 0.10.

- iv. Homoscedasticity of residuals or error variances: This assumption refers to the variance of the dependent variable is approximately the same at different levels of the exploratory variables (Hair et al., 2010). In this study, Homoscedasticity is examined by visual inspection of the scatter plot of regression residuals.
- v. Non-existence of outlier: Outliers were identified from the standardized residual plot; cases with standardized residual values above 3.3 or below -3.3 were considered outliers. On the other hand, since this study controls some of the firm characteristics as indicated in Chapter 3, this study employed two steps of multiple regression analysis.

In the first step, control variables were regressed on dependent variables. Then, independent variables were added in the second step. This was to test whether there was a significant relationship between the independent variables and the dependent variable after controlling the control variables. In this study, multiple regression analysis was used to test the relationships between societal marketing orientation and marketing performance, and between strategic planning and competitive advantage, as well as relationships between balanced scorecard and competitive advantage.

5.1.7 Summary of the Chapter

This chapter develops the methodology to be used in the study. The study was designed to be cross-sectional focusing on analyzing individual firms at one point of time. The population of the study was Sudanese banks the measurement of the variables was based mostly on adaption of previously used measurements. The main method of data collection was a questionnaire directed to general manager, directors of departments, in the sample. The collected data were analyzed using various statistical techniques, including descriptive, factor and reliability analysis, multiple regression analysis.

Chapter 5

5.2 Part Two : Analysis & Findings

This chapter analyzes the data, which was collected from Sudanese banks sectors, the chapter is divided into four parts. The first part discusses response characteristics, the second part discusses the validity and reliability of variables Measurements, The third part discusses descriptive statistics of the variables of study. The final part discusses the test of hypothesis.

5.2.1 First part: discusses response characteristics

Table No (5-1): Descriptive characteristics

Variable	Categories	Frequency	%
Gender	Male	198	83.2
	female	40	16.8
Age	Less than 30 year	11	4.6
	30 -40	36	15.1
	40-50	72	30.3
	50 more than	119	50
Education level	Bachelors	30	12.6
	Master	165	69.3
	PhD	39	16.4
	Other	4	1.7
Academic Specialization	Banks	92	38.7
	Business	70	29.4
	Administration		
	Economic	54	22.7
	Accounting	9	3.8
	IT	13	5.5

	Less than 5 year	8	3.4
	5-10	18	7.6
Years' experience	10-15	9	8.0
	15-20	59	24.8
	20 year More than	134	56.3

Source: researcher's field study data

The results of the above table indicate that 83% of the study sample is male compared to 17% for females, which reflects the majority of the senior leadership in the Sudanese banking sector due to the specificity of this administrative level, The results show that 80% of the age group is more than 40 years old, which explains the high level of age groups in the study sample, which helps in providing answers that serve the objectives of the study, Also, approximately 85% have a high degree qualification (Master, PhD), indicating the high level of education of workers in the Sudanese banking sector and they have an advanced level of education, In the variable of academic specialization we find that there is a difference in the specialties, where we find that 39% specialize banking studies, while 29% specialize in business administration, 23% specialization economics of all these disciplines nature corresponded to the administrative level in the study sample members, In the variable years of experience we find that 90% of the sample of the study sample experience of 10 years and more, this result reflects that employees in the banking sector have a very high experience, which reflects the understanding of the objectives of the study.

Table No (5-2): Descriptive Banks Profile Respondents

Variable	Categories	Frequency	%
Job	General Manager	59	24.8
	Deputy General Manager	113	47.5
	Director of the Department	41	17.2
	Section Manager	25	10.5
How long have you been running this position	Less than one year	14	5.9
	1-3	36	15.1
	3-6	74	31.1
	6 MORE THAN	114	47.9
Number of years of worked of the Bank	Less than one year	8	3.4
	1-3	14	5.9
	3-6	63	26.5
	6 MORE THAN	153	64.3
Number of banks that worked before this bank	1	70	29.4
	2	67	28.2
	3	60	25.2
	NONE	41	17.2

Source: researcher's data

The results of the analysis showed that 47.5% of the jobs are represented by the Deputy General Manager and 25% by the General Manager. This reflects the fact that the sample selected from the higher departments plays a role in achieving the objectives of the study, In the variable years of work in this job, we find that 89% of their work years more than 3 years, which means the stability of workers in this job,

The results showed that more than 90% of the bank's employees are working in this bank for a period of 3 years or more. This is an indicator of job stability in the Sudanese banking sector, The results also indicate differences in the number of employees with regard to the number of banks in which they worked, with 29% working in one bank, 28% working in two banks, and 25% in three banks

5.2.2 Second Part Discusses the Validity and Reliability of Goodness of Measures:

This section, report the results of validity and reliability tests as means to assess the goodness of measure of study constructs (Sekaran, 2003). The study used exploratory factor analysis for testing the validity and uni-dimensionality of measures of all variables under study. In contrast, the reliability of empirical measurements was obtained by internal consistency (Nunnally, 1978) using Cronbach's alpha test. The results of factor and reliability analyses are described as follows:

Table No (5-3): Rotated Factor loading for strategy, strategic Planning

Item No	Factors	Component			
		1	2	3	4
	Development of the Bank's strategy				
DEV1	All levels of executive, in conducting SWOT	.874	.142	.222	.435
DEV2	There is wide participation from all managerial levels in strategy formulation	.820	.163	.292	.054
DEV3	There is an extensive and wide-range search for possible strategic options	.711	.377	.132	.304
	Bank's Performance Measurement System				
PER3	The performance measurement system gives a good indicator of organizational performance	.201	.810	.058	.178
PER4	The performance measurement system guarantees the consistency between the bank activities and the organizational direction.	.219	.779	.201	.302
PER5	The performance measurement system has a major impact upon stages of the strategic planning process	.139	.618	.357	.161
PER2	Strategic planning creates competitive benefit to the Bank's sustainable competition	.114	.608	.374	.048
	Vision, mission and strategic objectives				
SB1	Bank's directions are specific	.311	.067	.779	.119
SB4	Bank's objectives are developed with wide participation of all managerial levels	.347	.184	.744	.308
SB2	Bank's directions are influenced performance measurement	.243	.251	.763	-.075
SB3	Banks mission and vision are clear and understandable	.403	.234	.676	.066
SB5	Implementation of the Bank's strategic directions enhance sustainable competitive advantage	.099	.418	.529	.232
	Strategy Implementation and control				

IMP3	The Bank continuously evaluates SWOT analysis and their feedback for its strategies	.303	.159	.488	.638
IMP1	All executive, senior and administrative levels of the bank participate in executives' bank strategies	.195	.221	.365	.561
IMP2	All executive, senior and administrative levels of the bank follow up execution of bank's strategies	.383	.221	.531	.560

Eigen values 3.111

Percentage of Variance Explain 51.855

Total Variance Explained (%) 51.85

Kaiser-Meyer-Olkin (KMO) .905

Bartlett's Test of Sphercity 2139.760**

Note: N= 238, **p< 0.01

Factor analysis was done on the fifteen items related to the strategic Planning. The result of factor analysis is presented in Table 5.3 The table shows that the value of KMO measure of sampling adequacy is 0.905 (above recommended level of 0.6) and the Bartlett's test of sphere city is significant (p=0.0). This indicates that the conditions of factor analysis were satisfactorily met and the data matrix is appropriate for subsequent analysis.

Table 5.3 shows that the items were loaded on four factors as conceptualized, with Eigenvalue above 1.0. The three factors cumulatively captured 51.85% of the total variance in the data. The loading values of all items are above the minimum value of 0.50. Since each factor contained the original items, In the first run of factor analysis, items DEV4 and PRE1 were found to have communalities less than 0.50. Item DEV4 was dropped in the subsequent run. A close inspection on communalities table show that item PRE1 still had Communalities value less than 0.50, and was dropped in the next run. Finally, all assumptions were satisfactory fulfilled.

Table No (5-4) : Rotated Factor Loading for Balanced scorecard (BSC)

	Factors	Component			
		1	2	3	4
Learning & Growth Perspective					
LEA3	The bank cares for providing the reasonable organizational atmosphere to encourage excellence.	.873	.094	.172	.130
LEA2	The bank's management provides gifts to innovation and advanced ideas	.836	.015	.372	.092
LEA4	The bank continuously studies the quality of products and services provided	.773	.139	.050	.183
LEA1	The bank designs training programs to develop employees' skills	.682	.164	.069	.017
LEA5	The bank strife for renewal and updating excellence for the sake of going concern	.594	.351	.075	.178
Customers Satisfaction Prospective					
CUS1	The bank targets in stable pace to achieve customers' satisfaction in order to be ahead of competitors	.160	.723	.226	.054
CUS3	The bank explains to its customers all products provided to maintain customer retention	.371	.653	.241	.104
CUS4	The bank's marketing department possesses the skills needed to attract new customers.	.563	.604	.023	.168
CUS5	The bank's management works towards developing relationship with its customers.	.412	.561	.297	.052
CUS2	The bank possesses sufficient data of customers satisfactions about the products provided to customers.	.489	.555.	176	.203
CUS6	The bank's management has work plans to execute its customers activities and measure them thereon	.410	.542	.243	.272

Financial perspective					
FIN6	The bank achieves a recurring reduction in expenses	.098	.027	.817	.094
FIN5	The bank achieves the balanced grow in its different activities	.182	.270	.682	.192
FIN3	The bank management works towards maximizing shareholder's equity and other stakeholders'.	.158	.050	.621	.029
FIN4	The bank effectively utilizes its resources and uses in a way to achieve high extra ordinary profits to high rise its market share.	.004	.440	.613	.171
FIN2	The bank works towards achieving high returns	.064	.090	.583	-.065
Internal Business Processes Perspective					
INT4	The bank supports innovations provided by customers to develop its products	.189	.138	.235	.662
INT3	Products provided are within the customer's need.	.180.	.320	.463	.503
INT2	The standard of products provided matches with the cost of service	.174	.129	.418	.501

Source: researcher's field study data

Eigenvalues 4.736

Percentage of Variance Explain 48.050

Total Variance Explained (%) 48.050

Kaiser-Meyer-Olkin (KMO) .902

Bartlett's Test of Sphercity 3310.323**

Note: N= 238, **p< 0.01

Factor analysis was done on the nineteen items related to the balanced scorecard. The result of factor analysis is presented in Table 5.4 The table shows that the value of KMO measure of sampling adequacy is 0.902(above recommended level of 0.6) and the Bartlett's test of sphercity is significant (p=0.0). This indicates that the conditions of factor analysis were satisfactorily met and the data matrix is appropriate for subsequent analysis.

Table 5.3 shows that the items were loaded on four factors as conceptualized, with Eigenvalue above 1.0. The three factors cumulatively captured 48.05% of the total variance in the data. The loading values of all items are above the minimum value of 0.50. Since each factor contained the original items, in the first run of factor analysis, items FIN7, FIN1 and INT1,INT5 an LEN6 were found to have communalities less than 0.50. Item was dropped in the subsequent run. A close inspection on communalities table show that item PRE1 still had Communalities value less than 0.50, and was dropped in the next run. Finally, all assumptions were satisfactory fulfilled.

Table No (5-5) : Rotated Factor Loading for Competitive advantage

	Factor	Component				
		1	2	3	4	5
	Response					
RES4	The bank gives big attention to marketing researches to become aware at customers' demands	.796	.087	.287	.105	.201
RES3	The bank is well known in swift and timely reply to customer's requests	.786	.270	.212	.123	-.047
RES5	The bank makes it easier for its customers to contract the bank through its different communication media to obtain the required services	.731	.125	.163	.190	.185
RES2	The bank monitors change in customer's demand by providing quick service to correct any short comings'	.693	.280	.122	.272	.204
RES1	The bank concentrates in answering the customer's demand in kind of good services provided	.616	.385	.176	.241	.075
	Innovation					
INN5	The bank updates technology and hardware that match with new developments	.201	.741	.370	.020	.040
INN4	The bank adopts new information technology for banking operations that gain customers' time	.096	.650	.334	.135	.235
INN3	The bank cares for providing services that compete with competitors	.262	.549	.209	.280	.258
INN2	The bank adopts new thoughts and innovation provided by staff to develop and improve bank's services.	.371	.507	.311	.222	.248
INN1	The bank possesses organizational culture that work towards more innovation chances and incentives from employees and customers	.478	.506	.209	.254	.309

Inimitable, rare and valuable products						
LNI4	The bank provides inimitable products from competitors to its customers to attract their attention.	.256	.181	.899	.099	.123
LNI1	Excellence over competitors is one of the bank's main objectives.	.196	.033	.719	.216	-.028
LNI2	The bank provides products to its customers that attract their loyalties.	.350	.240	.659	.187	.159
LNI5	Information technology applied by the bank helps in swift development and diversity of products provided	.228	.187	.640	.335	.212
LNI3	The bank provides rare and unique products to its customers that meet their expectations and satisfaction	.436	.458	.553.	.016	302
Quality Assurance						
QUA4	The bank works towards obtaining quality control awards.	.181	.127	.232	.812	.087
QUA5	The bank works towards achieving quality of services provided to its customers.	.217	.252	.217	.738	.063
QUA6	The bank works towards good planning in achieving customers' demands.	.120	.191	.280	.622	.268
QUA3	All banking transactions are subject to firm quality control	.482	.213	.222	.616	.164
QUA2	The bank provides the minimum required quality of services	.281	.376	.238	.611	.001
QUA1	The bank has systems and hardware for quality services rendered to customers	.465	.322	.202	.545	.102
Cost Reduction						
COS3	The bank applies the policy of reducing general expenses	.119	.059	.129	.054	.812

COS4	The bank works towards providing competitive banking services prices compared to other competitors.	.149	.222	.220	.120	.717
COS5	The bank adopts new information technology in providing services.	.273	.253	.358	.052	.652
COS2	The bank applies accurate system to control elements of cost	.258	.320	.405	-.013	.553
COS1	The bank cares for obtaining the optional usage of its resources to minimize cost	.324	.286	.315	.035	.536

Source: researcher's data

Eigenvalues 5..507

Percentage of Variance Explain 48.713

Total Variance Explained (%) 48.713

Kaiser-Meyer-Olkin (KMO) .931

Bartlett's Test of Sphercity 4431.009**

Note: N= 238, **p< 0.01

Source: researcher's field study data

Factor analysis was done on the 20 items related to the competitive advantage. The result of factor analysis is presented in Table 5.5 The table shows that the value of KMO measure of sampling adequacy is 0.931(above recommended level of 0.6) and the Bartlett's test of sphericity is significant (p=0.0). This indicates that the conditions of factor analysis were satisfactorily met and the data matrix is appropriate for subsequent analysis.

Table 5.4 shows that the items were loaded on five factors as conceptualized, with Eigen value above 1.0. The three factors cumulatively captured 48.71% of the total variance in the data. The loading values of all items are above the minimum value of 0.50. Since each factor contained the original items,

5.2.3 Reliability Analysis

Reliability is an assessment of the degree of consistency between multiple measurements of variables (Haire et al., 2010). To test reliability this study used Cronbach's alpha as a diagnostic measure, which assesses the consistency of entire scale, since being the most widely used measure (Sharma, 2000). According to Haire et al. (2010), the lower limit for Cronbach's alpha is 0.70, although it may decrease to 0.60 in exploratory research. While Nunnally (1978) considered Cronbach's alpha values greater than 0.60 are to be taken as reliable.

Table No (5- 6) Cronbach's Alpha for Study Variables

Construct	Variable	No of Items	Cronbach's alpha
strategic planning	Vision, mission and strategic objectives	5	.837
	Development of the Bank's strategy	3	.862
	Strategy Implementation and control	3	.806
	Bank's Performance Measurement System	4	.813
Balanced scorecard (BSC)	Financial perspective	6	.756
	Customers Satisfaction Prospective	6	.863
	Internal Business Processes Perspective	6	.839
	Learning & Growth Perspective	5	.868
Competitive advantage	Inimitable, rare and valuable products	5	.823
	Innovation	5	.867
	Quality Assurance	6	.894
	Cost Reduction	5	.855
	Response	5	.885

Source: researcher's field study data

The results of the reliability analysis summarized in Table (5-6) confirmed that all the scales display satisfactory level of reliability (Cronbach's alpha exceed the minimum value of 0.7). Therefore, it can be concluded that the measures have acceptable level of reliability.

5.3 Third part Descriptive Analysis:

In this section descriptive statistics such as mean and standard deviation was used to describe the characteristics of surveyed firms and all variables (Independent, dependent, moderators, and mediators) under study. Given that the study suggested some characteristics of respondents firm as control variables, t-test and one way ANOVA were used to test the differences of firm characteristics such as age, Education level, Academic Specialization, Years' experience among the focal variables of the study.

Table No (5-7) Descriptive Analysis of strategic Planning

Variables	1	2	3	4	5	SD±
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
	Mean					
Vision, mission and strategic objectives	4.59					.482
Development of the Bank's strategy	4.40					.580
Development and control	4.45					.539
Bank's Performance Measurement System	4.53					.418
Over All	4.49					.504

Note: All variables used a 5-point likert scale (1= strongly disagree, 5= strongly agree)

Source: researcher's field study data

Table 5.7 shows the means and standard deviations of the Four components of strategy, strategic planning (Vision, mission, Development, Development, Performance Measurement). The results showed that the study sample strongly agreed that there is effective application of strategic planning in the Sudanese banks where the general average was 4.49, which is the average in category 5 to indicate a strongly agree option, which means that there is knowledge and application of the role of strategic planning, The strategic planning elements ranged from 4.40 to 4.59, which are in the fifth category, which indicate a matching option: Vision, mission and

strategic objectives followed by the Bank's Performance Measurement System and then the Development and control axis. the Bank's strategy

Table (5.8): One-way ANOVA Test for Differences in strategic Planning by Some characteristics attributes

characteristics Attribute		MEAN	F-VALUE
Age	Less than 30 year	4.38	7.787**
	30 year less than 40	4.21	
	40 year less than 50	4.54	
	50 year more than	4.58	
Education level	Bachelors	4.39	1.207
	Master	4.54	
	PhD	4.44	
	Others	4.59	
Academic Specialization	Bankers	4.51	1.077
	Management	4.51	
	Economic	4.56	
	Accounting	4.36	
	IT	4.31	
Years' experience	Less than 5 years	4.43	7.096**
	5 to less than 10	4.10	
	10 to less than 15	4.27	
	15 to less than 20	4.52	
	20 More than	4.59	

** P- Value <0.05

Source: researcher's field study data

The results of the above table show that there are statistically significant differences between the age groups in the sample of the study towards strategic planning in favor of those aged 50 years and over. The age groups are more familiar with the role of strategic planning. The average views are about strategic planning (4.58) The fifth, which refers to the option I strongly agree to reflect the approval of this category very significantly in the factors of strategic planning, While there is no significant difference between the level of education towards the knowledge of employees of the banks for strategic planning, where we find that the probability value is greater than 0.05, which means that there are no significant differences, which explains why employees are assigned to the role of strategic planning at all levels of education, Also, there are no significant differences in favor of the variable of academic specialization, While the results of the above table showed that there were significant differences in the different years of experience in the sample of the study towards strategic planning in favor of those with 20 years of experience and more. They have a knowledge of the role of strategic planning more than the other categories. The average views are about strategic planning (4.59) Is in Category V which refers to a strongly agreed option reflecting the approval of this category very much in the strategic planning factors.

