

Identifying key success factors of strategic planning in retail branches of a South African bank

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ABSTRACT

This study focused on identification of success factors of strategy implementation in retail branches of a bank.

The objective of this study was to identify and investigate the possible factors which influence successful implementation of strategic plans in a retail banking environment. In doing so, establish various factors that inhibit successful strategy implementation and explore approaches or best practices that could be adopted to facilitate effective implementation of strategic decisions.

The data was collected through questionnaires distributed to the branch managers of the institution. 153 respondents out of a population of 615 participated in the study. The results showed that understanding one's local market, knowing your customer, communication, leadership, culture-strategy alignment, resources-strategy alignment, rewards and tactical plan are the top success factors of strategy implementation within branches of this bank.

Key terms: Strategy, strategy planning, strategy management process, success factors, banking, branch managers.

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CHAPTER 1

NATURE AND SCOPE OF STUDY

1.1 Introduction

The business world has entered a new frontier in the 21st century comprising of rapid, unpredictable change and substantial uncertainty that are transforming the nature of competition. In today's business world, success requires new managerial mindsets that emphasise global markets, strategic flexibility, and the ability to tolerate and harness change (Schaap, 2006). Organisations that achieve their goals in the long-term "plan their work and work their plan." Realisation of strategy — the long-term vision of an organisation, is achieved by a disciplined approach to setting direction and then executing that direction through the effective use of an organisation's resources — its processes, capital, and people (Watson, 2005).

According to Schaap (2006), this new business setting requires new forms of managerial thinking and organisational structures, global mindsets, considerable strategic and structural flexibility, and innovative methods for implementing strategies. A scientific re-awakening will bring about the rise of new industries, change how businesses compete, and possibly transform how companies are managed.

Strategy plans outline an organisation's intended approach for achieving its mission. There are many ways to conduct strategic planning, most of which result in a plan or set of plans that articulate organisational goals and a high-level strategy for achieving them. Although the purpose of strategic planning is straightforward — outlining where an organisation wants to go and how it is going to get there — its nature is complex and dynamic. According to Angel (2008), creating really good strategy is not a trivial task. Moreover, it can be all for nothing if the execution is flawed. The big question is what produces better results, good strategy poorly executed or poor strategy well executed. This is hard to determine in practice, because the boundaries between strategy crafting, also called strategy formulation, and execution or implementation can be quite hard to identify. As Kaplan and Norton

(2005) observe, there is a pervasive failure to balance the tension between strategy and execution.

Strategic planning is an important element in an organisation's strategic management. Generally, strategic planning involves activities which are done to identify business mission, long-term objectives, opportunities and threats of an organisation, determining alternative strategies and finally choosing the strategies that have to be adopted in order to achieve the company's objectives. The successful organisation currently realises the importance of planning strategically in order to achieve its business goals (Abd Ghani *et al.*, 2010).

Every organisation that is involved in business activities has to implement its own planning system and strategies in its daily operation. Abd Ghani *et al.* (2010) state that most organisations operate their businesses just by using the traditional practice inherited from generation to generation or just following their intuition. However, this practice is not practical anymore since the world has become borderless. As a result, these organisations need to have a systematic planning and management practice in order to ensure their success and to compete with each other in this competitive world.

In this study, the retail bank branch managers are the subjects. Ask these managers about the state of their competitive environment and most will confirm that product life cycles are shortening, technology is changing faster and faster, customers are becoming more demanding and competition is intensifying. Simply put, Brews and Purohit (2007) state that environments are not getting more stable or any easier to compete in and therefore an important question is how planning should adjust in the face of these challenging contexts.

The implementation of a crafted strategy has a huge impact on an organisation's overall success, thus a strategy can add value to the organisation only if it is successfully implemented (Smith, 2011). It is imperative therefore, to affirm that each branch's (as an organisation) strategy implementation process is unique, and management should identify what needs to be done to guide employees or subordinates to perform the required actions or show the needed behaviour for successful implementation.

In this research, the problem statement and objectives of the study are outlined firstly. A theoretical overview of strategy planning and implementation literature, are then provided.

In the next sections, the research methodology and empirical results are provided. Lastly, the main conclusions and managerial implications of the study are highlighted.

1.2 Problem statement

Strategy implementation is viewed as an integral part of the strategic management process; however managers do not pay as much attention to planning the implementation of their strategies as they do to strategy formulation. Despite acknowledged importance of strategy implementation, limited research has been done in this field (Smith, 2011; Shah, 2005).

Strategy is formulated by senior management of the organisation, but executed by employees on the ground (branches in the bank). Thus, alignment within the organisation is required in order to execute strategy. The majority of organisations fail to implement or execute because they do not focus resources on priorities, and in a majority of cases, employees have not been informed or are not aware of the strategy. Implementation of strategy is operationally defined as those branch managers' behaviour and activities that will transform a working plan into a concrete reality.