Table (5.9) : ANOVA Test for Differences in strategic Planning by Some characteristics

characteristics Attribute		MEAN	F-VALUE
Job	General Manager	4.57	12.299**
	Deputy General Manager	4.62	
	Director of the Department	4.26	
	Section Manager	4.23	
How long have you been running this position	Less than one year	4.37	1.769
	1-3	4.64	
	3-6	4.50	

	6 MORE THAN	4.48	
Number of years of worked of the Bank	Less than one year	4.25	2.053
	1-3	4.68	
	3-6	4.45	
	6 MORE THAN	4.52	
Number of banks that worked before this bank	1	4.36	12.706**
	2	4.60	
	3	4.71	
	none	4.30	

**P_value <0.01

Source: researcher's field study data

The results of the above table show that there are statistically significant differences between the Job in the sample of the study towards strategic planning in favor of those General Manager and Deputy General Manager. The General Manager are more familiar with the role of strategic planning. The average views are about strategic planning (4.62) The fifth, which refers to the option I strongly agree to reflect the approval of this category very significantly in the factors of strategic planning, While there is no significant difference between the long have you been running this position towards the knowledge of employees of the banks for strategic planning, where we find that the probability value is greater than 0.05, which means that there are no significant differences, which explains why employees are assigned to the role of strategic planning at all long have you been running this position, Also, there are no significant differences in favor of the variable of Number of years of worked of the Bank, While the results of the above table showed that there were significant differences in the different Number of banks that worked before this bank in the sample of the study towards strategic planning in favor of those with 3 banks worked before this bank. They have a knowledge of the role of strategic planning more than the other categories. The average views are about strategic planning (4.71) Is in

Category which refers to a strongly agreed option reflecting the approval of this category very much in the strategic planning factors.

Table No(5-10):Descriptive Analysis of Balanced scorecard (BSC)

Variables	1	2	3	4	5	SD±
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
	Mean					
Financial	4.37					.409
Customers Satisfaction	4.31					.407
Internal Business Processes	4.11					.540
Learning & Growth	4.05					.620
Over All	4.21					.494

Note: All variables used a 5-point likert scale (1= strongly disagree, 5= strongly agree)

Source: researcher's field study data

Table 5.10 shows the means and standard deviations of the Four components of Balanced scorecard (Financial, Customers Satisfaction, Internal Business Processes, , Learning & Growth). The results showed that the study sample strongly agreed that there is effective application of Balanced scorecard in the Sudanese banks where the general average was 4.21, which is the average in category 5 to indicate a strongly agree option, which means that there is knowledge and application of the role of strategic Balanced scorecard, The Balanced scorecard elements ranged from 4.05 to 4.37, which are in the (four/ fifth)category, which indicate a matching option(Agree / Strong Agree), This result reflects the high level of knowledge of the role of Balanced scorecard in the Sudanese banking sector.

**Table No(5.11) : ANOVA Test for Differences in Balanced scorecard (BSC)by
Some characteristics attributes**

characteristics Attribute		MEAN	F-VALUE
Age	Less than 30 year	4.23	5.068**
	30 year less than 40	3.97	
	40 year less than 50	4.25	
	50 year more than	4.27	
Education level	Bachelors	4.19	1.762
	Master	4.25	
	PhD	4.08	
	Others	4.32	
Academic Specialization	Bankers	4.18	.856
	Management	4.25	
	Economic	4.26	
	Accounting	4.16	
	IT	4.06	
Years' experience	Less than 5 years	4.24	3.384**
	5 to less than 10	3.95	
	10 to less than 15	4.02	
	15 to less than 20	4.25	
	20 More than	4.26	

**P_value <0.01

Source: researcher's field study data

The results of the above table show that there are statistically significant differences between the age groups in the sample of the study towards Balanced scorecard in favor of those aged 50 years and over. The age groups are more familiar with the role of Balanced scorecard. The average views are about Balanced scorecard (4.27) The fifth, which refers to the option I strongly agree to reflect the approval of this category very significantly in the factors of Balanced scorecard, While there is no significant difference between the level of education towards the knowledge of employees of the banks for Balanced scorecard, where we find that the probability value is greater than 0.05, which means that there are no significant differences, which explains why employees are assigned to the role of Balanced scorecard at all levels of education, Also, there are no significant differences in favor of the variable of academic specialization, While the results of the above table showed that there were significant differences in the different years of experience in the sample of the study towards Balanced scorecard in favor of those with 20 years of experience and more. They have a knowledge of the role of Balanced scorecard more than the other categories. The average views are about strategic planning (4.26) Is in Category which refers to a strongly agreed option reflecting the approval of this category very much in the Balanced scorecard factors

Table No(5-12):ANOVA Test for Differences in Balanced scorecard (BSC)by Some characteristics attributes

characteristics Attribute		MEAN	F-VALUE
Job	General Manager	4.28	4.217**
	Deputy General Manager	4.27	
	Director of the Department	4.04	
	Section Manager	4.09	
How long have you been running this position	Less than one year	4.13	1.565
	1-3	4.31	
	3-6	4.25	
	6 MORE THAN	4.17	
Number of years of worked of the Bank	Less than one year	3.98	1.952
	1-3	4.37	
	3-6	4.15	
	6 MORE THAN	4.23	
Number of banks that worked before this bank	1	4.09	6.418**
	2	4.26	
	3	4.37	
	none	4.11	

****P_value <0.01**

Source: researcher's field study data

The results of the above table show that there are statistically significant differences between the Job in the sample of the study towards Balanced scorecard in favor of those General Manager and Deputy General Manager. The General Manager are more familiar with the role of Balanced scorecard. The average views are about

strategic planning (4.28) The fifth, which refers to the option I strongly agree to reflect the approval of this category very significantly in the factors of Balanced scorecard, While there is no significant difference between the long have you been running this position towards the knowledge of employees of the banks for Balanced scorecard, where we find that the probability value is greater than 0.05, which means that there are no significant differences, which explains why employees are assigned to the role of Balanced scorecard at all long have you been running this position, Also, there are no significant differences in favor of the variable of Number of years of worked of the Bank, While the results of the above table showed that there were significant differences in the different Number of banks that worked before this bank in the sample of the study towards Balanced scorecard in favor of those with 3 banks worked before this bank. They have a knowledge of the role of Balanced scorecard more than the other categories. The average views are about strategic planning (4.37) Is in Category which refers to a strongly agreed option reflecting the approval of this category very much in the Balanced scorecard factors.

Table No(5.13): Descriptive Analysis of Competitive advantage

Variables	1	2	3	4	5	SD±
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
	Mean					
Inimitable, rare and valuable products	4.00					.536
Innovation	4.10					.511
Quality Assurance	3.97					.539
Cost Reduction	4.11					.485
Response	4.05					.562
Over All	4.06					.526

Note: All variables used a 5-point likert scale (1= strongly disagree, 5= strongly agree)

Source: researcher's field study data

Table 5.13 shows the means and standard deviations of the five components of competitive advantage (Inimitable, rare and valuable products, Innovation, , , Quality Assurance, Cost Reduction, Response). The results showed that the study sample agreed that there is effective application of competitive advantage in the Sudanese banks where the general average was 4.06, which is the average in category 4 to indicate a agree option, which means that there is knowledge and application of the role of competitive advantage, The competitive advantage elements ranged from 3.97 to 4.10, which are in the (four)category, which indicate a matching option(Agree), This result reflects the high level of knowledge of the role of competitive advantage in the Sudanese banking sector.

Table No(5.14) : ANOVA Test for Differences in strategy, Competitive advantage by Some characteristics attributes

characteristics Attribute		MEAN	F-VALUE
Age	Less than 30 year	4.15	6.585**
	30 year less than 40	3.75	
	40 year less than 50	4.11	
	50 year more than	4.09	
Education level	Bachelors	4.17	1.703
	Master	4.06	
	PhD	3.93	
	Others	4.11	
Academic Specialization	Bankers	4.03	1.301
	Management	4.05	
	Economic	4.13	
	Accounting	4.04	

	IT	3.82	
Years' experience	Less than 5 years	3.98	2.662
	5 to less than 10	3.80	
	10 to less than 15	3.87	
	15 to less than 20	4.11	
	20 More than	4.09	

****P_value <0.01**

Source: researcher's field study data

The results of the above table show that there are statistically significant differences between the age groups in the sample of the study towards competitive advantage in favor of those aged Less than 30 year. The age groups are more familiar with the role of competitive advantage. The average views are about competitive advantage (4.15) The four, which refers to the option I agree to reflect the approval of this category very significantly in the factors of competitive advantage, While there is no significant difference between the level of education towards the knowledge of employees of the banks for competitive advantage, where we find that the probability value is greater than 0.05, which means that there are no significant differences, which explains why employees are assigned to the role of competitive advantage at all levels of education, Also, there are no significant differences in favor of the variable of academic specialization,

Also, there are no significant differences in favor of the variable of Years' experience

Table No (5.15) : ANOVA Test for Differences in strategy, Competitive advantage by Some characteristics attributes

characteristics Attribute		MEAN	F-VALUE
Job	General Manager	4.11	1.564
	Deputy General Manager	4.08	
	Director of the Department	3.93	
	Section Manager	3.98	
How long have you been running this position	Less than one year	4.02	.219
	1-3	4.10	
	3-6	4.06	
	6 MORE THAN	4.03	
Number of years of worked of the Bank	Less than one year	3.87	1.299
	1-3	4.11	
	3-6	3.98	
	6 MORE THAN	4.08	
Number of banks that worked before this bank	1	3.94	2.426
	2	4.05	
	3	4.15	
	none	4.09	

Source: researcher's field study data

The results of the above table show that there are no statistically significant differences between the all variables in the sample of the study towards competitive

advantage, , which means that there are no significant differences, which explains why employees are assigned to the r competitive advantage.

5.4 Correlation Analysis

Table 5.16 represents the correlation matrix for the constructs operationalized in this study. These bivariate correlations allow for preliminary inspection and information regarding hypothesized relationships. In addition to that, correlation matrix gives information regarding test for the presence of multicollinearity. The table shows that no correlations near 1.0 (or approaching 0.8 or 0.9) were detected, which indicate that multicollinearity is not a significant problem in this particular data set.

Table No(5.16) :Person Correlation Coefficient for All Variables

	VM	DEV	IMP	PER	Fin	Cust	Int	Lea	LNT	INN	QUA	COS	RES
VM	1												
DEV	.694**	1											
IMP	.672**	.735**	1										
PER	.612**	.576**	.693**	1									
Fin	.563**	.668**	.662**	.639**	1								
Cust	.562**	.688**	.659**	.626**	.723**	1							
Int	.450*	.541**	.536**	.471*	.569**	.584**	1						
Lea	.415*	.545**	.558**	.390*	.482*	.504**	.724**	1					
LNT	.423*	.520**	.517*	.386*	.576**	.583**	.569**	.536**	1				
INN	.430*	.524*	.475*	.366*	.547**	.528**	.569**	.598**	.784**	1			
QUA	.334*	.476*	.457*	.297*	.471*	.490*	.578**	.618**	.665**	.723**	1		
COS	.342*	.418*	.393*	.367*	.479*	.485*	.480*	.406*	.572**	.619**	.704**	1	
RES	.457**	.531**	.551**	.401*	.511**	.543**	.601**	.646**	.689**	.693**	.673**	.590**	1

Notes: Level of significant: *p<0.05, **p<0.01, N= 238

Source: Researcher's field study data

The results show that there is a positive relationship between the components of the study, where we find that there is a relationship between the four components of strategic planning with the components of competitive advantage, which indicates the positive relationship where we find that the value of (correlations range between $0.334 > r \leq 0.551, p < 0.05$), We find a correlation between the four components of a balanced score card with competitive advantage, which indicates the positive relationship where we find that the value of (correlations range between $0.406 > r \leq 0.646, p < 0.01$), Based on the bivariate correlations there was some expectation that these coefficients would be significant.

While correlation analysis in Table 5.16 provides a strong indication of association, in order to undertake a more complete examination of the proposed relationships and to evaluate whether such associations are direct or indirect, regression was conducted. Regression employed because it gives the best predictive model of the linear relationship present among the independent variables (Tabachnik & Fidell, 2001). The next finding analyses are testing the hypotheses.

Correlation analysis results indicate the existence of a strong relationship between strategic planning and firm performance, which agreed with other studies. Further, all the strategic planning steps (defining firm's corporate strategic objectives, scanning of business environment, identification of firm's strategic issues, strategy choice and setting up of implementation, evaluation and control systems) were found to be positively related to company performance.

5.5 Hypotheses Testing:

This section discusses the results of hypotheses of the study. The hypotheses were tested with the Multi linear regression.

In order to perform hierarchal regression analysis, it is generally agreed that there are at least five assumptions (normality, linearity, Multicollinearity, homoscedasticity, and outliers) The results of testing these assumptions are provided below:

- 1- The normality had been established through the relevant histogram
- 2- Linearity of relationships: No curvilinear pattern of relationship is apparent from the scatter plots. Therefore, there is no violation of the assumption of linearity.

- 3- Heteroscedasticity was checked through the scatter plots of standardized residual. The residual plots take roughly the rectangular shape, which indicates that there is no problem of heteroscedasticity in the data.
- 4- The result of Multicollinearity test indicated that all values of the VIF are less than the threshold of 10, all Tolerance values are more than 0.1, and all Variance Proportions are less than 0.90. This indicates that, there is no Multicollinearity in the data.
- 5- Outliers were identified and removed through using a case-wise diagnostics. Therefore, the assumptions of multiple regression analysis were met in this study and the regression analysis can securely be used to test the designated hypotheses.

H1: There is a positive Relationship between Strategic Planning and Bank’s Performance Measurement System

This section deal with the first hypotheses in the study which predicts that three Strategic Planning components (Vision , mission , strategic objectives , Strategy Development & Process, Implementation & Control) have positive relationship Bank’s Performance Measurement System As shown in figure 5.1 below

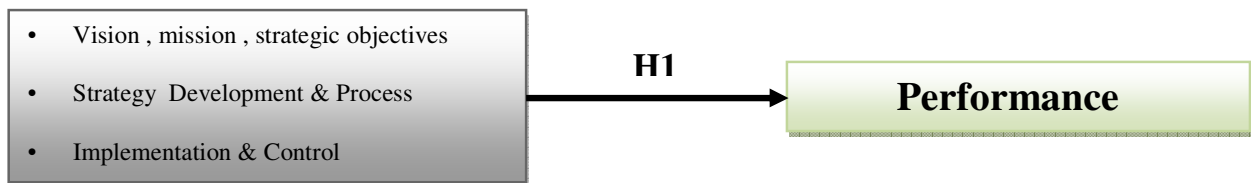


Figure – 1-5 : Bank’s Performance Measurement System

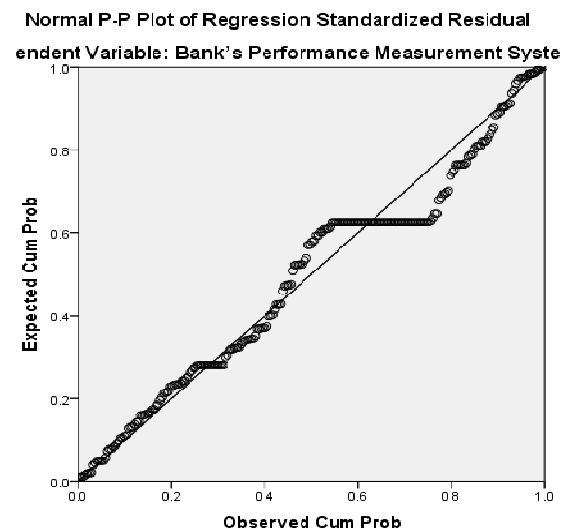
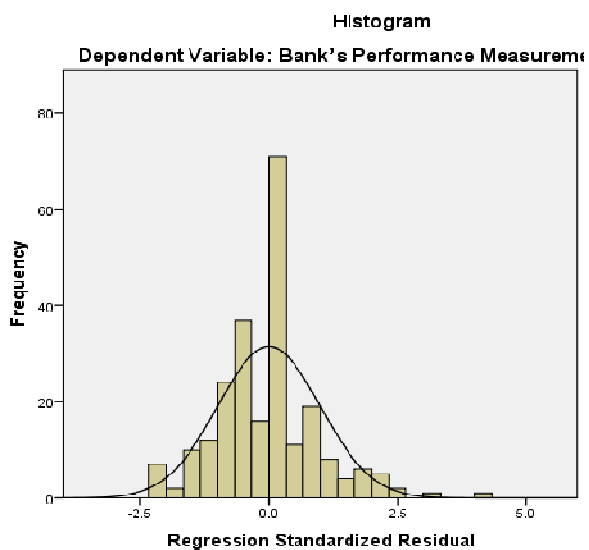
To test these hypotheses a Simple regression analysis

Table No (5.17): Multi Regression Result: The Relationships between Strategic Planning and Performance

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Strategic Planning	.779	.037	21.29	.000**	.399	2.56

R=.812
R²=.660
Adjusted R²=.658
F value=453.32**
Durbin-Watson=1.94

** p<0.05 Source: researcher's field study data



It is clear from Table (5-17) that the VIF value for all the variables of the study did not exceed (10). Therefore, the model of the study does not suffer from the problem of Multicollinearity. The correlation between the variables is not statistically significant and very low. This indicates the strength of the study model in interpreting the effect on the dependent variable, To ensure that the model does not contain an Autocorrelation problem, the Durbin Watson Test has been performed The value of D-W calculated for the study model (1.94) less than 2, and thus falls within the ideal range indicating that there is no problem of self-correlation that affects the validity of the results.

It is clear from the data of the previous table that there is a strong impact of strategic planning on the performance of the Sudanese banking sector. This is shown by the level of significance (0.000), which is smaller than the level specified by the researcher (0.05, and the results show that the $R^2 = (66\%)$, meaning that (66%) of the change in the performance of the bank is due to good strategic planning, The value of F-value 453.32 at a significant level of 0.000, indicating the significance of the model and confirming the quality of the model designed by the researcher and that the model is predictable

The results showed that the hypothesis was supported; there is a positive relationship between Strategic Planning and Performance. This hypothesis consistent with past studies, in the same theme, Wagee Alla, 2017, Grafi, 2014 were found that, strategic planning, can be used strategically in the banking sector to influence corporate performance growth and financial stability and create banks competitive advantage and distinctive competence for business and performance sustainability. Perry (2001) conducted a study in United States and found positive relationship between planning and firms performance and also concluded that very little formal planning goes on in U.S. small businesses. However, the non-failed firms do more planning than similar failed firms did prior to failure. Hitt, Bierman, Shimizu and Kochhar (2001) conducted a study with a sample drawn from the list of 100 largest law firms in the United States with final sample of 252 observations which included data of 93 firms, they reported that human capital moderates the relationship between strategy and firm performance, leveraging of human capital showed a positive effect on performance. Furthermore, their results show that human capital exhibits a U-shaped (curvilinear) effect on firms' performances. This result difer from Fisher (1995) study who argued that organizational performance is poorly defined in previous studies as most of the

previous studies relied primarily on the financial dimension, In banking, particularly Islamic banks, should give greater attention to reorient their size and operations for higher efficiency in order to face intense competition in banking industry.

Also , Mazzarol (2001) study of Australian companies with final useable returned sample of 55 survey forms, providing a response rate of 62.5 per cent found that possession of a formal business plan was significantly associated with higher gross revenues and growth in sales. Maryan (2012) with 138 questionnaires conducted a study on 14 banks listed in the Amman Stock Exchange in Jordan and revealed a statistically significant relation between research and development processes and the “Central Bank Monitoring” with regard to competitive advantages of the bank. The study also recommends to provide financial allocations for the strategic planning purposes with the need to attract the human competences specialized and to provide modern technologies necessary for the success of strategic planning processes. Arasa and K'Obonyo (2012) conducted a study in Kenya and reported in their findings that the correlation analysis results indicate the existence of a strong relationship between strategic planning and firm performance. Further, all the strategic planning steps (defining firm’s corporate purpose, scanning of business environment, identification of firm’s strategic issues, strategy choice and setting up of implementation, evaluation and control systems) were found to be positively related to company performance. In Republic of Macedonia, Suklev and Debarliev (2012) conducted a study and concluded in their findings that strategic planning can generally contribute to organizational effectiveness. The comparative analysis conducted in this study refers to useful knowledge conclusions for the specifics of strategic planning effectiveness in the emerging and developing countries and indicates the probable reasons for potential differences in strategic planning effectiveness in different countries. Hin, Kadir and Bohari (2013) conducted a study in Malaysia with 108 usable questionnaires and reported in their findings that most of the SMEs have strategic planning which resembles the “Wheelen and Hunger strategic planning model”. They suggested that the model is applicable to SMEs in Malaysia. In addition, SMEs seems to prefer proactive strategies such as corporate growth strategies and differentiation for their business strategies. In United States, Abebe and Angriawan (2013) conducted a study with data collected from 55 manufacturing SMEs which were operating in the southern part of U. S. They reported in their findings a strong support for a positive association between entrepreneurial orientation (EO), market orientation

(MO) and exploration/exploitation activities. Perceived competitive intensity was only a significant moderator for the relationship between MO and the degree of exploratory activities. Their findings, hence, suggest the significant role organizational predictors play in enhancing exploration/exploitation activities in SMEs.