The nature and scope of this research are based in the confluence of the areas of business strategy, strategy planning and strategy implementation. Thus, addressing this problem naturally requires a review of the literature on business strategy, on strategy planning and on strategy implementation or execution.

1.3 Objectives of the study

The objectives of this research are categorised in two levels of primary and secondary objectives, as follows:

1.3.1 Primary research objective

The primary objective of this study is to identify and investigate the possible factors which influence successful implementation of strategic plans in a retail banking environment. This research will confirm the existence of these factors, measure the influence of and provide insights in execution of plans.

1.3.2 Secondary research objectives

In addressing these primary objectives, the following secondary objectives have been identified:

- To investigate the influence of demographic profile on the success factors.
- To identify, where possible, effective or ineffective management behaviour and what are considered success factors encountered by branch managers who have tried to implement their strategic plans.

1.4 Research Design and Methodology

This section outlines the research methodology followed in this study.

1.4.1 Research paradigm

The empirical research was done through the analysis of quantitative data. The questionnaire was compiled by the author and aligned with the research objectives, after a thorough investigation has been done on tactical planning workshops with the branch managers and regional managers. This structured questionnaire was also informed by the literature review and formulated to find answers to the important success factors in strategy implementation.

Data gathering in this study included comprehensive literature review and field investigation. Books, journals and internet were also used for subjective fundamentals and study literature.

1.4.2 Population

The target population of this study can be regarded as all branch managers of YYY Bank's branches. There are currently about 615 of these branches. A structured questionnaire was distributed to branch managers of the institution, with the aim to obtain responses from them (information and opinion on the current strategy implementation success factors).

1.4.3 The sample

A structured questionnaire was distributed electronically to all 615 branch managers of YYY Bank and 153 responded by the cut-off date. The sampling method used was stratified random sampling with convenience.

1.4.4. Research limitations

The sample was drawn from one institution or specific bank's (YYY Bank) branches and may not be relatable to other banks, thus the external validity of the study is limited (i.e., the fact that the study is focused on one institution, the possibility exists

that the participants might respond positively with the aim to reflect a good picture of their branches). Another constraint of this study is that the answers provided by the participants, are only the perceptions of the branch managers as to what factors might have contributed to the success or failure of strategy implementation. Excuses that might also be given as reasons for not implementing strategies, for example, remuneration related problems, could be mentioned during the research process. The unit of analysis is thought to be familiar with the operation of the institution and therefore should fairly provide the needed information.

The other limitation is that the sample size was low based on the recommendation that EFA needs at least 5 times the number of Likert scale questions ($5 * 72$) which is 360, therefore factors might be suspect due to insufficient data.

The nature of confidentiality of the bank's name also was a limitation.

1.5 Contribution to the study

A preliminary review of the literature has been conducted with a view to locate the proposed research within the broader field of study. An extensive literature study was performed to aid in meeting the goals of this study. The literature utilised falls into three categories, namely: strategy, strategy planning, and strategy management process.

The study is anticipated to determine factors contributing to successful strategy implementation of the organisation. Based on the understanding of the problem, management could be advised on available scientific alternatives to tackle strategy implementation problems. By creating an understanding of the specific problems, management would be able to devise appropriate actions to address it and improve the organisation's operation. The recommendations could also be used to evaluate the strategy implementation processes of the organisation.

1.6 Assumptions on which the research is based

In this study it is assumed that the implementation of a strategic organisational plan or guideline will support the overall competitiveness of the company, and that the implementation of such a plan is imperative to grow from a market follower and challenger to one of pre-eminence.

1.7 Layout of the study

Chapter 1 – NATURE AND SCOPE OF STUDY: contains the scope and nature of this study. The chapter includes an introduction, problem statement as well as the primary and secondary objectives of this study. The research methodology, questionnaire layout and limitations also form part of chapter one. The chapter is concluded with a layout of the study.

Chapter 2 – THE STRATEGY MANAGEMENT PROCESS AND THE BANKING INDUSTRY: the theory of the strategic management process is explored by means of a literature study. This will serve as one of the pillars for the framework that will be developed as the main objective of this study. The literature review includes defining strategy and the strategic management process according to various sources.

Chapter 3 – EMPIRICAL STUDY: the empirical research was done through the analysis of quantitative data. The design of the questionnaire is discussed and a statistical analysis from the data enclosed. Empirical results are interpreted and discussed to determine success factors in the implementation of strategy in branches of YYY Bank. A summary of this is also provided.

Chapter 4 – CONCLUSIONS AND RECOMMENDATIONS: provides the conclusions and recommendations in context to the research findings obtained from the questionnaires. Possible recommendations with regard to the different sections, are also provided.

1.7 Summary

Various studies on strategy implementation have highlighted the perception of managers that confirms the assumption on strategy implementation as the responsibility of operational personnel and not the responsibility of managers. Needless to say that the managers are there to serve as strategic executives whose only responsibilities are to plan the future direction of the organisation.