Fisher, 1995b; Langfield-Smith, 1997 found strategic performance measures must be aligned with the firm's strategy and/or value drivers

H1-1: There is a positive Relationship between Vision, mission and strategic objectives and Performance

Table No (5.18): Simple Regression Result: The Relationships between Vision, mission and strategic objectives and Performance

Variable	(β)	Std. Error	T- value	P-value
V, M and strategic objectives	.557	.045	11.84	.000**
R=.612 R ² =.375 Adjusted R ² =.372 F value=140.23**				

** p<0.05

Source: researcher's field study data

The results showed that there is an impact on the strategic objectives of the Bank's performance change. This is shown by the level of significance (0.000), which is smaller than the level specified by the researcher (0.05). The coefficient of correlation (0.612), & R²=(.375), which means that 38% of the factors affecting the performance of the bank are due to the vision, mission and strategic objectives of the bank, such as setting strategic objectives with the participation of all executive and senior management levels And the administrative units of the Bank.

H1-2: There is a positive Relationship between Development of the Bank's strategy and Performance

Table No (5.19): Simple Regression Result: The Relationships between Development of the Bank's strategy and Performance

Variable	(β)	Std. Error	T- value	P-value
Development	.421	.039	10.78	.000**
R=.576 R ² =.332 Adjusted R ² =.329 F value=116.2.23**				

** p<0.05

Source: researcher's field study data

The results showed that there is an impact for the development of the strategy on the performance of the bank. This is shown by the level of significance (0.000), which is smaller than the level specified by the researcher (0.05). , Where the coefficient of correlation (0.576), and the coefficient of identification (332.), that is (32%) factors that affect the performance of the bank attributed to the development of the strategy and development of its objectives through the development of the use of internal resources system or performance evaluation To the extent that shows the strengths and weaknesses and causes and opportunities for improvement.

H1-3: There is a positive Relationship between strategy Implementation and control and Performance

Table No (5.20): Simple Regression Result: The Relationships between Implementation and control and Performance

Variable	(β)	Std. Error	T- value	P-value
Implementation and control	.537	.037	14.69	.000**
R=.693 R ² =.480 Adjusted R ² =.478 F value=215.2.85**				

** p<0.05

Source: researcher's field study data

The results showed that the implementation and control of the strategy is linked to improving the performance of the bank with a positive relationship. This is indicated by the correlation coefficient (0.693) and the coefficient of determination (480.). This means that (48%) of the factors affecting the performance of the bank are attributed to the implementation and control of the strategy through the succession of senior and executive management levels and units Management stages of the implementation of the strategy.

The results of the test of hypotheses (**H₁₋₁ –H₁₋₂ – H₁₋₃**) provide supportive evidence that high emphasis on strategic objectives (SP) leads to better financial performance. This finding is consistent with the results of the previous studies such as , Chew (1995), maintain that effective performance measurement requires the firm to make economic value measures the cornerstone of a total management system that focuses on shareholder value enhancement for capital budgeting, goal setting, investor communication, and compensation. They found that he resulting performance measurement system improve alignment between performance measures and strategic

objectives by requiring firms to choose internal objectives that lead to shareholder value enhancement, select strategies to achieve these objectives,

H2: There is a positive Relationship between Strategic Planning and Balanced scorecard (BSC)

This section deal with the first hypotheses in the study which predicts that four Strategic Planning components (Vision , mission , strategic objectives , Strategy Development & Process, Implementation & Control, Performance) have positive relationship Bank’s Balanced scorecard (BSC)As shown in figure 5.2 below

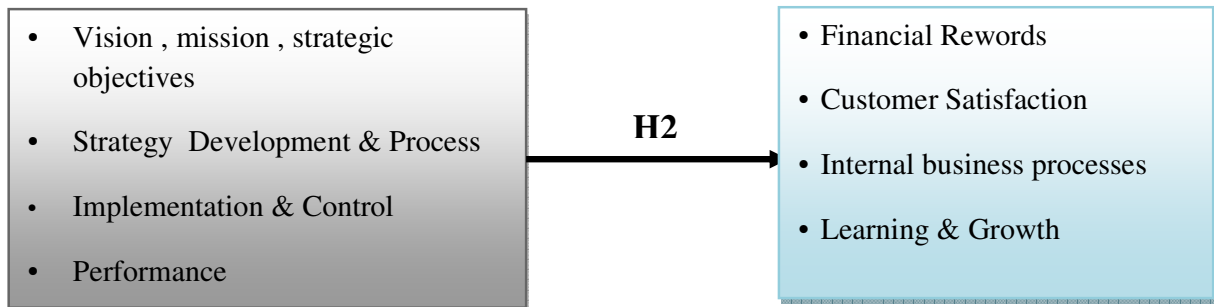


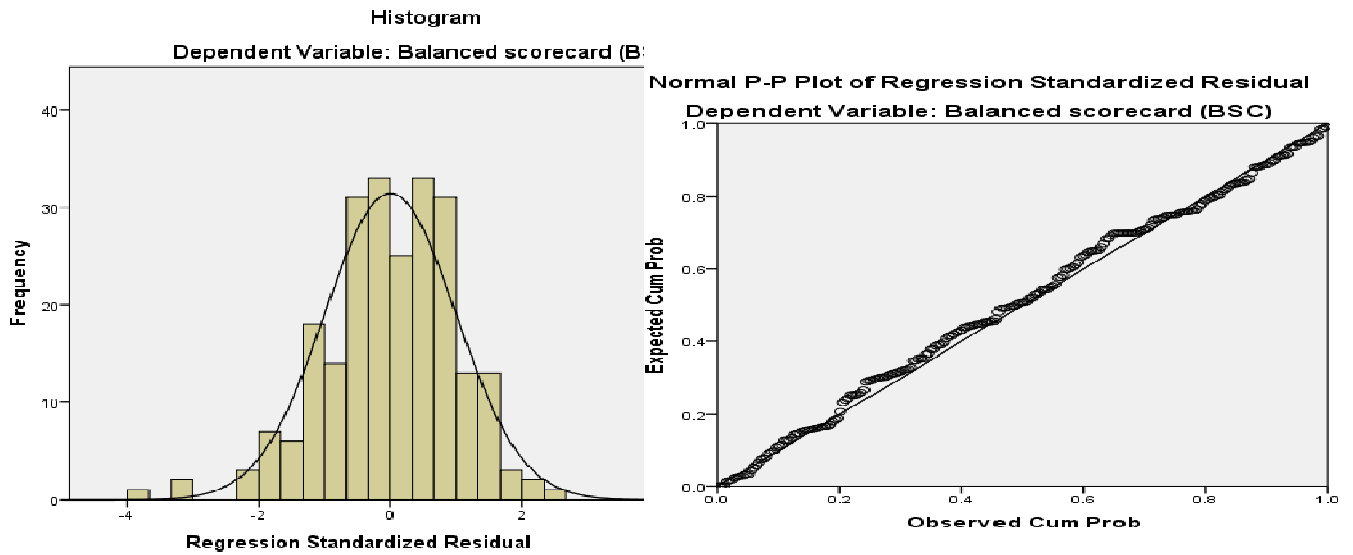
Figure – 5-2 : Relationship between Strategic Planning and Balanced scorecard (BSC)

To test these hypotheses a Simple regression analysis

Table No (5.21): Multi Regression Result: The Relationships between Strategic Planning and Balanced scorecard (BSC)

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Strategic Planning	.725	.024	17.23	.000**	.400	2.77
R=.748 R ² =.559 Adjusted R ² =.557 F value=296.96** Durbin-Watson=1.67						

** p<0.05 Source: researcher's field study data



It is clear from Table (5-21) that the VIF value for all the variables of the study did not exceed (10). Therefore, the model of the study does not suffer from the problem of Multicollinearity. The correlation between the variables is not statistically significant and very low. This indicates the strength of the study model in interpreting the effect on the dependent variable, To ensure that the model does not contain an Autocorrelation problem, the Durbin Watson Test has been performed The value of D-W calculated for the study model (1.67) was less than 2, and thus falls within the ideal range indicating that there is no problem of self-correlation that affects the validity of the results.

It is clear from the data of the previous table that there is a strong impact of strategic planning on the performance In the implementation of the Balanced scorecard. This is shown by the level of significance (0.000), which is smaller than the level specified by the researcher (0.05, and the results show that the $R^2 = (559)$, meaning that (60%) of the change in the Balanced scorecard of the bank is due to good strategic planning, The value of F-value = 296.96 at a significant level of 0.000, indicating the significance of the model and confirming the quality of the model designed by the researcher and that the model is predictable

The results showed that the hypothesis was supported, there is a positive relationship between Strategic Planning and Balanced scorecard. This hypothesis is consistent and agreed with Nikos et. al. 2013, his study revealed that the Balance Scorecard method (BSC) can be applied as a performance measurement to an industry in Greece. Moreover, the four perspectives offer a framework for translating strategic objectives into performance measurements that measure the effects of implemented strategies and provide feedback on the performance of strategic initiatives (Bergen C.W & Benco D, 2004). In addition, this follows the strategic objective that calls for adjustment of the cost of product. Finally, a very major view appears to be the settlement of debts, concerning the economic crisis.

H2-1: There is a positive Relationship between Vision, mission and strategic objectives and Balanced scorecard (BSC)

Table No (5.22): Simple Regression Result: The Relationships between Vision, mission and strategic objectives and Balanced scorecard (BSC)

Variable	(β)	Std. Error	T- value	P-value
V, M and strategic objectives	.504	.047	10.72	.000**
R=.573				
R ² =.328				
Adjusted R ² =.325				
F value=150.10**				

** p<0.05 **Source: researcher's field study data**

The above results show that there is an effective role for the Bank's strategic objectives in implementing the balanced scorecard. This is explained by the correlation coefficient value (0.503) and (328). In other words, 33% of the implementation of the scorecard is due to strategic objectives. This explains the strong relationship between the Bank's strategic objectives and the scorecard to improve performance.

H2-2: There is a positive Relationship between strategy Developments of the balanced scorecard (BSC)

Table No (5.23): Simple Regression Result: The Relationships between Development of the Bank's strategy and Balanced Scorecard (BSC)

Variable	(β)	Std. Error	T- value	P-value
Development	.034	15.32	12.54	.000**
R=.706 R ² =.499 Adjusted R ² =.497 F value=234.94**				

** p<0.05 **Source: researcher's field study data**

The above results show that there is an effective role for the Bank's strategic Development in implementing the balanced scorecard. This is explained by the correlation coefficient value (0.706) and R² (.499). In other words, 50% of the implementation of the scorecard is due to strategic Development. This explains the strong relationship between the Bank's strategic Development and the scorecard to improve performance.

H2-3: There is a positive Relationship between Implementation and control and balanced scorecard (BSC)

Table No (5.24): Simple Regression Result: The Relationships between Implementation and Control and Balanced Scorecard (BSC)

Variable	(β)	Std. Error	T- value	P-value
Implementation and control	.552	.037	15.09	.000**
R=.701 R ² =.491 Adjusted R ² =.489 F value=227.77**				

** p<0.05 **Source: researcher's field study data**

The above results show that there is an effective role for the Bank's Implementation and control in implementing the balanced scorecard. This is explained by the correlation coefficient value (0.701) and R² (.491). In other words, 49% of the implementation of the scorecard is due to Implementation and control. This explains the strong relationship between the Bank's Implementation and control and the scorecard to improve performance

H2-4: There is a positive Relationship between Performance and Balanced scorecard (BSC)

Table No (5.25): Simple Regression Result: The Relationships between Performance and Balanced scorecard (BSC)

Variable	(β)	Std. Error	T- value	P-value
Performance	.613	.53	11.6659	.000**
R=.606				
R ² =.367				
Adjusted R ² =.365				
F value=135.89**				

** p<0.05 **Source: researcher's field study data**

The above results show that there is an effective role for the Bank's Performance in implementing the balanced scorecard. This is explained by the correlation coefficient value (0.606) and R² (.367). In other words, 37% of the implementation of the scorecard is due to Performance. This explains the strong relationship between the Bank's Performance and the scorecard to improve performance

H3: There is a positive Relationship between Strategic Planning and Competitive advantage

This section deal with the first hypotheses in the study which predicts that four Strategic Planning components (Vision , mission , strategic objectives , Strategy Development & Process, Implementation & Control, Performance) have positive relationship Bank's Competitive advantage As shown in figure 5.3 below : To test these hypotheses a Simple regression analysis

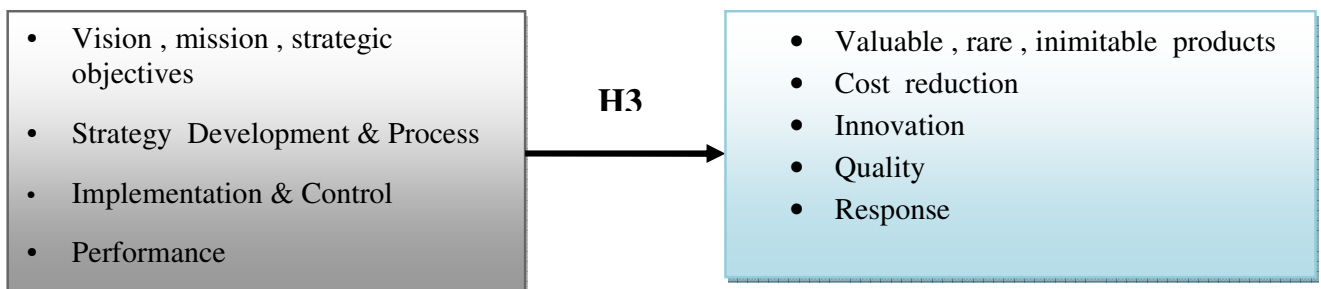
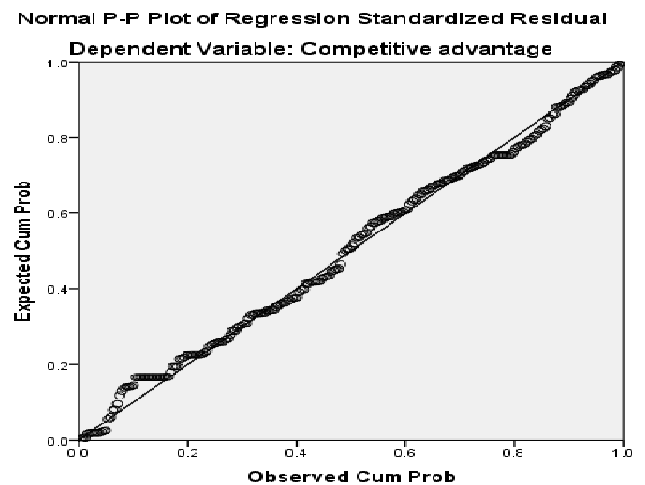
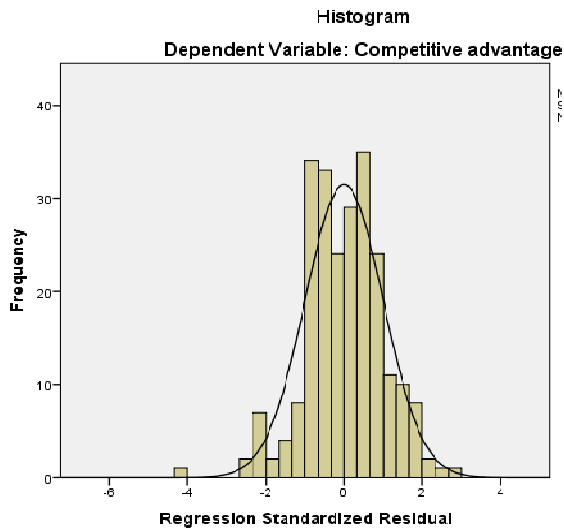


Figure 5- 3Relationship between Strategic Planning and Competitive advantage

Table No (5.26): Multi regression Result: The Relationships between Strategic Planning and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Strategic Planning	.608	.055	11.08	.000**	.357	2.551
R=.748 R ² =367 Adjusted R ² =.356 F value=33.45** Durbin-Watson=1.36						

** p<0.05 Source: researcher's field study data



It is clear from Table (5-26) that the VIF value for all the variables of the study did not exceed (10). Therefore, the model of the study does not suffer from the problem of Multicollinearity. The correlation between the variables is not statistically

significant and very low. This indicates the strength of the study model in interpreting the effect on the dependent variable, To ensure that the model does not contain an Autocorrelation problem, the Durbin Watson Test has been performed The value of D-W calculated for the study model (1.36) was less than 2, and thus falls within the ideal range indicating that there is no problem of self-correlation that affects the validity of the results.

Which shows that there is a strong and positive relationship between the strategic planning and the competitive advantage of the bank through the views of the sample of the study where we find that the value of the correlation (.748). And as a contribution to strategic planning in the competitive advantage of 37%, which explains that whenever the banking sector has developed an effective strategic planning through the development, implementation and control strategy

The results showed that the hypothesis **H3** was supported; there is a positive relationship between Strategic Planning and competitive advantage. This hypothesis is consistent with past studies and agreed with, Wagee Alla (2017), found correlation and positive relationship between strategic planning and competitive advantage. Gibson and Cassar (2005) they investigated causal relationships between planning and performance creating competitive advantage , utilizing a longitudinal database with responses from the same 2,956 businesses over a four-year period with survey developed by the Australian Bureau of Statistics (ABS). Their results confirmed the association between activity of planning and performance and that is also evident in most extant literature. However they cast doubt on the traditional perception of the causal sequence of those associations. Also agreed with Hassan (2013) . that banks used strategic planning outperform other banks . Also , Maryan (2012) with 138 questionnaires conducted a study on 14 banks listed in the **Amman** Stock Exchange in Jordan and revealed a statistically significant relation between research and development processes and the “Central Bank Monitoring” with regard to competitive advantages of the bank. The study also recommends to provide financial allocations for the strategic planning purposes with the need to attract the human competences specialized and to provide modern technologies necessary for the success of strategic planning processes. Arasa and K'Obonyo (2012) conducted a study in Kenya , banks and reported in their findings that the correlation analysis results indicate the existence of a strong relationship between strategic planning and firm performance and competitive advantage. Further, all the strategic planning steps (defining firm's

corporate purpose, scanning of business environment, identification of firm's strategic issues, strategy choice and setting up of implementation, evaluation and control systems) were found to be positively related to company performance

H3-1: There is a positive Relationship between Vision, mission and strategic objectives and Competitive advantage

Table No (5.27): Simple Regression Result: The Relationships between Vision, mission and strategic objectives and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value
V, M and strategic objectives	.435	.054	8.04	.000**
R=.464 R ² =.215 Adjusted R ² =.212 F value=64.66**				

** p<0.05 Source: researcher's field study data

The results of the analysis show that the Bank's mission, and strategic objectives achieve a competitive advantage from one bank to another, which explains that the higher the value and the Bank's mission, the more competitive the Bank is able to bring in new customers. The correlation coefficient .464 value is medium and statistically significant.

H3-2: There is a positive Relationship between Developments of the Competitive advantage

Table No (5.28): Simple Regression Result: The Relationships between Development and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value
Development	.450	.041	10.84	.000**
R=.557 R ² =.332 Adjusted R ² =.330 F value=117.49**				

** p<0.05

Source: researcher's field study data

The above results show that there is an effective role for the Bank's strategic Development in implementing the competitive advantage. This is explained by the correlation coefficient value (0.577) and R² (.332). In other words, 32% of the implementation of the competitive advantage is due to strategic Development. This explains the strong relationship between the Bank's strategic Development and the competitive advantage.