The researcher took a wide-spread approach survey as a research design. The questionnaire instrument was directed to branch managers to obtain valuable insight into factors attributed to a successful strategy implementation.

CHAPTER 2

THE STRATEGY MANAGEMENT PROCESS AND THE BANKING INDUSTRY

2.1 Introduction

This chapter will review and discuss the relevant theories and concepts surrounding the research problem. The main research question addressed by the study is to assess the role of branch managers and the key success factors in the implementation of strategy in a retail bank setup. In order to address the above research question, the study explores the secondary research objectives indicated in section 4.2 of Chapter 1.

Retail banks exist to service the financial needs of business and society. They compete by providing retail banking services to spatially dispersed consumers for a fee, and these transactions can be provided through different distribution technologies, for example, branches, automated teller machines (ATMs), Internet banking and the like. Banking institutions according to Byers and Lederer (2001), may differ in their choice of distribution strategy. Consumers differ in their sensitivity to different variables such as price, preference for distribution technology, and average distance from a retail bank. Market demand for transactions is a decreasing function of consumer costs, including price and convenience costs. Banks differ in cost structure and distribution technology choices (Byers & Lederer, 2001). Competition between banking institutions is modelled following a variation of the "perfect competition" model, that is, banks are "price takers", meaning that they are usually forced to go with the market price if they want to sell its goods (Byers & Lederer, 2001).

2.1.1 Globalisation and Competition

The process of globalisation has brought about many changes in the global banking industry, and as a result, new banks have entered the South African banking industry, further intensifying the competition. Consequent to the globalisation, the Government of South Africa has liberalised its trade policies. In line with the spirit of free trade, the face of the banking industry has seen changes. This new entrants and foreign banks have more customer-centric policies, new attractive proposals, high quality services and computerised branches. All these services attract more and more customers to their banks. According to Byers and Lederer (2001) the retail banking industry has experienced major changes in 21st century. These changes include increased competition among banks and non-banks, evolution in customer preferences, and technological advances in bank distribution systems. With deregulation of the financial services sector, non-banks can currently compete with banks, and banks can provide services in formerly prohibited geographical areas. The rise of technology has created a group of customers with the ability and desire to conduct remote transactions. Technological advances have shifted retail banking's historical reliance on branches. The retail banking institutions have expressed a desire to reduce the number of bank branches and shift transactions to lower-cost electronic channels (Byers and Lederer, 2001).

The constant growth of South African economic conditions has also formed a fierce competition among South African banks. This fierce competition has forced South African banks to execute their optimised strategy in order to deal with the competitive environment. Therefore, the role of branch managers within the banking institutions as the executor of the strategy becomes crucial.

2.1.2 Electronic banking

In the world of Internet banking, the old competitive value of one-stop shopping and established relationships that banks have enjoyed is declining. The winner in any contest for a customer's business is less likely to be the primary bank and more likely to be the financial institution that provides the best offer for that particular

product or service. Through its strategic planning process, YYY Bank has realised that banks will not become obsolete, but their current business operations will. The smartest institutions will transform themselves into innovative navigators or facilitating agents. The business of banking will be the business of helping customers to navigate the Internet and electronics to get the best deal possible on products and services to meet their financial needs. This analysis persuaded YYY Bank's senior management that a new strategic direction has been necessary to ensure long-term growth and profitability for the bank. The new direction has been labelled the electronic banking migration (e-banking migration) and it symbolises a change from the type of growth that the bank has achieved through building and leasing branches to an innovative one where new business would come from the bank's role as an efficient electronic financial navigator - "Anywhere, Anytime Banking".

In improving the efficiency and profitability, Uppal (2010) suggests the following measures:

- Banks should design efficient plans to earn more income from different sources.
- They should adopt more and more new technologies and innovations to increase their efficiency and productivity.
- Services and products should be provided to the customers according to their needs and expectations.
- In today's competitive environment, information technology plays an important role in every industry.
- Banks also should be fully computerised and should be in a position to provide services to their customers through the Internet and other e-channels.

2.1.3 Key Success Factors (KSFs)

KSFs, also called critical success factors (CSFs), are the essential ingredients that allow a company to sustain a long-term competitive advantage. They are critical in order for an organisation to achieve its mission. Examining the company's KSFs will help to better understand the nature of the company and how it operates (both internal and external). KSFs are the driving force behind every successful company. Companies must try to capitalise on their KSFs while at the same time recognise and strengthen their weaknesses. These factors are readily evident or sometimes invisible. They define durable activities that an organisation must undertake in order to achieve its mission. KSFs are evident at all management levels (Meibodi & Monavvarian, 2010). KSFs determine those performance fields that managers must manage constantly. These factors are of utmost importance in strategy execution (Meibodi & Monavvarian, 2010).