H3-3: There is a positive Relationship between Implementation and control and Competitive advantage

Table No (5.29): Simple Regression Result: The Relationships between Implementation and control and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value
Implementation and control	.471	.045	10.38	.000**
R=.560 R ² =.314 Adjusted R ² =.311 F value=107.86**				

** p<0.05

Source: researcher's field study data

The above results show that there is an effective role for the Bank's Implementation and control in implementing the competitive advantage. This is explained by the correlation coefficient value (0.560) and R² (.314). In other words, 31% of the implementation of the competitive advantage is due to Implementation and control. This explains the strong relationship between the Bank's Implementation and control and the competitive advantage

H3-4: There is a positive Relationship between Performance and Competitive advantage

Table No (5.30): Simple Regression Result: The Relationships between Competitive advantage

Variable	(β)	Std. Error	T- value	P-value
Performance	.457	.064	7.140	.000**
R=.423 R ² =.179 Adjusted R ² =.175 F value=50.96**				

** p<0.05 Source: researcher's field study data

The above results show that there is an effective role for the Bank's Performance in implementing the competitive advantage. This is explained by the correlation coefficient value (0.423) and R² (.179). In other words, 18% of the implementation of the competitive advantage is due to Performance. This explains the strong relationship between the Bank's Performance and the competitive advantage

H4: There is a positive Relationship between Balanced scorecard (BSC) and Competitive advantage

This section deal with the first hypotheses in the study which predicts that four Balanced scorecard components (Financial, Customer Satisfaction, Internal business processes, Learning & Growth)) have positive relationship competitive advantage as shown in figure 5.4 below: To test these hypotheses a Simple regression analysis

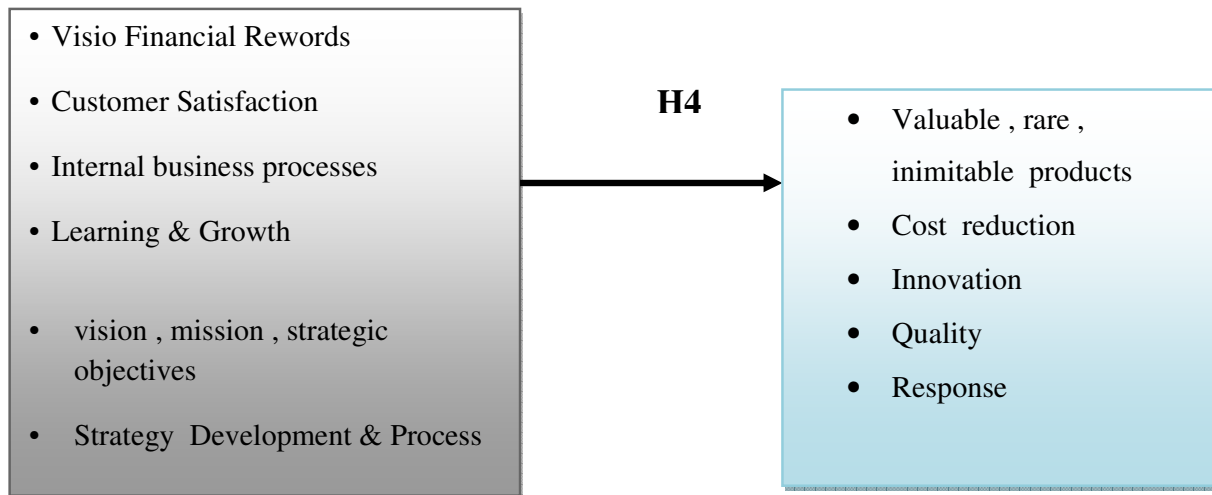


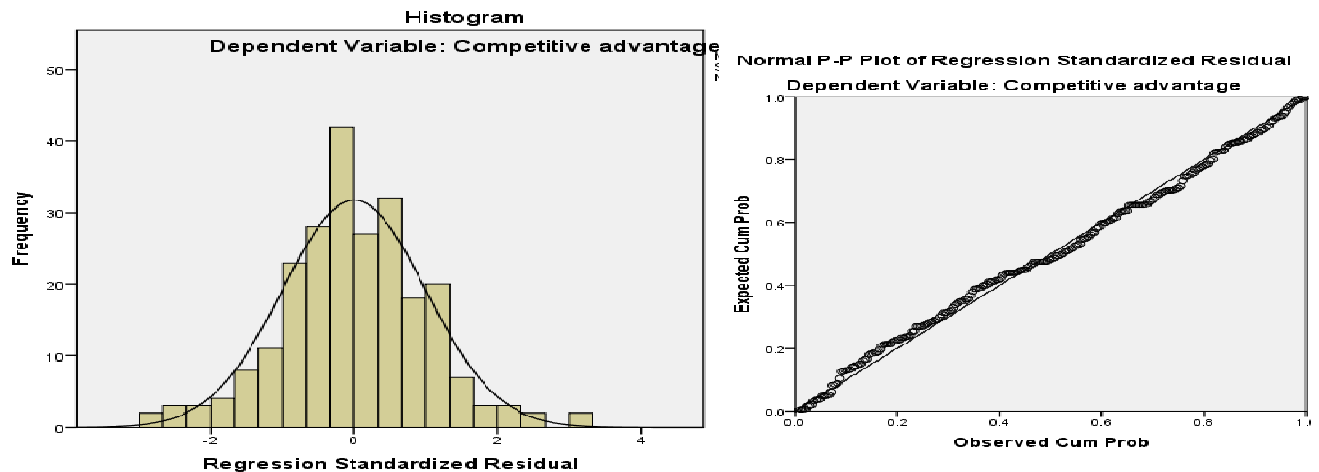
Figure – 5-4 : Relationship between Balanced scorecard (BSC) and Competitive advantage

Table No (5.31): Multi Regression Result: The Relationships between Balanced scorecard (BSC) and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Balanced scorecard	.798	.046	17.31	.000**	.099	1.871

R=.750
R²=559
Adjusted R²=.558
F value=299.63**
Durbin-Watson=1.48

** p<0.05 Source: researcher's field study data



It is clear from Table (5-31) that the VIF value for all the variables of the study did not exceed (10). Therefore, the model of the study does not suffer from the problem of Multicollinearity. The correlation between the variables is not statistically significant and very low. This indicates the strength of the study model in interpreting the effect on the dependent variable, To ensure that the model does not contain an Autocorrelation problem, the Durbin Watson Test has been performed The value of

D-W calculated for the study model (1.48) was less than 2, and thus falls within the ideal range indicating that there is no problem of self-correlation that affects the validity of the results.

Which shows that there is a strong and positive relationship between the Balanced scorecard and the competitive advantage of the bank through the views of the sample of the study where we find that the value of the correlation (.750). And as a contribution to balanced scorecard in the competitive advantage of 60%, which explains that whenever the banking sector has developed an effective competitive advantage through the Financial & learning & Growth.

The results showed that the hypothesis was supported; there is a positive relationship between Strategic Planning and competitive advantage . This hypothesis is consistent with past studies , and the study of Hassan who revealed that , banks are using strategic planning outperform other banks .

H4-1: There is a positive Relationship between Financial performance and Competitive advantage

Table No (5.32): Simple Regression Result: The Relationships between Financial and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Financial	.636	.055	11.58	.000**	.94	2.007
R=.602 R ² =.363 Adjusted R ² =.360 F value=134.20** Durbin-Watson=1.53						

** p<0.05

Source: researcher's field study data

The results of the above hypothesis showed that there is a strong correlation between the implementation of the financial axis in the balanced performance card and the bank's comparative advantage. The correlation degree (.636) shows that there is a strong correlation and the degree of the coefficient of determination R2 (363.) which explains that 37% Finance is reflected as a competitive advantage of the bank.

H4-2: There is a positive Relationship between Customers Satisfaction and Competitive advantage

Table No (5.33): Simple Regression Result: The Relationships between Customers Satisfaction and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Customers Satisfaction	.678	.057	11.92	.000**	.078	4.21
R=.613 R ² =.376 Adjusted R ² =.373 F value=142.12 Durbin-Watson=1.59						

** p<0.05

Source: researcher's field study data

The results of the above hypothesis showed that there is a strong relationship between customer satisfaction and the bank's comparative advantage. The correlation degree (.678.) shows that there is a strong relationship with statistical significance and the degree of the coefficient of determination (376.) which explains that 38% create a competitive advantage for the bank

H4-3: There is a positive Relationship between Internal Business Processes and Competitive advantage

Table No (5.34): Simple Regression Result: The Relationships between Internal Business Processes and control and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Internal Business Processes	.547	.041	13.25	.000**	.200	2.905
R=.653 R ² =.427 Adjusted R ² =.424 F value=175.273** Durbin-Watson=1.51						

** p<0.05 Source: researcher's field study data

The results of the hypothesis analysis in the table show that there is an impact on the internal operations of the bank on the existence of a competitive advantage characterized by the bank where we find that the value of the link amounted to 547, which means a strong relationship, and we find that the impact of operations on the bank to have a competitive advantage of the impact rate 43%, it can be concluded that grinding internal operations through the implementation of the performance card balance leads to a competitive advantage.

H4-4: There is a positive Relationship between Learning & Growth and Competitive advantage

Table No (5.35): Simple Regression Result: The Relationships between Learning & Growth and Competitive advantage

Variable	(β)	Std. Error	T- value	P-value	ollinearity Statistic	
					Tolerance	VIF
Learning & Growth	.479	.036	13.37	.000**	.321	2.111
R=.657 R ² =.431 Adjusted R ² =.429 F value=178.94 Durbin-Watson=1.45						

** p<0.05

Source: researcher's field study data

The results of the analysis of the hypothesis in the table show that there is an effect of the activation of banks for training and development of the skills of workers (learning and growth) on the existence of a competitive advantage characterized by the bank where we find that the value of the link amounted to .479, which means a strong relationship, and we find that the impact of education and growth to be The Bank has a competitive advantage of 43%. It can be concluded that providing opportunities for learning and growth through the implementation of a balanced performance card results in a competitive advantage.

H5: There is a positive Relationship between Balanced scorecard (BSC) and Performance

This section deal with the first hypotheses in the study which predicts that four Balanced scorecard components (Financial, Customer Satisfaction, Internal business processes , Learning & Growth)) have positive relationship Performance As shown in figure 5.4 below

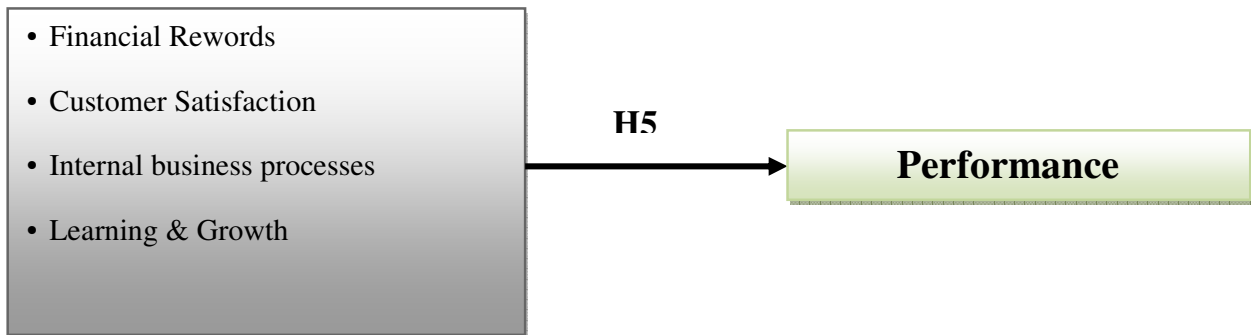


Figure – 5-5 : Relationship between Balanced scorecard (BSC) and Performance

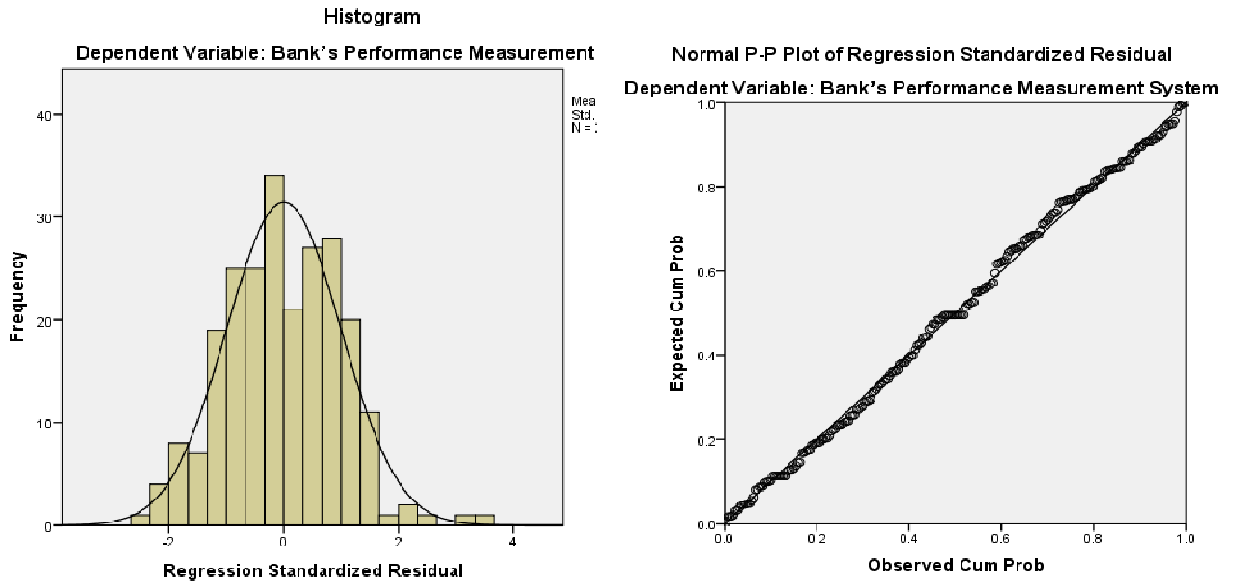
To test these hypotheses a Simple regression analysis

Table No (5.36): Multi Regression Result: The Relationships between Balanced scorecard (BSC) and Performance

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Balanced scorecard	.600	.051	11.65	.000**	.096	2.423
R=.654						
R ² =.428						
Adjusted R ² =.418						
F value=43.19**						
Durbin-Watson=1.92						

** p<0.05

Source: researcher's field study data



It is clear from Table (5-31) that the VIF value for all the variables of the study did not exceed (10). Therefore, the model of the study does not suffer from the problem of Multicollinearity. The correlation between the variables is not statistically significant and very low. This indicates the strength of the study model in interpreting the effect on the dependent variable, To ensure that the model does not contain an Autocorrelation problem, the Durbin Watson Test has been performed The value of D-W calculated for the study model (1.92) was less than 2, and thus falls within the ideal range indicating that there is no problem of self-correlation that affects the validity of the results.

Which shows that there is a strong and positive relationship between the Balanced scorecard and the Performance of the bank through the views of the sample of the study where we find that the value of the correlation (.600). And as a contribution to balanced scorecard in the Performance of 42%, which explains that whenever the banking sector has developed an effective competitive advantage through the Finial & learning & Growth.

The results showed that the hypothesis was supported, there is a positive relationship between Strategic Planning and Performance . This hypothesis is consistent and agreed with past studies . Also , Robinson and Pearce (1983) showed in a study conducted in 85 US selected banks by that small banks without formal

planning systems performed equally with small, formal planners. Regardless of formality, each set of banks placed equal emphasis on all aspects of strategic decision-making except formalized goals and objectives. Their results suggested that managers responsible for strategic planning activity in smaller organizations do not appear to benefit from a highly formalized planning process, extensive written documentation, or the use of mission and goal identification as the beginning of a strategic planning process.

H5-1: There is a positive Relationship between Financial and Performance

Table No (5.37): Simple Regression Result: The Relationships between Financial and Performance

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Financial	.623	.049	12.71	.000**	.94	2.007
R=.639 R ² =.409 Adjusted R ² =.406 F value=161.64** Durbin-Watson=1.90						

** p<0.05

Source: researcher's field study data

The results of the above hypothesis showed that there is a strong correlation between the implementation of the financial axis in the balanced performance card and the bank's Performance. The correlation degree (.623) shows that there is a strong correlation and the degree of the coefficient of determination R² (406.) which explains that 41% Finance is reflected as a Performance of the bank

H5-2: There is a positive Relationship between Customers Satisfaction and Performance

Table No (5.38): Simple Regression Result: The Relationships between Customers Satisfaction and Performance

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Customers Satisfaction	.639	.052	12.29	.000**	.078	4.21
R=.626 R ² =.392 Adjusted R ² =.390 F value=151.15 Durbin-Watson=2.00						

** p<0.05

Source: researcher's field study data

The results of the above hypothesis showed that there is a strong relationship between customer satisfaction and the bank's Performance. The correlation degree (.639) shows that there is a strong relationship with statistical significance and the degree of the coefficient of determination (376.) which explains that 39% create a Performance for the bank

H5-3: There is a positive Relationship between Internal Business Processes and Performance

Table No (5.39): Simple Regression Result: The Relationships between Internal Business Processes and control and Performance

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Internal Business Processes	.364	.045	8.16	.000**	.200	2.905
R=.471 R ² =.222 Adjusted R ² =.218 F value=66.259** Durbin-Watson=1.83						

** p<0.05

Source: researcher's field study data

The results of the hypothesis analysis in the table show that there is an impact on the internal operations of the bank on the existence of a Performance characterized by the bank where we find that the value of the link amounted to .364, which means a strong relationship, and we find that the impact of operations on the bank to have a Performance of the impact rate 22%, it can be concluded that grinding internal operations through the implementation of the performance card balance leads to a Performance.

H5-4: There is a positive Relationship between Learning & Growth and Performance

Table No (5.40): Simple Regression Result: The Relationships between Learning & Growth and Performance

Variable	(β)	Std. Error	T- value	P-value	Collinearity Statistic	
					Tolerance	VIF
Learning & Growth	.265	.041	6.47	.000**	.321	2.111
R=.390 R ² =.152 Adjusted R ² =.148 F value=41.88** Durbin-Watson=1.84						

** p<0.05

Source: researcher's field study data

The results of the analysis of the hypothesis in the table show that there is an effect of the activation of banks for training and development of the skills of workers (learning and growth) on the existence of a competitive advantage characterized by the bank where we find that the value of the link amounted to .256, which means a strong relationship, and we find that the impact of education and growth to be The Bank has a Performance of 15%. It can be concluded that providing opportunities for learning and growth through the implementation of a balanced performance card results in a Performance. Also the results of the test of hypotheses provide supportive evidence that high emphasis on non-financial perspectives leads to better financial performance. This finding is consistent with the results of the previous studies such as Almawali et al. (2009);Banker et al. (2002); Cohen et al. (2008); Davis and Albright (2004);Evan (2004), (2007); Hogue and James (2002); Kaplan and Norton (1996a,b),(2001a), (2004); which reported that, the incorporation of non-financial performance measures is associated with improved financial performance . Said et al.

(2003) also found that non-financial measures are significantly associated with future accounting and market-based return. In addition, their results point out that, the use of non-financial measures is linked to innovation-oriented strategy. Bryant et al. (2004) examined the idea of causality between financial and non-financial performance measures found that, firm which used performance measurement system that contains financial and non-financial measures would gain benefits more than the firms that rely on financial measures only. Similarly, this finding is consistent with the results of previous research (Droge et al. (2000), Ittner and Iarcker (1998a, b), Anderson et al., (1994), Banker et al., (2000)) reported that, the customer satisfaction is positively correlated with improved financial performance. Also, it is consistent with Ruzita et al. (2008) and Sim and Koh (2002). Ruzita et al. (2008) who revealed that, there is a positive relationship between the use of non-financial measures particularly, internal business process and learning and innovation measures and financial performance. Sim and Koh (2002) also found that, there is a positive relationship between learning and growth perspective as well as the organizational performance. Grafi(2014) also found that, high emphasis on non-financial perspectives leads to better financial performance. Also Albesani (2014) , revealed that , high emphasis on non-financial perspectives leads to better financial performance in the manufacturing companies .