2.2 An overview of strategy

A historical perspective reveals the military roots of the word strategy. In ancient Greece the word 'strategos' has been referred to as the role of an individual – a general in command of an army (Louw and Venter, 2006). Strategy has been represented as an art in general and as a set of behavioural and psychological skills of an individual. Pericles 450 BC has linked the word strategy to managerial skills for the first time in history, and Alexander the Great has defined strategy in 330 BC as a skill of employing forces to overcome opposition and to create a unified system of global governance. Sun Tzu's primal work, *The Art of War*, is regarded as the first formal treatise on strategy: 'All men can see the tactics by which I conquer, but what none can see is the strategy out of which great victory is evolved.' Only in the twentieth century has the concept of strategy gained prominence in the business world (Ghemawat, 2001). Military and business strategy share some common concepts and principles, particularly strategy and tactics. A tactic is a plan for specific action, while strategy is the overall scheme for leveraging resources to obtain a competitive advantage (Louw and Venter, 2006).

Strategic decisions, whether in the military or business sphere, share common characteristics (Johnson & Scholes, 2002; Lynch, 2003):

- Strategy is concerned with long-term direction and sustainable decisions.
- Strategies offer a competitive advantage.
- Strategy exploits linkages between the internal and external environments (the so-called “strategic link”).
- Strategies require major resources.
- Strategies develop processes to achieve its purpose.
- Strategies are likely to affect operational decisions.
- Strategies affect the values and expectations of stakeholders.
- Strategies are influenced by vision – the ability to move forward.

Academic underpinnings of the field of strategic management can be traced back to the beginnings of the twentieth century (Kalpic *et al.*, 2012). In 1912, the Harvard Business School introduced a capstone course in Business Policy, which was designed to integrate knowledge gained in functional areas like accounting, operations and finance, thereby giving a broader perspective on the strategic problems faced by corporate executives. Research has confirmed that an organisation’s strategy is more important to its performance than industry context (Heracleous, 2003).

Strategy can therefore be understood as a metaphor that spans the functional areas in business. What is more, strategy making is a genuine inter-disciplinary field involving economics, management, organisational theory and law. This inter-disciplinary nature of strategy making and the multi-faceted phenomena that influence strategic behaviour of a company, increase the ambiguity of any strategy. In order to present various perspectives on strategy, different authors use different classifications:

- Mintzberg (1998) operates with the popular ten major schools of thoughts.
- Whittington (1993) offers a typology of four generic perspectives on strategies namely classical, evolutionary, systemic and processual.

- Ghemawat (2001) identifies four basic stages that involve grappling with increasing levels of dynamism, multidimensionality and uncertainty and therefore become less amenable to routine quantitative analysis.
- Chaffee (1985) has provided classified strategy into three models: linear, adaptive and interpretive strategy. Of these three, the linear model focuses on planning. According to the linear view, strategy consists of integrated decisions, actions, or plans that will be set to achieve organisational goals. Both the goals and the means of achieving them are results of strategic decision. In the adaptive model of strategy, the organisation is continually evaluating its external and internal conditions. The main concern here is the development of a viable match between the opportunities and risks presented in the external environment and the organisation's capabilities and resources for exploiting these opportunities. The interpretive model of strategy is associated with the social and cultural aspects of an organisation. Strategy is about conveying meanings, by using orienting metaphors or frames of reference that are intended to motivate stakeholders in ways that favour the organisation

This field of strategy is considered to be fragmented (Volberda, 2004). Other authors, according to Bodhanya (2009), distinguish between strategy content, strategy process and the context in which strategy happens. Although strategy may be applied to the public sector (Ferlie, 2002) and other settings (Whittington *et al.*, 2002), much of the field of strategy is still concerned with commercial organisations. One of many ways of exploring the strategy landscape is to examine what the key concerns or questions are. Table 2.1 below identifies the major issues and concerns of strategists based on the overall sense of the field drawing from both the literature and Bodhanya's (2009) experience of working in the strategy field.

Table 2.1 Major issues and concerns of strategy

What is the purpose of the organisation?
What is our vision or strategic intent?
What is our mandate and whose interests do we serve?
What is the industry that we operate in?
What are the characteristics of this industry?
What are the “rules of the game” in this industry?
What are the characteristics of industry growth?
What are the critical success factors to thrive in this industry?
What are the entry and exit barriers in this industry?
What business are we in?
Who are our suppliers and customers?
What is our bargaining power over them?
How do we segment the market and which segments do we serve?
Which geographical areas do we serve?
What is our share of the market?
What products or services do we offer?
How do we distinguish our products or services?
Who are our competitors?
How do we gain advantage over our competitors?
What resources, skills, technology, knowledge and capabilities do we have?
How do we deploy these for competitive advantage?
How do we fund our activities?
Who are our funders?
What returns do they expect?
How can we reshape the “rules of the game” to our advantage?
How can we get efficiencies in what we are doing?
What alliances and partnerships should we engage in?