Financial Analysis:

Table No (5.41): Descriptive of Financial Sudanese banking sector

Variables	Year		
	2014	2015	2016
Mean			
Total Assets	4,346,971,196	5,470,045,715	6,296,407,738
Total Deposits	121,214,802	163,173,329	209,492,335
Profits	1,619,471,773	1,999,723,152	1,989,643,162

Source: researcher's field study data

The result showed average total assets in 2014 were (4,346,971,196) while in 2016 the average was (6,296,407,738) this reflects the increase in the total assets in the Sudanese banking sector. This is an indication of the stability and high level of performance of the banking sector, With regard to the structure of total deposits, it was found that there was a significant increase from one year to another, an increase of 22% in the total deposits for all banks during the study period, reflecting a very high investment which reflects the high level of performance, The results also showed that the level of profitability in the performance of banks stable during the period of study this stability of profits strengthens the stability of performance in the Sudanese banking sector.

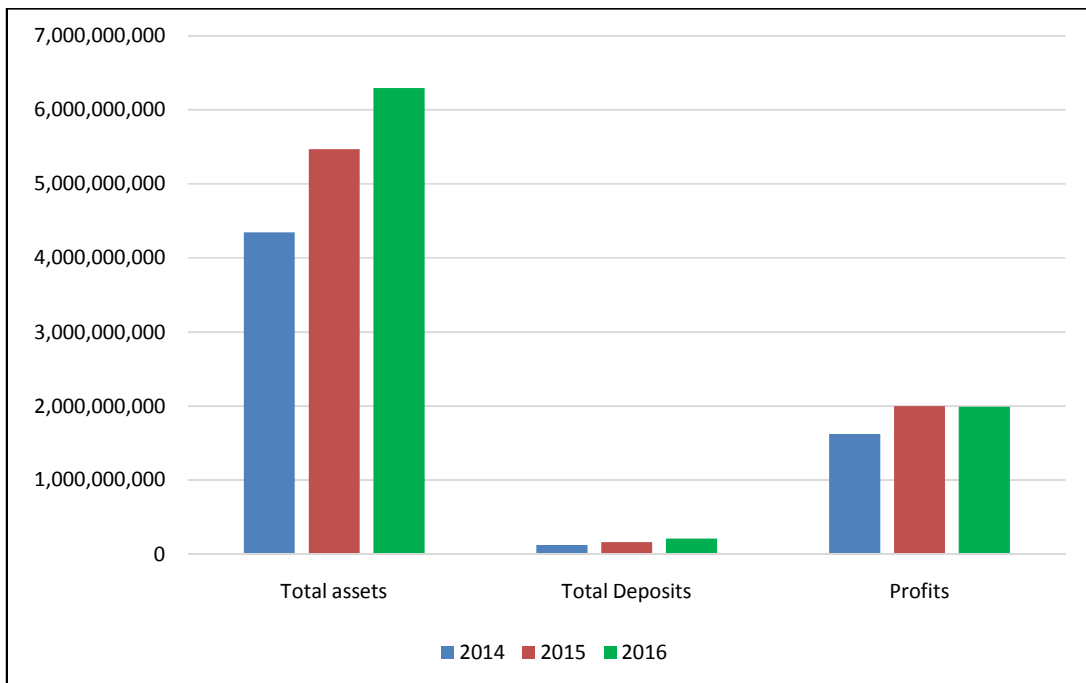
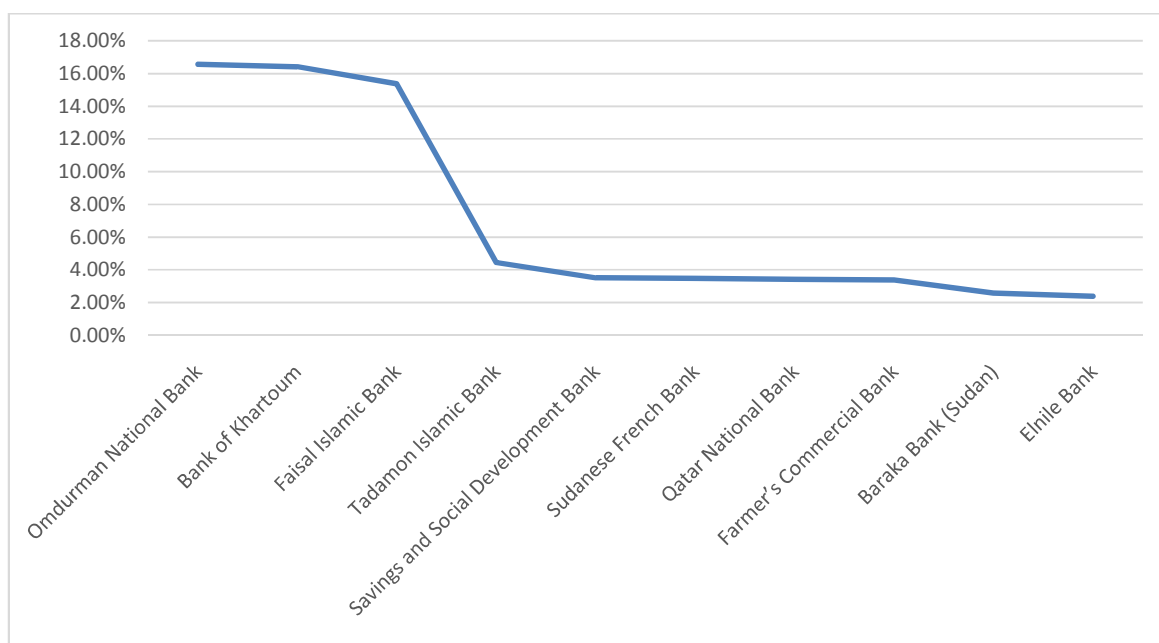


Table No (5.42): Descriptive Top Ten Market share of Profit in Sudanese banking sector (2016)

Bank Name	Market share
Omdurman National Bank	16.56%
Bank of Khartoum	16.42%
Faisal Islamic Bank	15.37%
Tadamon Islamic Bank	4.44%
Savings and Social Development Bank	3.52%
Sudanese French Bank	3.48%
Qatar National Bank	3.42%
Farmer's Commercial Bank	3.38%
Baraka Bank (Sudan)	2.58%
Elnile Bank	2.39%

Source: Researcher's data



The top ten banks acquire 75% of the total market share of the banking industry, this means the volume of money circulated will not be more than ten banks not thirty eight, actually 75% of the cash stock circulated out of the banking sector as mentioned earlier.

H1: There is a statistically significant relationship between the application of strategic Planning and the increase in the level of (profitability, Total Assets, Total Deposits) in the top 10 banks that achieved profitability from the study sample

Table No (5-43) Shows Pearson Correlation Coefficient for Hypothesis Variables

Factor	Profit	Total Assets	Total Deposits
Strategic Planning	.502**	.567*	.589**

Source: Researcher's data

The correlation analysis was performed. As shown in Table (5-42), there is a correlation between the application of the strategic Planning and the increase in the profitability level. The correlation coefficient value (.502) and the significance level (0.023), which explains the commitment of the banking sector to develop a vision and a clear message and the existence of strategic objectives lead to a high percentage of profitability. It is therefore possible to conclude that improving the Bank's performance by increasing profitability leads to the creation of a sustainable competitive advantage.

This finding is consistent with the results of the previous studies such as, the study of El-Mobayed (2006) which was conducted with 185 completed received questionnaires in Palestine (in Gaza Strip) showed a significant positive correlation between strategic planning and growth in sales/revenues. The study also showed a significant positive relationship between strategic planning and market share expansion. The results further showed a significant positive relationship between strategic planning and new sites expansion and increasing of staff in the firm. Also, The study of Kraus et al. (2006) conducted in Austria with a random sample of 1,497 firms drawn from a population of 19,477 firms whereas (n = 290), showed that Planning formalization has a positive and highly significant impact on the probability

of belonging to the group of growth firms, whereas other aspects of strategic planning (time horizon, strategic instruments, and control) did not contributed to performance.

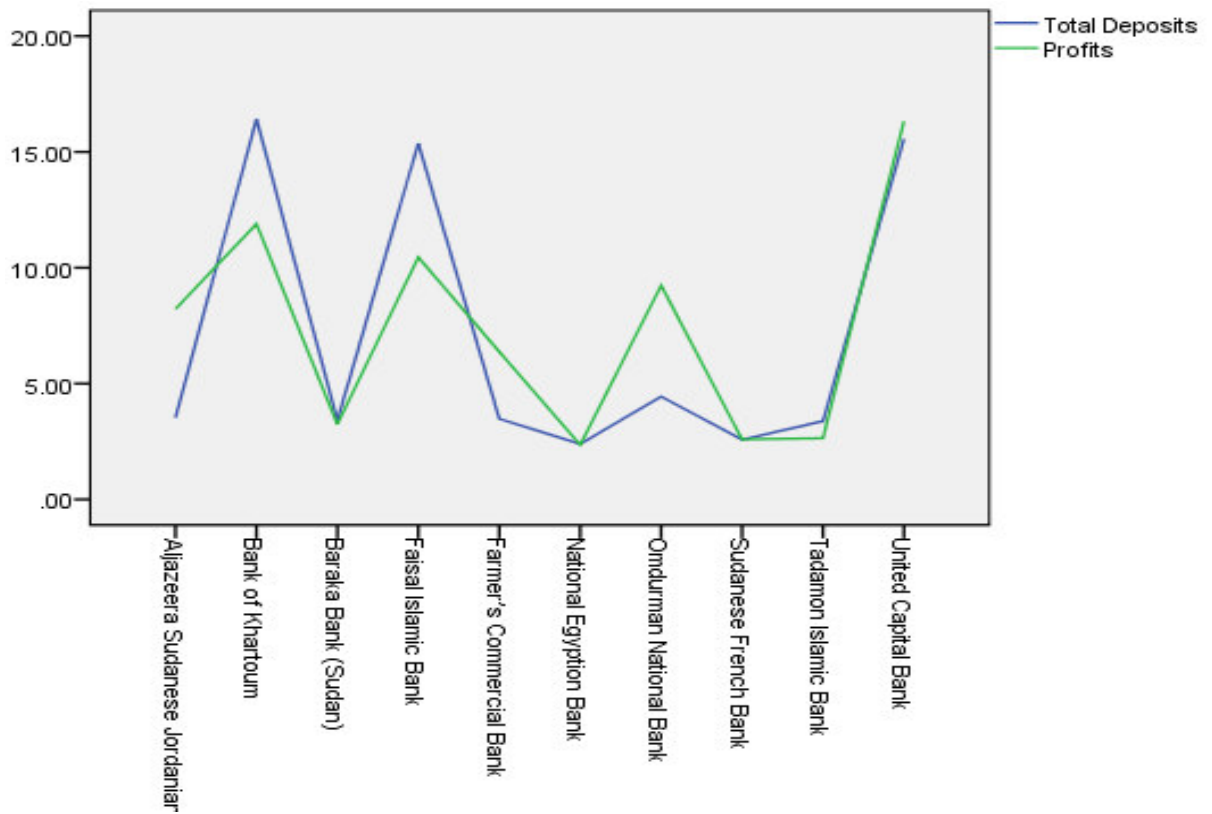
Wang et al. (2006) with a total of 486 usable returned questionnaires in Western Australia conducted a study and purported that operators in business to achieve financial goals were more likely to engage in strategic planning than operators motivated by lifestyle change and those ‘pushed’ into small business ownership. Operators driven by personal achievement goals (e.g., self-development, personal challenge and recognition) were similar to ‘financial’ operators and showed a greater likelihood to strategically plan. This hypothesis not agreed with , Falshaw, Glaister and Tatoglu (2006) conducted a study with data collected from 113 United Kingdom companies, and purported no relationship between formal planning process and subjective company performance was observed.

H2: There is a statistically significant relationship between the application of balanced scorecard and the increase in the level of (profitability, Total Assists, Total Deposits) in the top 10 banks that achieved profitability from the study sample

Table No (5-44) Shows Pearson Correlation Coefficient for Hypothesis Variables

Factor	Profit	Total Assets	Total Deposits
balanced scorecard	.502**	.384*	.389*

Source: Researcher's data



The results showed that there is a positive correlation between the application of banks to the balance of balanced scorecard and the high level of performance of the bank in both profitability increase where the correlation coefficient 502. Which is a significant value and statistical function. There is also a positive relationship with the total assets as well as with the total deposits. All these relations are statistically significant, which explains that the implementation of the balanced scorecard improves the performance of the banks and increases their performance in increasing investments and deposits.

This finding is consistent with the results of previous studies such as , Bikker (2010) studied on how well financial institutions perform in providing their services to customers and businesses. Moneva et al, (2010) evaluated the significance of the link between corporate environmental and financial performance in order to see the contribution of those performances to the success. Their results present the idea that higher rates of environmental performance and non-financial factors , provide a better financial performance.

H2.1: There is a statistically significant relationship between the Customers Satisfaction and the increase in the level of (profitability, Total Deposits) in the top 10 banks that achieved profitability from the study sample

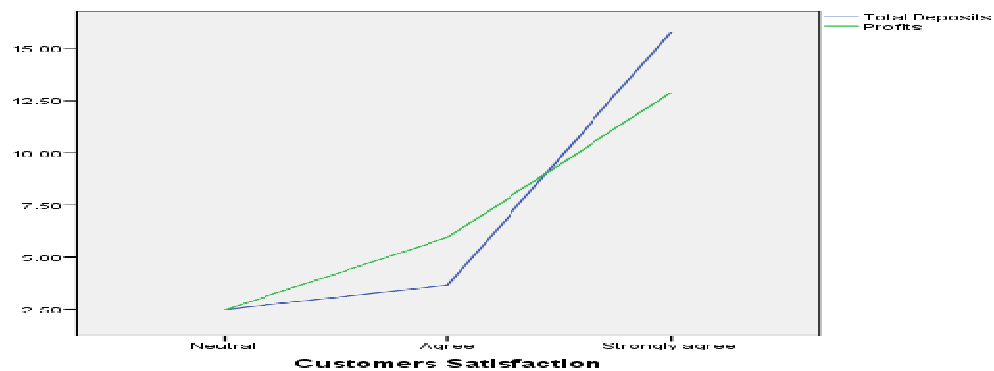
Table No (5-45) Shows Pearson Correlation Coefficient for Hypothesis Variables

Factor	Profit	Total Deposits
Customers Satisfaction	.629**	.677*

Source: Researcher's data

The results of the correlation show a strong and positive relationship between customer satisfaction and the profit rate achieved by the bank participation rate of the banks' profits. The value of the correlation coefficient is .629 this is a very large value. This explains that increasing customer satisfaction by gaining new customers and relying on a total index new customer transactions lead to increased profitability.

We also find a strong and positive relationship between customer satisfaction and total deposits which means that the development of the relationship with customers to retain and monitor the growth index of their Transactions.



H2.2: There is a statistically significant relationship between the Internal Business Processes and the increase in the level of (profitability, Total Deposits) in the top 10 banks that achieved profitability from the study sample

Table No (5-46) Shows Pearson Correlation Coefficient for Hypothesis Variables

Factor	Profit	Total Deposits
Internal Business Processes	.509**	.312*

Source: Researcher's data

The results of the correlation show a strong and positive relationship between Internal Business Processes and the profit rate achieved by the bank participation rate of the banks' profits. The value of the correlation coefficient is .509 this is high significant. This explains that increasing Internal Business Processes by supporting the innovations provided by customers and employees to develop His products.

We also find a strong and positive relationship between Internal Business Processes and total deposits which means that the use of information systems among the administrative units in the bank to raise the efficiency of internal operating systems.

H2.3: There is a statistically significant relationship between the Learning & Growth and the increase in the level of (profitability, Total Deposits) in the top 10 banks that achieved profitability from the study sample

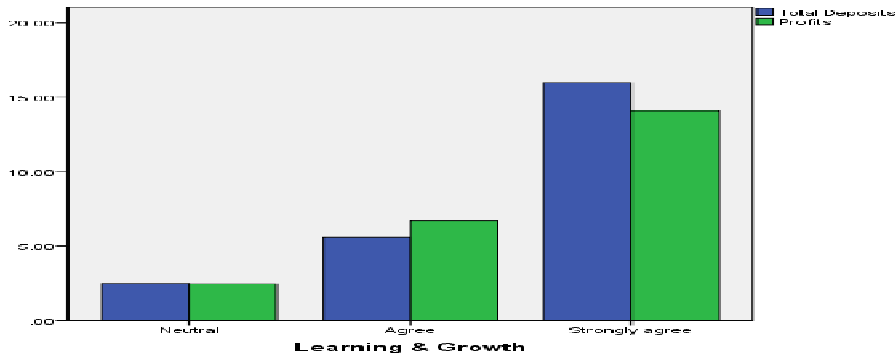
Table No (5-47) Shows Pearson Correlation Coefficient for Hypothesis Variables

Factor	Profit	Total Deposits
Learning & Growth	.540**	.581*

Source: Researcher's data

The results of the correlation show a strong and positive relationship between Learning & Growth and the profit rate achieved by the bank participation rate of the banks' profits. The value of the correlation coefficient is .540 this is high significant. This explains that increasing Learning & Growth by designing various training programs to develop the skills and capabilities of the employees and raise their efficiency.

We also find a strong and positive relationship between Learning & Growth and total deposits which means that the Renewal, modernization and innovation are the basic condition for survival.



The results of the test of hypotheses ($H_{2.1}$ – $H_{2.2}$ – $H_{2.3}$) provide supportive evidence that high emphasis on non-financial perspectives leads to better financial performance. This finding is consistent with the results of the previous studies such as , Albisani (2014) , revealed that, there is a positive relationship between the use of non-financial measures particularly, internal business process and learning and innovation measures and financial performance. Grafi (2014) revealed, that, non-financial performance measures is associated with improved financial performance. Almawali et al. (2009);Banker et al. (2002); Cohen et al. (2008); Davis and Albright (2004);Evan (2004), (2007); Hogue and James (2002); Kaplan and Norton (1996a,b),(2001a), (2004); which reported that, the incorporation of non-financial performance measures is associated with improved financial performance . Said et al. (2003) also found that non-financial measures are significantly associated with future accounting and market-based return. In addition, their results point out that, the use of non-financial measures is linked to innovation-oriented strategy. Bryant et al. (2004) examined the idea of causality between financial and non-financial performance measures found that, firm which used performance measurement system that contains financial and non-financial measures would gain benefits more than the firms that rely on financial measures only. Similarly, this finding is consistent with the results of previous research (Droge et al. (2000), Ittner and larcker (1998a, b), Anderson et al., (1994), Banker et al., (2000)) reported that, the customer satisfaction is positively correlated with improved financial performance. Also, it is consistent with Ruzita et

al. (2008) and Sim and Koh (2002). Ruzita et al. (2008) who revealed that, there is a positive relationship between the use of non-financial measures particularly, internal business process and learning and innovation measures and financial performance. Sim and Koh (2002) also found that, there is a positive relationship between learning and growth perspective as well as the organizational performance. Lingle & Schiemann, (1996). Ittner et al. (2003) found that, firms achieve higher performance when they place greater emphasis on a broad set of financial and non-financial performance measures.

5.6 Summary of the Chapter

This study aimed to validate a measurement for Strategic Planning on Performance among Banking sector in Sudan. In addition, the study aimed at investigating the relationship between the Strategic Planning and sustainable competitive advantage, the relationship between the Strategic Planning and balanced scorecard, the study as well as examined the relationship between Strategic Planning and Performance. The relationship between balanced scorecard and competitive advantage. The relationship between balanced scorecard and Performance. The study as well examined the relationship between Strategic Planning and Financial Performance for Top Ten in Sudanese banking sector as at (2016) (Total Assets- Total Deposits- Profits

Chapter VI

Discussions , Conclusions and Recommendation

6.0 Overview:

Following the data analysis from the preceding chapter, conclusions emerging from the research findings are illustrated initially followed by discussion of the results in light of prior researches. The implications of the findings for theory and management are then developed. Next, limitations and directions for future researches identified. Finally, an overall conclusion of the study is made.

6.1 Recapitulation of the Study Findings:

This study aimed to validate a measurement for the effects of strategic planning on performance and sustainable competitive advantage among Banking Sector in Sudan, addition, the study aimed at investigating the relationship between the Strategic planning and Balanced scorecard, The study as well examined the relationship between Strategic Planning and competitive advantage, The relationship between strategic planning and Performance, the relationship between Balanced scorecard and Performance, the relationship between Balanced scorecard and competitive advantage.

Research questions were outlined to achieve the aims of the study.