Source: (Bodhanya, 2009)

Although this set of questions may not be exhaustive, it provides the broad scope of the concerns of strategy (Bodhanya, 2009). The questions are not distinct and are

usually not considered in isolation from each other. Many strategy tools and techniques are essentially a construction, based on a combination of a small subset of these questions, in the form of a matrix or some other relationship grid. For example, Porter's five forces model is basically a consideration of a subset of questions related to the characteristics of the industry and the relative bargaining power of key stakeholders. By crossing the questions about which markets to serve; distinguishing characteristics of products; and considerations of efficiency and cost; one may arrive at Porter's generic positioning matrix.

Numerous authors have categorised the field of strategy, based on where the people concerned with strategy are placed in the organisational hierarchy. As a result, some make a distinction between levels of strategy as that of corporate strategy, business strategy and functional strategy (Johnson & Scholes, 2002; Thompson *et al.*, 2012).

2.3 The contemporary generic strategic management process

2.3.1 Conceptualisation

Managing an organisation in the competitive landscape of the 21st century is a highly complex task, impacting on organisational leadership, strategies, and organisational architecture (Louw & Venter, 2006). Among the reasons for the heightened complexity, are increasingly competitive business practices, the inclination towards strategic flexibility in order to accommodate change, and the emergence of networked organisations in the global arena. Therefore, it is vital that managers think strategically in order to achieve a sustained competitive advantage. They need to understand where they fit into the global competitive landscape and how they can contribute towards strategic developments and changes.

The global competitive landscape has important implications for strategic management in developing countries, with specific reference to the African context. Consider, for example, how investments from various economic sectors in South Africa have changed the way of doing business in Africa, for example South African parastatals (Eskom, Spoornet, Portnet, Airports Company and South African Airways), the telecommunications sector (MTN and Vodacom), retail and food

sectors (Shoprite, Pep Stores, Pick 'n Pay, Game, Makro, Woolworths and Nando's), and the mining sector (Anglo American, De Beers, AngloGold, Gold Fields and BHP Billiton). Strategic management challenges in Africa also include empowerment of previously disadvantaged persons and involving them in the formal economy, as well as thinking globally but acting locally (Louw & Venter, 2006).

2.3.2 Strategic management

Strategic management is generally defined as a future-oriented process that enables the organisation to make informed decisions today to position itself for future success. The more traditional view of strategic management utilises a linear approach whereby a scan of the organisation's environment is conducted (both internally and externally), a strategy is formulated, that strategy is implemented and the organisation's progress toward that strategy is then evaluated. The pace of change in recent times dictates that the formulation and implementation phases are more closely integrated to ensure that as changes occur and implementation problems arise, the strategy is re-visited on a continuous basis (Thompson *et al.*, 2012).

In thinking strategically about their organisation's current situation and future prospects in a competitive landscape, Thompson *et al.* (2012) indicate that managers are faced with three central questions:

- In answering the first question 'What is our present situation?', consideration has to be given to an organisation's industry conditions, its market standing, its resources and dynamic capability, appeal and value added to products and services, meeting the needs and expectations of customers and stakeholders, and its current performance. Consider how YYY Bank prioritises listening to clients' needs in order to ensure that value is added to all its products. YYY Bank also meets the needs of stakeholders by being socially responsible and valuing the innovative behaviour of employees.
- The second question 'Where do we want to go from here?' refers to the purpose, strategic intent and overall direction that management believe the

organisation should adopt – a vision of the company’s future direction. YYY Bank’s sustainable success will depend on how effectively it designs unique solutions for its customers. The future of YYY Bank will depend on its ability to reduce customer costs of productivity, and its effectiveness, which will be determined by technological breakthroughs and innovations.

- The final question ‘How are we going to get there?’ will depend on how strategy is crafted at the different organisational levels, based on customer needs, stakeholder expectations and ethical perspectives, and secondly, on the influence of leadership, values, organisational culture and organisational architecture in strategy implementation. This question challenges the managers to craft and execute a strategy capable of moving the organisation in the intended direction. Developing clear answers to this question is the essence of managing strategically. YYY Bank empowers its staff by encouraging innovative strategic thinking, focuses on knowledge management principles, pursues employment equity and focuses on the overall well-being of employees.

The strategy formulation process is concerned with analyses of the external and internal environment and the choice of strategy at the corporate, business, and functional levels. Strategy implementation comprises a series of primarily administrative activities and includes the design of organisational structure and processes, and the absorption of policy into the organisation’s social structure (Farjoun, 2002).