The Questions are as follows:

- i) What are the contributing and impeding factors in the Sudanese Banking Sector in successfully adopting strategic planning?
- ii) What is the extent of adoption of strategic planning practices among the Sudanese Banking Sector to ensure performance sustainability and competitive advantage?
- iii) Does strategic planning carried out at different levels of the bank?
- iv) What is the extent to which staff is involved in the strategic planning process?
- v) Does the implementation of strategic Planning have any effect on competitive advantage?
- vi) Does the implementation of strategic Planning have any effect on performance sustainability?
- vii) To what extent could the improvements in several internal and external corporate parameters that can be broadly classified within the non-financial

Balanced Scorecards (BSC's) perspectives eventually have effects on the corporate financial performance and competitive advantage

- viii) Do strategic capabilities provide sustainable competitive advantage on the basis of their value, rarity, inimitability and non substitutability?
- ix) Which is the best way to position firm resource-based view to create and sustain competitive advantage?
- x) What resources and competences might provide banks' competitive advantage in ways that can be sustained over time?

The data for this research was obtained from a cross-sectional survey 238 questionnaire from the banking sector in Sudan out of 266 questionnaires representing 89.4%, answering 115 questions.

Before running the analyses for hypothesis testing, factor analysis and Reliability test were conducted to ensure goodness of measures. Factor analysis was used to test for validity of the measures on all the study variables. Particularly, varimax rotation was utilized to identify the dimensionality of the research variables.

The results indicated that the extracted factors fit the conceptualized variables. However, the results of factor analysis for Strategic Planning showed that four factors had emerged as compared with three conceptualized factor, Factor analysis was done on the 20 items related to the competitive advantage. Factor analysis was done on the nineteen items related to the balanced scorecard. The result of factor analysis is shows that the items were loaded on four factors as conceptualized in the first run of factor analysis, items FIN7, FIN1 and INT1, INT5 AND LEN6 were found to have communalities less than 0.50. Item was dropped in the subsequent run. A close inspection on communalities table show that item PRE1 still had Communalities value less than 0.50, and was dropped in the next run. The result of factor analysis is shows that the items were loaded on five factors as conceptualized.

The reliability of empirical measurements was obtained by internal consistency method using Cronbach"s alpha test. The results of the reliability analysis confirmed that all the scales display satisfactory level of Reliability. Moreover, as the study aims to validate a measurement for Strategic Planning. The measurement scales were assessed further for construct validity. The construct validity of Strategic Planning was evaluated by validity and criterion validity accordingly, this scale was found to be valid (refer to Table 5-6).

The result of descriptive analysis showed that the study sample strongly agreed that there is effective application of strategic planning in the Sudanese banks, the result of ANOVA test revealed no significant mean difference, here are statistically significant differences between the age groups in the sample of the study towards strategic planning in favor of those aged 50 years and over, there is no significant difference between the level of education, there are no significant differences in favor of the variable of academic specialization, there were significant differences in the different years of experience in the sample of the study towards strategic planning in favor of those with 20 years of experience and more. there are statistically significant differences between the Job in the sample of the study towards strategic planning in favor of those General Manager, there is no significant difference between the long have you been running this position, , there are no significant differences in favor of the variable of Number of years of worked of the Bank, there were significant differences in the different Number of banks that worked before this bank in the sample of the study towards strategic planning in favor of those with 3 banks worked before this bank.

The results showed that the study sample strongly agreed that there is effective application of balanced scorecard, there are statistically significant differences between the age groups in the sample of the study towards balanced scorecard in favor of those aged 50 years and over, there is no significant difference between the levels of education, there are no significant differences in favor of the variable of academic specialization, there were significant differences in the different years of experience in the sample of the study towards Balanced scorecard in favor of those with 20 years of experience and more, there are statistically significant differences between the Job in the sample of the study towards Balanced scorecard in favor of those General Manager, While there is no significant difference between the long have you been running this position towards the knowledge of employees of the banks for Balanced scorecard, there are no significant differences in favor of the variable of Number of years of worked of the Bank, While the results of the above table showed that there were significant differences in the different Number of banks that worked before this bank in the sample of the study towards Balanced scorecard in favor of those with 3 banks worked before this bank.

The results showed that the study sample agreed that there is effective application of competitive advantage in the Sudanese banks, This result reflects the

high level of knowledge of the role of competitive advantage in the Sudanese banking sector, there are statistically significant differences between the age groups in the sample of the study towards competitive advantage in favor of those aged Less than 30 year, The age groups are more familiar with the role of competitive advantage, there is no significant difference between the level of education towards the knowledge of employees of the banks for competitive advantage, there are no significant differences in favor of the variable of academic specialization ,Also, there are no significant differences in favor of the variable of Years' experience. There are no statistically significant differences between the all variables in the sample of the study towards competitive advantage,

The results of the bivariate correlations between the constructs incorporated in both the measurement and theoretical framework shows that all the correlations are in the hypothesized positive relationship. There is a significant correlation between the four components of strategic planning and the components of competitive advantage, we find a significant correlation between the four components of a balanced scorecard and the components of competitive advantage.

The Multilinear regression analysis was used to test the hypotheses of the study.

The first hypothesis predicts that there is a positive relationship between strategic planning and performance, there is a strong impact of strategic planning on the performance of the Sudanese banking sector, the model of the study does not suffer from the problem of Multicollinearity, is no problem of self-correlation that affects the validity of the results, the results show that (66%) of the change in the performance of the bank is due to good strategic planning, The results showed that the hypothesis was supported, there is a positive relationship between Strategic Planning and Performance

1. The results showed that there is an impact on the strategic objectives of the Bank's performance change(38% of the factors affecting the performance of the bank are due to the vision, mission and strategic objectives of the bank)
2. The results showed that there is an impact for the development of the strategy on the performance of the bank(that is (32%) factors that affect the performance of the bank attributed to the development of the strategy and development of its objectives through the development of the use of

internal resources system or performance evaluation To the extent that shows the strengths and weaknesses and causes and opportunities for improvement).

3. The results showed that the implementation and control of the strategy is linked to improving the performance of the bank with a positive relationship, that (48%) of the factors affecting the performance of the bank are attributed to the implementation and control of the strategy through the succession of senior and executive management levels and units Management stages of the implementation of the strategy

The second hypotheses in this study predict that the four strategic planning components (Vision , mission , strategic objectives , Strategy Development & Process, Implementation & Control, Performance) have a positive relationship with the Balanced scorecard, there is a strong impact of strategic planning on the performance In the implementation of the Balanced scorecard, the model of the study does not suffer from the problem of Multicollinearity, there is no problem of self-correlation that affects the validity of the results, the result finding (60%) of the change in the Balanced scorecard of the bank is due to good strategic planning, The results showed that the hypothesis was supported, there is a positive relationship between Strategic Planning and Balanced scorecard.

4. The results showed that there is an effective role for the Bank's strategic objectives in implementing the balanced scorecard(33% of the implementation of the scorecard is due to strategic objectives. This explains the strong relationship between the Bank's strategic objectives and the scorecard to improve performance)
5. There is an effective role for the Bank's strategic Development in implementing the balanced scorecard(50% of the implementation of the scorecard is due to strategic Development. This explains the strong relationship between the Bank's strategic Development and the scorecard to improve performance.
6. there is an effective role for the Bank's Implementation and control in implementing the balanced scorecard(49% of the implementation of the scorecard is due to Implementation and control. This explains the strong relationship between the Bank's Implementation and control and the scorecard to improve performance).

7. The results show that there is an effective role for the Bank's Performance in implementing the balanced scorecard(37% of the implementation of the scorecard is due to Performance. This explains the strong relationship between the Bank's Performance and the scorecard to improve performance.

The third hypotheses in this study predict that the four strategic planning components (Vision , mission , strategic objectives , Strategy Development & Process, Implementation & Control, Performance) have a positive relationship with the Competitive advantage, strong and positive relationship between the strategic planning and the competitive advantage of the bank, the model of the study does not suffer from the problem of Multicollinearity, there is no problem of self-correlation that affects the validity of the results, the result finding And as a contribution to strategic planning in the competitive advantage of 37%, which explains that whenever the banking sector has developed an effective strategic planning through the development, implementation and control strategy.

8. The results of the analysis show that the Bank's mission, and strategic objectives achieve a competitive advantage from one bank to another, medium and statistically significant.
9. there is an effective role for the Bank's strategic Development in implementing the competitive advantage, 32% of the implementation of the competitive advantage is due to strategic Development. This explains the strong relationship between the Bank's strategic Development and the competitive advantage
10. there is an effective role for the Bank's Implementation and control in implementing the competitive advantage, 31% of the implementation of the competitive advantage is due to Implementation and control. This explains the strong relationship between the Bank's Implementation and control and the competitive advantage.
11. there is an effective role for the Bank's Performance in implementing the competitive advantage, 18% of the implementation of the competitive advantage is due to Performance. This explains the strong relationship between the Bank's Performance and the competitive advantage

The fourth hypotheses in this study predict that the four Balanced scorecard components (Financial, Customer Satisfaction, Internal business processes, Learning & Growth) have positive relationship competitive advantage bank, that there is a strong and positive relationship between the Balanced scorecard and the competitive advantage of the bank, the model of the study does not suffer from the problem of Multicollinearity, there is no problem of self-correlation that affects the validity of the results, the result finding And as a contribution to balanced scorecard in the competitive advantage of 60%, which explains that whenever the banking sector has developed an effective competitive advantage through the Financial & learning & Growth.

- The results of the analysis show that the Financial achieve a competitive advantage from one bank to another, high and statistically significant.

12. The results of the analysis show that the Customers Satisfaction achieve a competitive advantage from one bank to another, 38% of the implementation of the competitive advantage is due to Customers Satisfaction

13. The results of the analysis show that the Internal Business Processes achieve a competitive advantage from one bank to another, 43% of the implementation of the competitive advantage is due to Internal Business Processes

14. The results of the analysis show that the Learning & Growth achieve a competitive advantage from one bank to another, 43% of the implementation of the competitive advantage is due to Learning & Growth.

The fifth hypotheses in this study predict that the four Balanced scorecard components (Financial, Customer Satisfaction, Internal business processes, Learning & Growth) have positive relationship Performance, that there is a strong and positive relationship between the Balanced scorecard and the Performance, the model of the study does not suffer from the problem of Multicollinearity, there is no problem of self-correlation that affects the validity of the results, the result finding And as a contribution to balanced scorecard in the Performance of 43%, which explains that whenever the banking sector has developed an effective Performance through the Financial & learning & Growth.

- The results of the analysis show that the Financial achieve a Performance from one bank to another, high and statistically significant.
- 15. The results of the analysis show that the Customers Satisfaction achieve a Performance from one bank to another, 39% of the implementation of the Performance is due to Customers Satisfaction
- 16. The results of the analysis show that the Internal Business Processes achieve a Performance from one bank to another, week and statistically significant
- 17. The results of the analysis show that the Learning & Growth achieve a Performance from one bank to another, week and statistically significant .

6.2 The Results of Financial Analysis:

The results of financial analysis also showed that:

1. The level of profitability in the performance of banks stable during the period of study this stability of profits strengthens the stability of performance in the Sudanese banking sector.
2. There is a correlation between the application of the strategic Planning and the increase in the profitability level.
3. There is a positive correlation between the application of banks to the balance of balanced scorecard and the high level of performance of the bank in both profitability increases.
4. There is also a positive relationship with the total assets as well as with the total deposits. All these relations are statistically significant, which explains that the implementation of the balanced scorecard improves the performance of the banks and increases their performance in increasing investments and deposits.
5. The top ten banks acquire 75% of the market share of the banking industry .

6.3 Major Results of the Study:

The result of this study revealed that the Sudanese banks are also a part of the global economy and is not exempted from what is happening and therefore should not feel it is not important to embark on strategic planning process. It was established that the extent of strategic planning, the categories of workers involved and the level implementation are variables that affect the achievement of higher performance even in other industries and this process should not be ignored.

Testing the main hypotheses of the study using the Statistical Package for Social Science (SPSS) version 22, the study reached twenty – six (26) results which addressed the objectives as well as the hypotheses of the study. Therefore, the empirical findings provide supportive evidence that, there is a positive and statistically significant relationship between strategic planning factor and the variables.

This could be summarized in the following conclusions and results:

- 1:** strategic Planning is a multi-facet construct consisting of four components, among which are the strategy development, Performance, Vision, mission and strategic objectives and implementation and control and can be measured using **115** questionnaire items
- 2:** Strategic planning is one of the most respected and valued management tools for turning organizational dreams into reality. It is defined as the process by which organizations determine and establish long term directions, formulate and implement strategies to accomplish long-term objectives while taking into account relevant internal and external environmental variables.
- 3:** The results of the reliability analysis confirmed that all the scales display satisfactory level of reliability
- 4:** Strongly agreed that there is effective application of strategic planning.
- 5:** statistically significant differences between the age groups in the sample of the study towards strategic planning in favor of those aged 50 years and over
- 6:** There is a significant correlation between the four components of strategic planning and the components of competitive advantage

- 7:** significant correlation between the four components of a balanced scorecard and the components of competitive advantage
- 8:** there is a positive relationship between strategic planning and financial and nonfinancial performance
- 9:** there is a positive relationship between strategy development and performance
- 10:** there is positive relationship between implementation and control and performance
- 11:** There is a positive relationship between strategic planning and balanced scorecard.
- 12:** The results there are an effective role for the Bank's strategic objectives in implementing the balanced scorecard.
- 13:** strong relationship between the Bank's strategic Development and the balanced scorecard
- 14:** strong relationship between the Bank's implementation and control and the balanced scorecard
- 15:** strong relationship between the Bank's performance and the balanced scorecard
- 16:** strong and positive correlation and statistical relationship between the strategic planning and the competitive advantage
- 17:** The Bank's mission, and strategic objectives achieve a competitive advantage from one bank to another, medium and statistically significant
- 18:** strong relationship between the Bank's strategic Development and the competitive advantage
- 19:** strong relationship between the Bank's performance and competitive
- 20:** strong relationship between the Bank's strategy implementation and control and the competitive advantage
- 21:** strong and positive relationship between the Balanced scorecard and the competitive advantage
- 22:** strong relationship between the internal Business Processes and the competitive advantage
- 23:** strong and positive relationship between the Balanced scorecard and the performance

- 24:** There is a correlation between the application of the strategic planning and the increase in the profitability level
- 25:** There is a positive correlation between the application of banks to the balance of balanced scorecard
- 26:** There is also a positive relationship between total deposits and performance

6.4 The Conclusion of the Study:-

The findings of this study shed the light on the progress of strategic planning and PMS and BSC in Sudan which is a developing country currently experiencing express and rapid transformations and changes in the banking business environment. The findings of this study emphasizes a significant role for strategic planning and performance systems in banks for decision-making, control, performance measurement and business strategy in most organizations which are consistent and agreed with past studies , Akbar, 2010 and Grafi 2014, For example, Kaplan (1984, p. 390). As one of these systems, PMS can be used for internal or external control purposes in banking and financial institutions (Fried, 2010).

Also the intention of this study was to investigate and to examine whether the use of strategic planning affect the improvement in bank's financial performance and positively associated with the improvement of non-financial perspectives. The BSC is a system of combining financial and non-financial measures of performance in one single scorecard. The proponents of the BSC claim that, it is a device to guide strategy formulation, implementation, and communication. BSC believe that, lead factors interrelationships and their improvement lead to improved financial performance. (Kaplan and Norton, 1996). It also helps in tracking the performance and providing quick feedback for control and evaluation.

This study surveyed general managers, deputy GMs, department heads and sections heads, in the Sudanese banks. Completed questionnaires were returned from 38 banks, yielding a response rate of around 89.4 percent. Additionally, financial ratios of the banks for the period 2014, 2015, 2016, were calculated from their published annual reports. Of these banks, top 10 have improved in their profitability, market share in deposits, total assets during the three -year's period of study.

Empirically, this study verified that there is a strong correlation between strategic planning and performance and competitive advantage. The coefficients vary from the lowest (0.85) to the highest (0.92). This evidence proved the theoretical presumption of BSC that there is a sequential dependency among the non-financial BSC perspectives. However, the association between strategic planning and non-financial performance and competitive advantage has a positive and statistically significant relationship. This study also provided supportive evidence that high emphasis on non-financial perspectives leads to better financial performance. The findings are consistent with the results of previous studies, (Graf, 2014 and Albisani 2014). Banks that have improved in their Profit Margin, market share in deposits and total assets during the three-year period of the study have increased in their effort in non-financial perspective factors compared to the banks that have not improved their Profit margin. The findings reached in this study believed to be important to the extent that, for several reasons

Firstly: the present study is the first study in Sudan that used the strategic planning constituents to investigate empirically the impact of strategic planning on financial and non-financial performance and competitive advantage employing the mediating role of balanced scorecard (BSC) approach as a framework to investigate empirically the impact of several non-financial variables on the Sudanese banks' financial performance and competitive advantage. Thus, the literature on strategic planning and corporate performance measurement and the (BSC) approach will be enhanced. on the Sudanese banks'

Secondly, the conclusions of the study indicated that a casual relationship between strategic planning constituents and non-financial measurement and financial performance employing BSC can be supported by empirical data.

Thirdly, the conclusions of the study indicated that a casual relationship between strategic planning constituents and competitive advantage employing the mediating role of BSC can be supported by empirical data.

As it has been discussed in detail and well understood that in the world today, which is very challenging and uncertain and the strategic planning practice is the most reliable and effective way to compete with these challenges for every kind of businesses. But still there is need of empirical research to be done from strategic planning perspective and to explore the constituent components of strategic planning in empirical research in developing countries. Till today, there is found no empirical

study from strategic planning perspective in the context of the banking sector and more specifically from constituent components of strategic planning perspective. Therefore, the researcher aims to conduct the first empirical study in the context of the Sudanese banking industry from the perspective of constituent components of strategic planning.

6.4.1 Recommendations

In the light of the above-mentioned results and findings, of this study the following specific and general recommendations could be proposed.

These recommendations are:

6.4.1.1 Specific Recommendations to the Sudanese banks

- 1.** The executive management of the banks should establish specific policies in order to extend the level of adoption of strategic planning to improve their performance and gain sustainable competitive advantage.
- 2.** Banks should exert more efforts in communicating and aligning their strategies among their stakeholders. These efforts might indicate the indirect effect of the non-financial performance on the financial performance for performance sustainability.
- 3.** Banks should pay more attention to the continuous monitoring and analyzing of strategic business plans and the linkage between their performance measurement systems and business strategy employing the balanced scorecard in order to achieve the banks' strategic objectives.
- 4.** Banks should give additional attention to strongly use the balanced scorecard as an innovative management tool to link business strategy to the manufacturing system, financial and non- financial performance measures, and how these measures are causally linked to each other in order to achieve successful performance and business sustainability.
- 5.** Implementation of BSC method in banks is very important as much as its success. For this reason practicing Balanced Scorecard is also important in order to get the desired results in strategic performance measurement. On the other hand, suggest

considering Balanced Scorecard as innovation not just a measure. So, it affects strategic decision making process. (Kaplan and Norton, 1996b)

6. The banks should use strategic planning, as a strategic management tool for processing long-term strategic objectives for future financial performance outcomes in order to achieve competitive advantage.
7. Banks should adopt strategic change that works for banking, collaboratively works with their customers to achieve greater value from their transformational business initiatives, by providing pragmatic strategic methodologies and industry expertise in Transformational Strategies, Operational Excellence, Organizational Effectiveness, and Transformational Leadership, for Banks' customer's strategic orientation should include those responsible for , Business Strategy , Marketing and Brand Strategy , Operations , Technology
8. This study recommends that executive management banks should use strategic planning and employ balanced scorecard, to improve their operational efficiency, differentiate their product at competitive cost for successful performance and high profitability to gain and sustain competitive advantage in the banking industry.
9. The customers' services management in the Sudanese banking sector should differentiate their products & services from other competitors .
10. Banks need to conduct more advanced training programs that meet the needs of their employees.
11. Today's firms face the challenge of designing and using new strategies and control systems to maintain existing competitive advantages and to create new ones. Those banks that look to the future, by planning and evolving to meet expected changes head on, will have a better chance of survival. Strategic planning has added value to firms that are looking for ways to protect their financial viability while adapting to the ever-changing environment around them.” and banks should implement it.
12. Banks need to understand and to determine their critical success factors which are necessary to achieve long –term success and competitive advantage
13. Banks should establish, Strategic Planning Committee which should be composed of people who understand the organization and its structure, but also who have a constant feel for the organization and where it is moving. The Strategic Planning Committee should be made a permanent standing committee within the

organization with a rotating membership. This will encourage constant review and updating for the strategic business plan by the organization's members , and executive management .

14. Banks need to understand and to determine to utilize the balanced scorecard (BSC) approach in measuring the performance of the banks in strategic planning. The BSC makes the operational strategy more easily understood tangible and visible through organizational communication.

6.4.1.2 General Recommendations

1. This study recommends that the management of the bank must establish special sections/units that are concerned with the issues of strategic planning.
2. The customers' services management in these banks must improve the quality of the services & products that are offered to their customers via the adoption of a well-formulated strategy.
3. Based on the evidences, the study therefore recommended that Sudanese banks should have a well conceived strategic vision that can prepare their banks for the future, establish long-term direction and indicate the bank's intent to stake out a particular business position. Sudanese banking sector must also give serious attention to identified problem areas for evaluation with particular reference to resource allocation.
4. The management of the financial institutions and private business enterprises in general and the public enterprises specifically should use and adopt strategic planning in order to improve the efficiency of their operations , performance and gain competitive advantage to help protecting against any new comers who enjoy these competencies .
5. To make their customers more satisfied and loyal as well as to access new banking technologies not available in the bank (e.g. ATM services , e-banking - mobile banking , technological systems, etc) .
6. The management of the Sudanese banks should establish specific policies and criteria for adopting strategic planning.
7. This study recommends that all banks, financial institutions and business sectors should investigate the importance of the several financial and non-financial performance perspectives to their long-term organizational success as well as to

use these perspectives in performance evaluation purposes, setting strategic goals, and in setting the level of quality of these performance measurements.

8. Companies need to compare their financial position with their local or international counterparts.
9. To be internationally competitive, companies must measure performance in ways that both promote positive future results and reflect past performance. Managers should find the right mix of measurement perspectives that will address the current dilemma of finding appropriate performance measurement variables.
10. The management of the financial institutions and private business enterprises in general and the public enterprises specifically should use and adopt strategic planning in order to improve the efficiency of their operations, performance and gain competitive advantage to help protecting against any new comers who enjoy these competencies .
11. In today's complex and turbulent financial and uncertain economic environment, customers are playing a vital role. Companies' priority should be given to what customers really need.
12. The operation process should identify the tariff cost, quality and time needed to deliver superior products and service to the targeted customers and build customers trust .
13. Companies must give more attention for training and development of their employees to ensure competent human capital in the long run. It is important to communicate with every one; empowerment and delegation are largely about giving each one a sense of responsibility to satisfy customer's needs.
14. All Sudanese banks and financial institutions, should pay more attention to their strategic orientation, and to the use of diversified financial and non-financial performance measures, to provide their managers with relevant information that contribute to higher organizational performance and a higher level of satisfaction of performance measurement system to gain competitive advantage .

6.4.1.3 Especial recommendations and Suggestions for the Sudanese banking sector and the economic sector

All previous reform programmes of economic were not successful and there was deterioration in balance of payments, escalating inflation rates and persistent macroeconomic imbalances. The researcher suggests reform programme to be

introduced with a sharpened focus on strategic planning for macroeconomic and price stabilization. The programme encompassed four basic elements including:

(1) introduction of stabilization measures and macroeconomic environment that focuses on fighting escalating inflation by way of increasing collection of revenues, reduction of public expenditure and following balanced monetary policy;

(2) Pursuance of market friendly measures and policies to abolish controls and provide incentives for domestic production and export;

(3) introduction of structural reforms to limit role of government by privatizing enterprises and rendering opportunities for the private sector in such areas as health, education and other utilities .

(4) Encouragement of savings and customer retention and trust , by stabilizing the economy and introduction of reforms and restructuring strategic policies and programmes in the banking sector lead to eliminate this sector to 10 banks only from 38 banks by merging or acquisition or liquidation or sell out due to the market size of this sector. (Three specialized banks agriculture , industrial , financial investment bank in securities . Three foreign banks and four mixed banks)

In addition, the researcher suggests to the policy makers the tenths main components of the future vision for banking and economic reform include:

(a) Harmonized integration between the macroeconomic and pectoral policies to create market friendly environment that allow for producers incentives in production and marketing (World Bank, 2003);

(b) introduction of land reform measures that would allow use of land as a collateral to obtain credit and provides opportunities for land and capital improvement (land reform also offers opportunities for integration of farming and livestock production in legal structure that avoids communal conflicts and strife);

(c) Strengthening research and extension services and training to induce technological transformation in production and marketing, especially in the traditional sub-sector;

(d) Improving physical rural infrastructures such as roads and other transportations modes that would ultimately reduce costs of transportation and increase efficiency;

(f) Provision of better services for domestic marketing and export activities;

(g) Making available banks credit facilities especially targeting small producers;

(h) Improvement of rural services which include water supply, health, sanitation and basic education;

- (i) Improvement in institutional and organizational structures to allow for participation of different partners in the process of development; and
 - (j) Better management of natural resources which necessitate enforcement of laws and regulations that secure future sustainability.
- (5) Restructuring of the banking sector (eliminated to 10 Banks only) enabling this important sector to play great role in the market and national economy .

6.5 Limitation of the Study:

This study like all researches in social sciences faced some limitations that need to further investigation in future research in the phenomenon of strategic planning constituents process.

- ❖ For one thing the results of this study apply only to the Sudanese banks. Thus, these results restrict generalization since banks do not represent other Sudanese business sectors and financial institutions. For a better generalization the findings of this study should be tested in other business sectors and financial institutions.
- ❖ Also, the study examines alignment only for manufacturing firms operating within the United States. A future study can address this issue by expanding the boundaries to firms across the globe operating in a variety of industries. This will expand the generalizability of this study by considering the effects of differences between industries and geographies.
- ❖ This study also investigates the competitive position of firms at a single moment in time. The competitive priorities of firms have been shown to be dynamic as firms adapt to changes in their markets.

This research is trying to fill the gap of the literature in the aspects of using the mediating role of BSC and strategic planning constituents in the Sudanese banking sectors performance and to see effects of this strategy on the sustained competitive advantage.

6.6 Suggestions for Future Empirical Researches

Despite these limitations, this study highlighted several possible areas for future strategic planning constituents and balanced scorecard research.

- 1- In the world today, which is very challenging and uncertain and the strategic planning practice is the most reliable and effective way to compete with these challenges for every kind of businesses. But still there is a need of empirical research to be done from strategic planning perspective and to explore the constituent components of strategic planning in empirical research in other industries and business sectors.
- 2- strategic planning and business management, can help an organization achieve the clarify future direction; think strategically and develop effective strategies; establish priorities; deal effectively with rapid changing Circumstances; build teamwork and expertise; and solve major organizational problems; and improve organizational performance. For future researches to go deep in strategic planning steps in public and not profit organizations and encourage engage in it to see other results compared with this study.
- 3- Till today, there is found no empirical study from strategic planning perspective in the context of Sudan and more specifically from constituent components of strategic planning perspective in the banking sector. Therefore, the researcher aims to conduct the first empirical study in the context of the Sudanese banking sector from the perspective of constituent components of strategic planning. For future researches to grasp this opportunity and conduct same in the Sudanese stock markets and other financial institutions .
- 4- Also, researcher – individual or group- can go deep and study the effects of this phenomenon of strategic planning and its effects on sustainable competitive advantage and performance , the mediating role of balanced scorecard , in different business sectors of the economy like the financial institutions , industrial sector etc ., so as to help these sectors as well as the whole Sudanese economy to improve their performance and gain and sustain competitive advantage by adopting strategic business planning , lowering their costs ,

differentiate their products & services and improve their operational efficiency and profits margin and increase market share .

- 5- The link between strategies and control systems - and how it ultimately affects the competitiveness of firms - is an area that is attracting the attention of practitioners and scholars and a strong recommendation to future researches. There is a need to discuss which combinations of strategies and control systems can be assumed to contribute to competitive strength.
- 6- Strategic planning in the Sudanese banking sector is still insubstantial and unknown in the sense that there is an absence of documented proof of its practice. Today's dynamic markets and technologies have called into a question for sustainable performance growth and competitive advantage through competitive strategies. A research in this area is required.
- 7- Under pressure to improve productivity, quality, and speed, managers have embraced tools such as TQM, benchmarking, reengineering, and excellence. Dramatic operational improvements have resulted, but rarely have these gains translated into sustainable profitability. And gradually, the tools have taken the place of strategy. As managers push to improve on all fronts, they move further away from viable competitive positions.
- 8- Implementation of the balanced scorecard is important as much as its success. For this reason practicing Balanced Scorecard is also important in order to get the desired results in strategic performance measurement. On the other hand, (Kaplan and Norton, 1996b) suggest considering Balanced Scorecard as innovation not just a measure. So, it affects strategic decision making process.
- 9- Strategy is every one responsibility. Once the BSC is implemented, everyone in the organization would recognize the role of each person in the company strategy which would reduce all communication difficulties, the executive management of banks take this for future awareness and research.

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Appendix (A)

Questionnaires

خطاب الاستبيان للمحكمين

جامعة السودان للعلوم والتكنولوجيا

كلية الدراسات العليا

دراسة لنيل درجة الدكتوراه في الدراسات المصرفية

بعنوان: أثر التخطيط الإستراتيجي علي الأداء و الميزة التنافسية المستدامة :

الدور الوسيط لبطاقة الأداء المتوازن

دراسة تطبيقية علي القطاع المصرفي السوداني

إستبانة بحث علمي

الأستاذ الكريم : البروفيسور أحمد حسن الجاك

الدكتور : صديق بلل - عميد كلية الدراسات التجارية جامعة السودان

الدكتورة أزاهر حسن قرافي - رئيس قسم إدارة الأعمال - جامعة الخرطوم

الأستاذ الكريم : البروفيسور إبراهيم فضل المولي البشير

الموقرين

السلام عليكم ورحمة الله تعالى وبركاته

تهتم هذه الدراسة موضوع هذا الاستبيان بالتخطيط الإستراتيجي والنظم التي تعتمد عليها البنوك السودانية لتقييم الأداء , بهدف التعرف علي مدي إمكانية استخدام نموذج بطاقة الأداء المتوازن "Balanced Scorecard (BSC)" كمدخل استراتيجي لتطوير وتحسين الأداء بالمصارف لخلق الميزة التنافسية والتميز المصرفي .

لذا فالهدف الرئيسي لهذه الدراسة هو دراسة أثر التخطيط الإستراتيجي في خلق الميزة التنافسية والأداء المستدام في القطاع المصرفي السوداني باستخدام الفرضيات الأساسية لنموذج بطاقة الأداء المتوازن Balanced Scorecard (BSC) في قياس وتحليل العلاقة بين المحددات المالية وغير المالية للأداء المستدام والميزة التنافسية للبنك .

هذا وقد تم إعداد الإستبانة وفقا لفرضيات الدراسة المرفقة لجمع البيانات المطلوبة بغرض تحليلها والوصول إلي نتائج ومؤشرات تخطيطية للبحث . وقد تم اختيار سيادتكم لتحكيم الإستبانة لمنحها شرعية التطبيق . توجيهاتكم وملاحظاتكم مقدرة من جانبنا وسوف نقوم بتنفيذها .

لكم فائق الشكر والتقدير والاحترام علي منحي جزءا من وقتكم الثمين وتعاونكم مقورا بعمق مساعدتكم لي لإكمال هذه الدراسة.

الباحث : كمال الدين إلياس الأمين موبايل : 0912358666 - بنك المال المتحد - الخرطوم

خطاب الإستبيان للمبحوثين

جامعة السودان للعلوم والتكنولوجيا

كلية الدراسات العليا

دراسة لنيل درجة الدكتوراه في الدراسات المصرفية

بغنوان: أثر التخطيط الإستراتيجي علي الأداء و الميزة التنافسية المستدامة :

الدور الوسيط لبطاقة الأداء المتوازن

دراسة تطبيقية علي القطاع المصرفي السوداني

إستبانة بحث علمي

المشارك الكريم: _____

الموقر

السلام عليكم ورحمة الله تعالى وبركاته

تهتم هذه الدراسة موضوع هذا الاستبيان بالتخطيط الإستراتيجي والنظم التي تعتمد عليها البنوك السودانية لتقييم الأداء , يهدف التعرف علي مدي إمكانية استخدام نموذج بطاقة الأداء المتوازن " Balanced Scorecard (BSC) كمدخل استراتيجي لتطوير وتحسين الأداء وتعزيز الميزة التنافسية بالمصارف .

الهدف الرئيسي لهذه الدراسة هو دراسة أثر التخطيط الإستراتيجي علي الأداء و الميزة التنافسية المستدامة في القطاع المصرفي السوداني باستخدام الفرضيات الأساسية لنموذج بطاقة الأداء المتوازن Balanced Scorecard (BSC) في قياس وتحليل العلاقة بين المحددات المالية وغير المالية للأداء و الميزة التنافسية المستدامة للبنك .

نظراً لأهمية المعلومات التي تزودنا بها من واقع عملك لنجاح هذه الدراسة، فأرجو الإجابة عن كل أسئلة الاستبيان بصراحة مطلقة علما بأن تعاونكم معنا هو دعم للبحث العلمي , وستعامل جميع المعلومات بسرية تامة , فضلاً أقرا كل جملة جيداً ثم أختار الإجابة التي تعبر عن واقع البنك العملي , وتجنب إعطاء أكثر من إجابة للسؤال الواحد . عنذراً إذا كنت غير متأكد من الإجابة عن أي من الأسئلة أو تخشي أن إجابتك ستوجه الدراسة في اتجاه غير صحيح فضلاً أترك السؤال بدون إجابة . لك خالص الشكر والتقدير علي وقتك وتعاونك ونقدر بعمق مساعدتكم لإكمال هذه الدراسة

الباحث / كمال الدين إلياس الأمين

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بنك المال المتحد

الجزء الأول : المعلومات الشخصية والمهنية

يشتمل هذا الجزء علي معلومات عامة تمكن الباحث من تصنيف الإجابات . فضلا ضع علامة "√" تحت الإجابة التي تناسب استجابتك .

.1	النوع	ذكر	أنثي

.2	الفئة العمرية	أقل من 30	30 وأقل من 40	40 وأقل من 50	50 فأكثر

.3	المؤهلات العلمية	بكالوريوس	ماجستير	دكتوراه	شهادات مهنية (اذكرها)

.4	التخصص الأكاديمي	إدارة أعمال	اقتصاد	محاسبة	تقنية معلومات	أخرى (اذكرها)

.5	سنوات الخبرة العملية	أقل من 5 سنة	5 وأقل من 10	10 وأقل من 15	15 وأقل من 20	20 سنة فأكثر

.7 مسمي الوظيفة التي تشغلها

إدارة تنفيذية	إدارة عليا	إدارة وسطى	موظفين

8. منذ متى وأنت تشغل هذا المنصب.

أقل من سنة	سنة وإقل من 3 سنوات	3 سنوات وأقل من 6 سنوات	6 سنوات فأكثر

9. عدد سنوات العمل بالبنك.

أقل من سنة	سنة وإقل من 3 سنوات	3 سنوات وأقل من 10 سنوات	10 سنوات فأكثر

10. عدد البنوك التي عملت بها قبل هذا البنك

1	2	3	لا توجد

الجزء الثاني : محاور الدراسة

يشتمل هذا الجزء علي معلومات عن الموجهات الإستراتيجية وبطاقة الأداء المتوازن والميزة التنافسية المستدامة بالمصارف .

المحور الأول : الموجهات الإستراتيجية للبنك

يقصد بالموجهات الإستراتيجية (الرؤيا و الرسالة و الأهداف الإستراتيجية). مستخدماً المقياس أدناه، ضع علامة "√" أمام العبارة التي تعبر عن واقع البنك.

الرقم	الرؤيا و الرسالة و الأهداف الإستراتيجية				
	أوافق بشدة	أوافق	محايد	لا أوافق	لا بشدة
	5	4	3	2	1
1					
2					
3					
4					
5					
	تطوير الإستراتيجية بالبنك				
	أوافق بشدة	أوافق	محايد	لا أوافق	لا بشدة
	5	4	3	2	1
6					
7					
8					
9					

تنفيذ ورقابة الإستراتيجية بالبنك					
لا أوافق بشدة	لا أوافق	محايد	أوافق	أوافق بشدة	
1	2	3	4	5	
					10
					11
					12
لا أوافق بشدة	لا أوافق	محايد	أوافق	أوافق بشدة	
1	2	3	4	5	
					13
					14
					15
					16
					17

المحور الثاني: توظيف بطاقة الأداء المتوازن لقياس و إدارة الأداء

العبارات التالية تتعلق بقياس الأداء باستخدام بطاقة الأداء المتوازن من خلال الأبعاد التالية : المالي ، رضا العملاء ، أنشطة العمليات الداخلية و النمو والتعلم ، نرجو الإجابة في المكان المناسب للعبارات التي ترى بأنها تتوافق مع رأيك .
ضع علامة (√) أمام العبارة التي تعبر عن واقع البنك

المالي					الرقم
لا أوافق بشدة	لا أوافق	محايد	أوافق	أوافق بشدة	
1	2	3	4	5	
					1
					2
					3

					يقوم البنك بالاستغلال الأمثل للموارد والاستخدامات بآليات تمكن من تحقيق أرباح عالية فوق المستوى المألوف لرفع حصته في السوق المصرفية	4
					يوجد نمو متوازن للإيرادات من الأنشطة المختلفة للبنك	5
					يحقق البنك انخفاضاً مستمراً في المصروفات التي تحمل على أنشطته المختلفة لرفع كفاءة التشغيل	6
					تسعى إدارة البنك إلي زيادة إجمالي الأصول المالية	7
لا	لا	محايد	أوافق	أوافق بشدة	رضا العملاء	
أوافق بشدة	أوافق					
1	2	3	4	5		
					يهدف البنك بشكل دائم إلي تحقيق رضا العميل مما يجعل البنك في مقدمة البنوك المنافسة	8
					يمتلك البنك معلومات كافية عن درجة رضا العملاء عن المنتجات التي يقدمها لهم	9
					يوضح البنك لزيائنه المنتجات والخدمات المصرفية التي يرغب في تقديمها لهم مسبقاً لتنفيذ سياسة البنك في الاحتفاظ بالزبون .	10
					يمتلك قسم التسويق بالبنك المهارات التي تساعد على كسب عملاء جدد والاعتماد علي مؤشر إجمالي معاملات العملاء الجدد	11
					تعمل إدارة البنك على تطوير العلاقة مع العملاء للاحتفاظ بهم ومراقبة مؤشر نمو معاملاتهم	12
					تعمل إدارة البنك على وضع خطط عمل لتنفيذ الأنشطة الخاصة بالعملاء وقياس انحرافاتهما ويعيد تقييمهما.	13
لا	لا	محايد	أوافق	أوافق بشدة	عمليات التشغيل الداخلية	
أوافق بشدة	أوافق					
1	2	3	4	5		
					يمتلك البنك تجهيزات وتكنولوجيا متقدمة للعمل بمستويات عالية من الأداء تمكنه من تقديم منتجاته وخدماته المصرفية للعملاء بالسرعة المطلوبة و في الوقت المحدد	14
					يتناسب مستوى الجودة للمنتجات المقدمة مع تكلفة الخدمات المصرفية	15
					يتم تقديم المنتجات بناءً على حاجات ورغبات العملاء وتوقعاتهم	16
					يعمل البنك على دعم الابتكارات المقدمة من العملاء والعاملين لتطوير منتجاته	17
					يتم استخدام نظم المعلومات بين الوحدات الإدارية في البنك لرفع كفاءة أنظمة التشغيل الداخلية	18