2.3.3 The design approach to strategic management

According to Farjoun (2002), each of the main research programs reviewed by researchers has contributed to the design model. Derived from the Structure-Conduct-Performance (SCP) model, are the five forces model and its dynamic counterpart - the industry life cycle model - which became the dominant models for analysing the external environment (Porter, 1980). The Strategy-Structure-Performance (SSP) model, which highlights the significance of factors complementary to strategy, such as organisational structure to organisation

performance, has provided a theoretical basis for the formulation - implementation link in the design model. In addition, by focusing on internal organisational attributes, the RBV model, together with the value chain model of organisation workflow activities (Porter, 1996), has become a standard tool for analysing the internal (i.e. organisational) side in the design model (Barney, 1997).

The Strengths, Weaknesses, Opportunities and Threats (SWOT) model is often used to prescribe the strategic choice (i.e. strategy formulation) part of the design model. In this model, strategy needs to match the organisation's internal resources and distinctive competencies with environmental opportunities and threats, so as to better meet overall goals and objectives. The decision rule used is to choose a strategy that capitalises on the organisation's strengths, fixes its weaknesses, exploits its opportunities, and defends or neutralises threats (Barney, 1997). Strategy needs to exhibit external consistency - organisation resources need to be matched with environmental opportunities, and internal consistency - a fit between strategy and organisational elements. In addition, strategy needs to be in line with managerial values and with societal expectations (Porter, 1980).

2.3.4 Strategic management process

The strategic management process includes an understanding of the organisation's strategic intent and purpose, strategic analysis, strategy development, strategy implementation and future perspectives. The strategic management process is a combination of the commitments, decisions and actions, required for an organisation to achieve strategic competitiveness and earn above-average returns (Louw & Venter, 2006). According to Louw and Venter (2006), the strategic management process encompasses more than the management of the strategic decision-making process.

The success of an organisation is mainly determined by the effectiveness and efficiency of its management. In the words of Peter Drucker, "*efficiency is concerned with doing things right, while effectiveness is concerned with doing the right things*". Likewise, an organisation's management can be divided into operational and

strategic management. Louw and Venter (2006) further argue that strategic management is concerned with the overall effectiveness and choice of direction within a dynamic, complex and ambiguous environment. Strategic decisions have long-term implications and concern the entire organisation. Strategic management is not concerned with strategic planning only, but has to ensure that strategy is also implemented, i.e. that strategies are working in practice.

Thompson and Strickland (2012) refer to strategic management as an on-going process: *"nothing is final and all prior actions and decisions are subject to future modification."* Sanchez and Heene (2004) argue that strategic management refers to the management processes that define the organisation's goals for value creation and distribution, and design the way the organisation will be composed, structured and coordinated in pursuing its goals or value creation and distribution. Rowea *et al.* (1994), state that strategic management is the process by which organisations determine what value is needed and how to add that value. This means ensuring that organisations can cope effectively with the myriad of demands placed on them from within and with-out.

From Louw and Venter's (2006) perspective, strategic management is concerned with:

- (a) Effective strategies that balance the organisation's resources and capabilities, values and goals with its external environment. In doing so, strategic managers are responsible for establishing a clear direction for the organisation and a means of getting there, which requires the creation of strong competitive positions; and
- (b) The implementation of a strategy in such a manner that all the organisational architecture and activities are synergistically integrated in order to achieve effective performance.

Jimoh (2003) argues that strategic management consists of three inter-related phases: strategic thinking, strategic planning and strategic actions. The "thinking" phase, they say, provides the conceptual foundation for the two other phases. This phase encourages managers to be conscious of and understand the events and

forces in their environment and their future implications, as these would determine the extent to which the objectives and goals of their organisations would be realised and sustained. Drawing from this counsel of strategic thinking, the strategic planning phase sets out processes and techniques that would enable managers to scan (and therefore be conscious) of the events or forces shaping their environments, analyse and understand their implications (now and in the future), outline conceivable possible outcomes/states of the environment and have some expectations of the most likely outcome(s).

Based on these expectations, the planning phase fashions out the organisations' strategies for realising its mission, objectives and goals as well as develops a monitoring system that would continuously determine the extent of plan implementation and the degree to which the goals are attained. The strategic action phase implements the plan. Thus, strategic management, according to Jimoh (2003), is both a philosophy and processes or techniques by which an organisation determines its long-term objectives, and how to realise them as well as taking actions to implement strategies so determined in order to continually adjust itself to changes in its environment so as to continuously realise its objectives.

In a nutshell, the strategic management process represents a logical, systematic, and objective approach for determining an organisation's future direction. However, a clear separation is needed between the managerial process by which an organisation formulates, evaluates, implements, and controls the relationships between its objectives, its strategies, and its environment.