لا أوافق بشدة	لا أوافق	محايد	أوافق	أوافق بشدة	النمو و التعليم	
1	2	3	4	5		
					يسعى البنك لتصميم برامج تدريبية متنوعة لتطوير مهارات وقدرات العاملين ورفع كفاءتهم	19
					تخصص إدارة البنك جوائز للأفكار المبدعة والمتطورة	20
					يهتم البنك بتهيئة المناخ التنظيمي المناسب لدعم وتشجيع الإبداع.	21
					يعمل البنك باستمرار على دراسة مدى جودة المنتجات والخدمات المصرفية التي يقدمها للعملاء.	22
					يعمل البنك باستمرار على تطوير أنظمتة وإجراءاته التنظيمية	23
					يسعى البنك لامتلاك القدرة علي التجديد والتحديث والابتكار حيث يعتبر الشرط الأساسي للاستمرار والبقاء	24

المحور الثالث: المصارف وجهود تعزيز الميزة التنافسية

العبارات التالية تقيس الأداء فيما يتعلق بالميزة التنافسية المستدامة للبنك من خلال المنتجات القيمة والنادرة وغير القابلة للتقليد ، الإبداع و الابتكار ، الجودة ، التكلفة الأقل و درجة الاستجابة مستخدماً المقياس أدناه. ضع علامة (√) أمام العبارة التي تعبر عن واقع البنك

لا أوافق بشدة	لا أوافق	محايد	أوافق	أوافق بشدة	المنتجات القيمة والنادرة وغير القابلة للتقليد	الرقم
1	2	3	4	5		
					يعتبر التميز علي المنافسين هدف يسعى البنك باستمرار لتحقيقه وتعزيزه	1
					يقدم البنك منتجات قيمة لعملائه تنعكس في ولائهم للبنك	2
					يقدم البنك منتجات نادرة لعملائه تنال رضائهم	3
					يقدم البنك منتجات غير قابلة للتقليد من المنافسين تجذب العملاء	4
					تساعد تكنولوجيا المعلومات المستخدمة بالبنك علي سرعة تطوير وتنويع الخدمات و المنتجات المبتكرة الجديدة المقدمة للعملاء تميزه علي المنافسين	5

					الإبداع و الابتكار					
لا أوافق بشدة	لا أوافق	محايد	أوافق	أوافق بشدة						
1	2	3	4	5						
					يمتلك البنك ثقافة تنظيمية تعمل علي ضمان مزيدا من فرص الإبداع والابتكار والمبادرة من العملاء والعاملين					6
					يتبنى البنك إدخال الأفكار الإبتكارية التي يقدمها الموظفون لتطوير و تحسين الخدمات المقدمة للزبائن وتقليل حجم مشكلات العمل .					7
					يهتم البنك بتطوير تنوع الخدمات المصرفية المقدمة للعملاء بما يتناسب مع ما يقدمه المنافسون					8
					يتبنى البنك نظم تكنولوجيا حديثة للعمليات المصرفية توفر زمن العميل					9
					يقوم البنك بتحديث التقنيات والأجهزة المستخدمة في تقديم الخدمات لتتواءم مع المنتجات الجديدة المبتكرة والخدمات المصرفية لتعزيز ميزته التنافسية					10
					الجودة المتفوقة					
لا أوافق بشدة	لا أوافق	محايد	أوافق	أوافق بشدة						
1	2	3	4	5						
					لدي البنك نظم وآليات خاصة بضبط جودة الخدمات المصرفية التي يقدمها لعملائه .					11
					يقدم البنك خدماته المصرفية وفقا للحد المطلوب لمعايير الجودة المنصوص عليها.					12
					جميع العمليات المصرفية تخضع لإجراءات صارمة في إدارة الجودة .					13
					لدي البنك توجه واضح للحصول علي شهادات الجودة العالمية والتميز التي يستحقها والتي تعكس أدائه الفعلي.					14
					يسعي البنك إلي تحقيق الجودة المتفوقة في خدماته من خلال ما تحققه المنتجات والخدمات المصرفية من قبول لدي الزبائن					15
					يسعي البنك من خلال التخطيط الجيد لمعرفة الزبائن بدقة وتحديد احتياجاتهم لتحقيق مستوي عالي من الجودة يصعب تحقيقه من قبل المنافسين					16

					التكلفة الأقل					
لا	لا	محايد	أوافق	أوافق						
أوافق	أوافق			بشدة						
بشدة										
1	2	3	4	5						
					يهتم البنك بتحقيق الاستخدام الأمثل لموارده من أجل تخفيض تكلفة الخدمات المصرفية التي يقدمها للعملاء والتي تعتبر من ضمن أهدافه الإستراتيجية	17				
					يعتمد البنك نظاماً دقيقاً للرقابة علي عناصر تكلفة تقديم الخدمات المباشرة وغير المباشرة لعملائه لتصبح جاذبة لهم	18				
					يعتمد البنك علي سياسة تخفيض المصروفات العامة لتعزيز ميزته التنافسية	19				
					يسعي البنك لتقديم خدمات مصرفية بأسعار تنافسية (أقل) مقارنة بالبنوك المنافسة	20				
					يتبنى البنك لنظم تكنولوجيا حديثة في تقديم الخدمات المصرفية يتناسب عكسيا مع تكلفة الموارد البشرية وسرعة الأداء وتوجهات البنك	21				
					الاستجابة المتفوقة					
لا	لا	محايد	أوافق	أوافق						
أوافق	أوافق			بشدة						
بشدة										
1	2	3	4	5						
					يركز البنك علي تلبية حاجات العملاء و رغباتهم ويعمل علي نقلها وتجسيدها بخدمات متطورة و متميزة توافق توقعاتهم لتعزيز ميزته التنافسية	22				
					يتابع البنك التغيرات في رغبات العملاء ويتم اتخاذ الإجراءات السريعة لمعالجة القصور والخلل .	23				
					يتمتع البنك بسرعة الاستجابة في المواعيد المحددة حسب حاجات العملاء	24				
					يولي البنك اهتماماً كبيراً ببحوث التسويق بغرض التعرف علي الرغبات غير المشبعة للعملاء	25				
					يتيح البنك لعملائه الاتصال به عبر وسائل الاتصال المختلفة للمشاركة في تحديد الخدمات المناسبة لاحتياجاتهم وأمزجتهم	26				

أشكرك جداً علي وقتك وتعاونك. من فضلك تأكد من أنك لم تترك أي سؤال بدون إجابة، ثم إعادة الاستبيان بالطريقة المناسبة. إذا كنت ترغب في الحصول على نسخة من نتائج الدراسة, تكرم بإدراج اسمك وعنوانك في الصندوق أدناه.

الاسم :

البريد الإلكتروني:

العنوان :

Appendix (B)
Questionnaire

Sudan University of Science and Technology (SUST)
College of graduate studies

Thesis for a Ph.D degree in Banking Studies

The Effects of Strategic Planning on Competitive Advantage and Performance :

The mediating Role of Balanced Scorecard(BSC)

Empirical Study on the Sudanese Banking Sector.

Section A: General Questions

Part (1):The following questions are designed to enable researcher to classify your answers. I reiterate that all information you provide is strictly confidential and any information identifying the respondent will not be disclosed under any circumstances.

Q I: Please insert name of the bank.

Q2: your job / position name.

General manager ()	Deputy manager ()	General Department Head ()	other job (please specify) ()
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Q 3: How many years have you been in this current position?

Less than one year ()	1 year and less than 3 years ()	3 years less than years ()	6 years and more ()
-------------------------------------	---	---	--------------------------------------

Q4: number of years you worked in the bank

Less than one year ()	1 to 3 years ()	4 to 9 years ()	10 years and more ()
-------------------------------------	----------------------------	----------------------------	---------------------------------

Q5: Your highest completed level of education

High school	College degree	Graduate degree
-------------	----------------	-----------------

() () ()

Q6: Number of other bank you worked for before joining this bank

None one Two Three or more
 () () () ()

Part (2): Bank's Profile

In this section, I would like to obtain a greater understanding of how banks are dealing with the development of the organizational directions", the strategic development and the performance measurement system in your bank. Using the scale below, please tick (√) in the space for each statement that represent the appropriate response of your bank.

(1) The following statements relate to the organizational "directions" (the directions may be defined for example by the vision, mission, and/ or strategic objectives).

Part (1) First perspective: strategy, strategic Planning

No.	Vision, mission and strategic objectives	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Bank's directions are specific.					
2	Bank's directions are influenced performance measurement.					
3	Banks mission and vision are clear and understandable					
4	Bank's objectives are developed with wide participation of all managerial levels.					
5	Implementation of the Bank's strategic directions enhance sustainable competitive advantage					

No.	Development of the Bank's strategy	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
6	All levels of executive, senior management and heads of departments participate in conducting SWOT analysis for internal and external bank's environment to achieve strategic goals.					
7	There is wide participation from all managerial levels in strategy formulation.					
8	There is an extensive and wide-range search for possible strategic options.					
9	Developing the Bank's internal resources program as alternative strategic option increases competitive advantage capabilities and competences.					
No.	Strategy Implementation and control	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
10	All executive, senior and administrative levels of the bank participate in executives' bank strategies.					
11	All executive, senior and administrative levels of the bank follow up execution of bank's strategies.					
12	The Bank continuously evaluates SWOT analysis and their feedback for its strategies.					
No.	Bank's Performance Measurement System	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
13	Use of strategic planning has a positive impact on Bank's performance.					

14	Strategic planning creates competitive benefit to the Bank's sustainable competition.					
15	The performance measurement system gives a good indicator of organizational performance.					
16	The performance measurement system guarantees the consistency between the bank activities and the organizational direction.					
17	The performance measurement system has a major impact upon stages of the strategic planning process.					

Part 2: second perspective: Balanced scorecard (BSC)

No.	Financial perspective	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	The bank applies effective plans to increase future cash follows.					
2	The bank works towards achieving high returns.					
3	The bank management works towards maximizing shareholder's equity and other stakeholders'.					
4	The bank effectively utilizes its resources and uses in a way to achieve high extra ordinary profits to high rise its market share.					
5	The bank achieves the balanced grow in its different activities.					
6	The bank achieves a recurring reduction in expenses.					
7	The bank's management works towards increasing financial assets.					

No.	Customers Satisfaction Prospective	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
8	The bank targets in stable pace to achieve customers' satisfaction in order to be ahead of competitors.					
9	The bank possesses sufficient data of customers satisfactions about the products provided to customers.					
10	The bank explains to its customers all products provided to maintain customer retention.					
11	The bank's marketing department possesses the skills needed to attract new customers.					
12	The bank's management works towards developing relationship with its customers.					
13	The bank's management has work plans to execute its customers activities and measure them thereon.					

No.	Internal Business Processes Perspective	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
14	The bank possesses advanced technology to work at high standard.					
15	The standard of products provided matches with the cost of service.					
16	Products provided are within the customer's need.					
17	The bank supports innovations provided by customers to develop its products.					
18	Information technology is used within the bank's departments to enhance the level of internal activities.					

No.	Learning & Growth Perspective	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
19	The bank designs training programs to develop employees' skills.					
20	The bank's management provides gifts to innovation and advanced ideas.					
21	The bank cares for providing the reasonable organizational atmosphere to encourage excellence.					
22	The bank continuously studies the quality of products and services provided.					
23	The bank continuously develops its systems.					
24	The bank strifs for renewal and updating excellence for the sake of going concern.					

Part 3: Third Perspective: Competitive advantage

No.	Inimitable, rare and valuable products	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
1	Excellence over competitors is one of the bank's main objectives.					
2	The bank provides products to its customers that attract their loyalties.					
3	The bank provides rare and unique products to its customers that meet their expectations and satisfaction.					
4	The bank provides inimitable products from competitors to its customers to attract their attention.					
5	Information technology applied by the bank helps in swift development and diversity of products provided.					

No.	Innovation	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
6	The bank possesses organizational culture that work towards more innovation chances and incitives from employees and customers.					
7	The bank adopts new thoughts and innovation provided by staff to develop and improve bank's services.					
8	The bank cares for providing services that compete with competitors.					
9	The bank adopts new information technology for banking operations that gain customers' time.					
10	The bank updates technology and hardware that match with new developments.					

No.	Quality Assurance	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
11	The bank has systems and hardware for quality services rendered to customers.					
12	The bank provides the minimum required quality of services.					
13	All banking transactions are subject to firm quality control.					
14	The bank works towards obtaining quality control awards.					
15	The bank works towards achieving quality of services provided to its customers.					
16	The bank works towards good planning in achieving customers demands.					

No.	Cost Reduction	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
17	The bank cares for obtaining the optional usage of its resources to minimize cost.					
18	The bank applies accurate system to control elements of cost.					
19	The bank applies the policy of reducing general expenses.					
20	The bank works towards providing competitive banking services prices compared to other competitors.					
21	The bank adopts new information technology in providing services.					

No.	Response	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
22	The bank concentrates in answering the customer's demand in kind of good services provided.					
23	The bank monitors change in customer's demand by providing quick service to correct any shortcomings'.					
24	The bank is well known in swift and timely reply to customer's requests.					
25	The bank gives big attention to marketing researches to become aware at customers demands.					

Appendix (C)

Case Study on Strategy Electrolux Co.

Johnson, et al, 2005 PP, 38, 39, 40.

By the mid-2000s Sweden's Electrolux was the world's largest producer of domestic and professional appliances for the kitchen, cleaning and outdoor use. Its products included cookers, vacuum cleaners, washing machines, fridges, lawn mowers, chain saws and also tools for the construction and stone industries. It employed over 80,000 people in more than 100 countries. Its annual sales in 2002 were 133bn Swedish Krona (about a15bn) and profits about 5.5bn Krona (\approx a600m). The company's impressive growth and development started under the leadership of Alex Wenner-Gren in 1920s' Sweden. The early growth was built around an expertise in industrial design creating the leading products in refrigeration and vacuum cleaning. By the mid- 1930s the company had also established production outside Sweden in Germany, UK, France, USA and Australia. The post-Second World War period saw a major growth in demand for domestic appliances and Electrolux expanded its range into washing machines and dishwashers. In 1967 Hans Werthén took over as president and embarked on a series of acquisitions that restructured the industry in Europe: 59 acquisitions were made in the 1970s alone followed by major acquisitions of Zanussi (Italy), White Consolidated Products (USA) and the Ganges Group (industrial products) in the 1980s. As a result by 1990 75 per cent of Electrolux's sales were outside Sweden and this increased in the 1990s as Leif Johansson expanded into Eastern Europe, Asia and South America. He also disposed of many of the 'unrelated' industrial activities. A major restructuring in the late 1990s created the shape of the group for the 2000s – with about 85 per cent of sales in consumer durables and 15 per cent in related products for professional users (such as refrigeration and laundry equipment). Such a large company clearly had many strategic challenges and the newly appointed Chief Executive (Hans Stråberg) reflected on some of these in the mid-2000s, as follows.

Mission

‘The Electrolux mission is to be the world leader in profitably marketing innovative product and service solutions to real problems, thereby making the personal and professional lives of our customers easier and more enjoyable. This we will achieve through a commitment to: driving performance throughout the entire organization; innovation and marketing – to products and brands; 1 superior talent management; the Electrolux way of doing things.’

Cost and performance

‘My philosophy is very clear: Before a business can grow, it needs to have its costs under control. It must be cost-efficient and profitable, and it must create value. Costs that do not add value must be contained, reduced and even eliminated. Cost-efficiency, low complexity and profitability are always the cornerstones of building a strong business. While a strong foundation does not guarantee a solid house, it is the only basis upon which to build. So, I will continue to be dedicated to costefficiency and restructuring.’

Consumer insights

‘We focus on really understanding consumer needs and problems related to household and garden work. By increasing our consumer insight, we are able to develop even more new products that solve these needs and problems. By being No. 1 in understanding consumers, we will strengthen the Group’s position as the world’s No. 1 choice.’

Brands

‘Electrolux is our master brand worldwide, and will be so even more in the future. It stands for innovative, trusted solutions for an easier and more enjoyable life. To the consumer, a strong Electrolux brand is a sign of quality, dependability and leadership, giving added confidence and assurance when investing in new appliances. Electrolux is not our only brand; in our family we have other strong brands, such as Husqvarna, AEG and Zanussi. But Electrolux is our leading brand the world over. Electrolux will not just be number one in size; it will be number one in the minds of consumers.’

Product development

‘At Electrolux, product development is a core process, and innovation is the key. We will not innovate for the sake of innovation. We will provide innovative products and services that people want to buy, not focus on selling the products we currently make. I want consumers to look at our products and say: “Hey! How did Electrolux know I needed this? This is great!” We will develop products and services with innovative features and functions, making life easier for our consumers and customers. The world’s No. 1 choice is also the No. 1 innovator.’

Talent management

‘Building an increasingly stronger talent base with the right attitude and enthusiasm is one of our most effective competitive weapons. We need to attract, develop, and retain top talent, which in turn, will develop Electrolux. It is absolutely vital that we succeed in this. We manage talent in the same way as we manage other key Group assets. Careers are Electrolux careers; not limited by organizational boundaries. We, at Electrolux, consider it not only a natural development, but even more so, a career requirement to move among sectors, functions and regions.’

Social responsibility

‘Electrolux is completely free of ozone-depleting CFCs [coolants for “old-style” fridges] in its worldwide operations. We can now make that statement even for recently acquired factories outside of our core European and North American markets. We’ve come a long way since Greenpeace blocked our front door with old refrigerators. Recycling is a critical issue for us in Europe and in many American states. The European Union WEEE Directive places financial responsibility for end-of-life disposal of electrical appliances on manufacturers. We accept that responsibility, and applaud the EU for choosing market incentives to encourage investment in eco-design of products and efficient recycling systems. Socially responsible behaviour is central to the Electrolux corporate culture, and this year the Electrolux Group adopted a Workplace Code of Conduct. This Code defines the minimum acceptable work standards for all people in the Electrolux Group and confirms the company’s commitment to act as a responsible employer and a good corporate citizen.’

Organisation

Such a complex group clearly required structures and processes through which both strategy and operations could be managed. Electrolux operations were organised into seven *business sectors*, including a total of 28 *product lines*. There were also five supporting *Group staff units*.

Business sectors

Sector heads had complete responsibility for financial results and balance sheets and each sector had its own board. The primary division of the company was between *consumer durables* and *professional products*. In turn each of these was divided into *indoor* and *outdoor* products. As consumer durables were so large it was further divided into *white goods* (larger items) and *floor products and small appliances*.

White goods dominated sales and so was divided into three *geographical sectors* (Europe, North America and Rest of World).

Group staff units

These were headquarters functions supporting the business sectors covering financial, legal, organization development and 'public relations' activities.

Six Group processes

In addition to this formal structure the Group defined six core processes within strategically important areas. These processes were common for the entire group and were: purchasing, people, branding, product development, demand flow, and business support. During 2002, the President and CEO and two members of Group Management established a special working group with the task of addressing strategic issues and increasing cooperation between the sectors within the framework of these processes. It should be clear from the above that Electrolux was a complex organisation in terms of both the issues it faced and the way that it operated. So it was important that the senior management were clear about their strategic priorities. The annual report explained some of Hans Stråberg's priorities and actions: 1 *Profitability* still varied across the group. He identified about 50 per cent of the operations as not creating enough value owing to high manufacturing costs and/or uncompetitive products. In contrast the successful operations were driven by a combination of strong

market positions, competitive products and strong brands. Therefore *restructuring* was needed to improve under-performers – such as some operations in India, China and the USA. The programme was aimed at improving productivity and adjusting the cost structure. A *strategic review of North American operations* was undertaken resulting in accelerated product development, wider use of the Electrolux brand and some changes in organisation. The *position in Europe* was strengthened by increased sales in Eastern Europe, productivity improvements, a rationalisation of product variants and brands and improvements in supply chain management. The *strategic direction and focus* were clarified and restated. Large scale production was not enough. They also had to be one of the top three suppliers to all main retailers and must be perceived as a leading brand by consumers. Margins must be stabilised at 6 per cent. Overall the strategy was summed up by Hans Stråberg as follows:

The Group's performance has improved substantially over the past few years, mainly through cost cutting and restructuring. There is still room for reducing costs and improving the performance of our operations. But at the same time, we must intensify our efforts in product development and brand building, based on better insights into consumer needs. I am convinced that this is the way to achieve sustainable profitability and growth. I am confident that we will succeed in doing so.