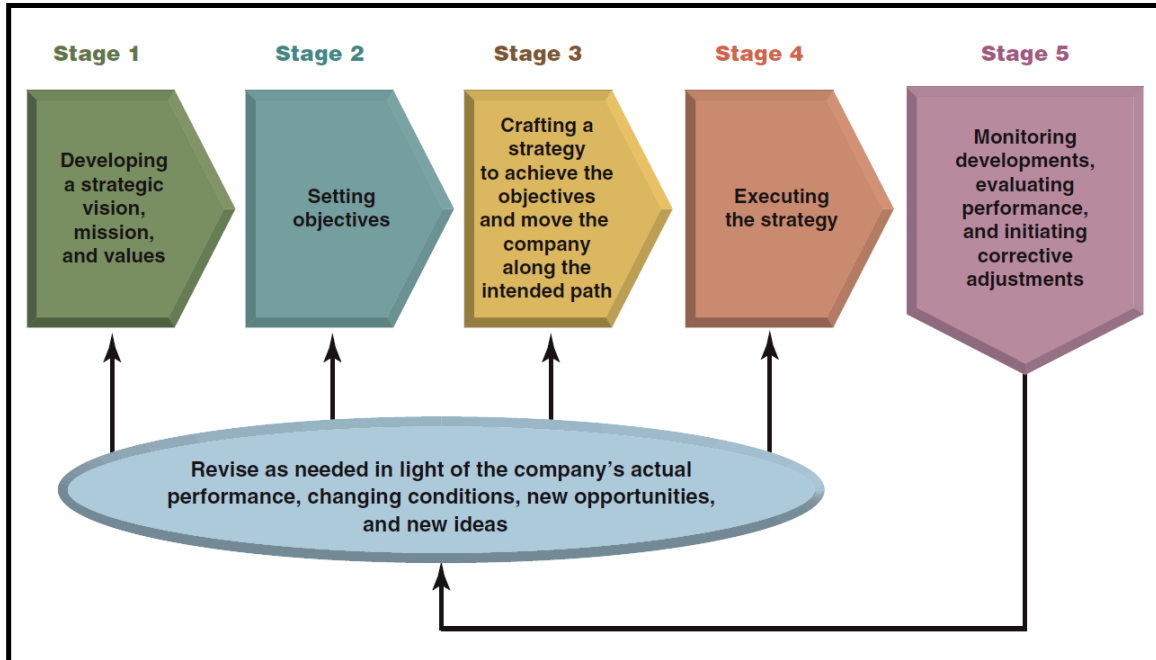
Researchers usually distinguish three stages in the process of strategic management: strategy formulation, strategy implementation, and evaluation and control.

This strategic management process consists of five major ever-present stages (Thompson *et al.*, 2012):

1. Developing a concept of the business and forming a vision of where the organisation needs to be headed.

2. Converting the mission into specific performance objectives (strategy analysis).
3. Crafting a strategy to achieve the targeted performance objectives (strategy formulation).
4. Implementing and executing the chosen strategy efficiently and effectively (strategy implementation).
5. Evaluating performance, reviewing the situation, and initiating corrective adjustments in mission, objectives, strategy, or implementation in the light of actual experience, changing conditions, new ideas, and new opportunities (strategy monitoring and control). The following figure (Figure 2.1) displays this five stage process.

Figure 2.1: Components of Strategic Management Process



(Source: Thompson *et al.*, 2012:70)

According to Nedelea and Păun (2009), the first three components or stages above, in combination, give direction to the enterprise, establish the directional map for strategic action, and, in effect, define what is called an organisation's strategic plan. The fourth component is easily the most complicated and challenging one, because it involves not only deciding on, but also undertaking the administrative actions needed to convert the strategic plan into results; indeed, orchestrating the implementation of strategy is probably five to ten times more time consuming than is formulating the strategic plan. The fifth component, evaluating strategic performance and making corrective adjustments, is both the end and the beginning of the strategic management cycle. The stride of external and internal events guarantees that the time will come for making revisions in the four previous components. Most of the time, revisions will be of the fine tuning variety, but occasions for major overhaul in one or more components arise - sometimes because of significant external developments and sometimes because of sharply sliding financial performance.

By its very process and methods, Jimoh (2003) states that strategic management encourages consensus building and team work among staff. It promotes widespread understanding of its mission, objectives, goals, strategies and its position in the industry among all stakeholders. Thus, it facilitates clear leadership and direction, unity of purpose and consensus in the organisation that adopts it. Because these features are essential to effectiveness and efficiency and therefore success, it is therefore not surprising that organisations that adopt strategic management are expected to perform better than those that do not.

From the outset of strategic management as a discipline in its own right, debate has arisen as to the relationship between the formulation of strategy and its implementation (Littler *et al.*, 2000). Since that time, the segregation between strategy content information (usually formulated by a small number of senior executives) and its implementation (by the whole organisation), has persisted as one of the defining characteristics of the prescriptive schools of strategic management thought (Littler *et al.*, 2000). By contrast, the more descriptive perspectives on strategic management emphasise a greater overlap and interplay between strategy formation and the implementation process. Within such perspectives, the strategy actually achieved by an organisation is seen as emergent and adaptive over time, parallel with its implementation (Mintzberg & Waters, 1985).

The strategic management literature of the 1990's promotes two important issues in the making of strategy. Firstly, strategies need to be forward-looking and dynamic (Hamel & Prahalad, 1996). It is no longer appropriate to compete simply on the basis of the present markets and current resources, but organisations rather need to be continually pushing back and lay claim to their own competitive frontier. Secondly, strategy formation should not be confined to only the top management, but should rather enjoy a much wider constituency of participants in order to maximise the creative and informational input (Littler *et al.*, 2000).

2.3.2.1 Strategy Formulation

Strategies are formulated by organisations in order to achieve a more favourable position. Over the years a large number of concepts and techniques have been proposed on how organisations should develop a suitable strategy. Some of these concepts and techniques concentrate on matching an organisation's resources and skills with the opportunities and risks created by its external environment, while others focus on the organisation's resources and capabilities as drivers of competitive advantage (Feurer & Chaharbaghi, 1995). All these concepts and techniques imply that it is possible to determine a strategic direction for an organisation on a systematic basis. However, it is increasingly being realised that such a notion can only be applied if the underlying assumptions are not changing fast and if the goals of an organisation are well defined.

In today's highly dynamic business environments, however, organisations must constantly adapt to the fast changing circumstances. Strategy formulation should become a cognitive process as opposed to a process of conception. It is in this light that organisational learning has become a main focus of attention for research and the ability to learn has been recognised as the only source of sustainable competitive advantage. Strategy formulation should therefore be regarded as a continuous learning process. Such a learning process, however, is very complex as it encompasses individual learning mechanisms as well as those of group learning and organisational learning (Feurer & Chaharbaghi, 1995).

According to Thompson *et al.* (2012), the task of crafting a strategy together entails addressing a series of how's: *how* to grow the business, *how* to please customers, *how* to outcompete rivals, *how* to respond to changing market conditions, *how* to manage each functional piece of the business, *how* to develop needed capabilities, and *how* to achieve strategic and financial objectives. It also means choosing among the various strategic alternatives – proactively searching for opportunities to do new things or to do existing things in new or better ways.

This component of the strategic management process brings in the critical issue of just how the targeted objectives are to be accomplished, and it involves managers in various positions and at various organisational levels. While objectives are the “end

product”, the strategy is the “means” of achieving them. According to Nedelea and Păun (2009), the task of strategy formulation entails taking into account all of the relevant aspects of the organisation’s internal and external situation and coming up with a detailed action plan for achieving the targeted short-run and long-run results. Strategy is a blueprint of all the important entrepreneurial, competitive and functional area actions that are to be taken in pursuing organisational objectives and positioning the organisation for sustained success.

The definition, according to Nedelea and Păun (2009), points toward the issues that strategy must address:

- How to respond to changing conditions specifically, what to do about shifting customer needs and emerging industry trends, which new opportunities to pursue, how to defend against competitive pressures and other externally imposed threats, and how to strengthen the mix of the organisation's activities by doing more of some things and less of others.
- How to allocate resource over the organisation's various business units, divisions, and functional departments making decisions that steer capital investment and human resources in behind the chosen strategic plan is always critical; some kind of strategy-supportive guidelines for resource allocation have to exist.
- How to compete in each one of the industries in which the organisation participates decisions about how to develop customer appeal, to position the organisation against rivals, to emphasize some products and de-emphasise others, and to meet specific competitive threats, are always integral to competitive survival and the achievement of a defensible competitive advantage.
- Within each line of business of the organisation, what actions and approaches to take in each of the major functional areas and operating departments to create a unified and more powerful strategic effort throughout the business unit. Obviously, the different functional and operating level strategies ought to be coordinated rather than be allowed

to go off on independent courses; they need to support the creation of a sustainable competitive advantage.

2.3.2.2 Strategy Implementation

For the past two decades, strategy formulation has been widely regarded as the most important component of the strategic management process – more important than strategy implementation or strategic control (Jooste & Fourie, 2009). However, recent research indicates that strategy implementation, rather than strategy formulation alone, is a key requirement for superior business performance (Flood *et al.*, 2000; Kaplan and Norton, 2000). In addition, there is growing recognition that the most important problems in the field of strategic management are not related to strategy formulation, but rather to strategy implementation (Flood *et al.*, 2000), and that the high failure rate of organisational initiatives in a dynamic business environment is primarily due to poor implementation of new strategies.

Strategy implementation is defined in this study as the process of putting the intended strategy into action. Once managers have decided on a strategy, the emphasis turns to converting it into actions and good results. Putting the strategy into place and getting the organisation to execute it well, call for different sets of managerial skills (Thompson *et al.*, 2012). Whereas crafting strategy is largely a market-driven and resource-driven activity, implementing strategy is an operations-driven activity revolving around the management of people and business processes (Thompson *et al.*, 2012).

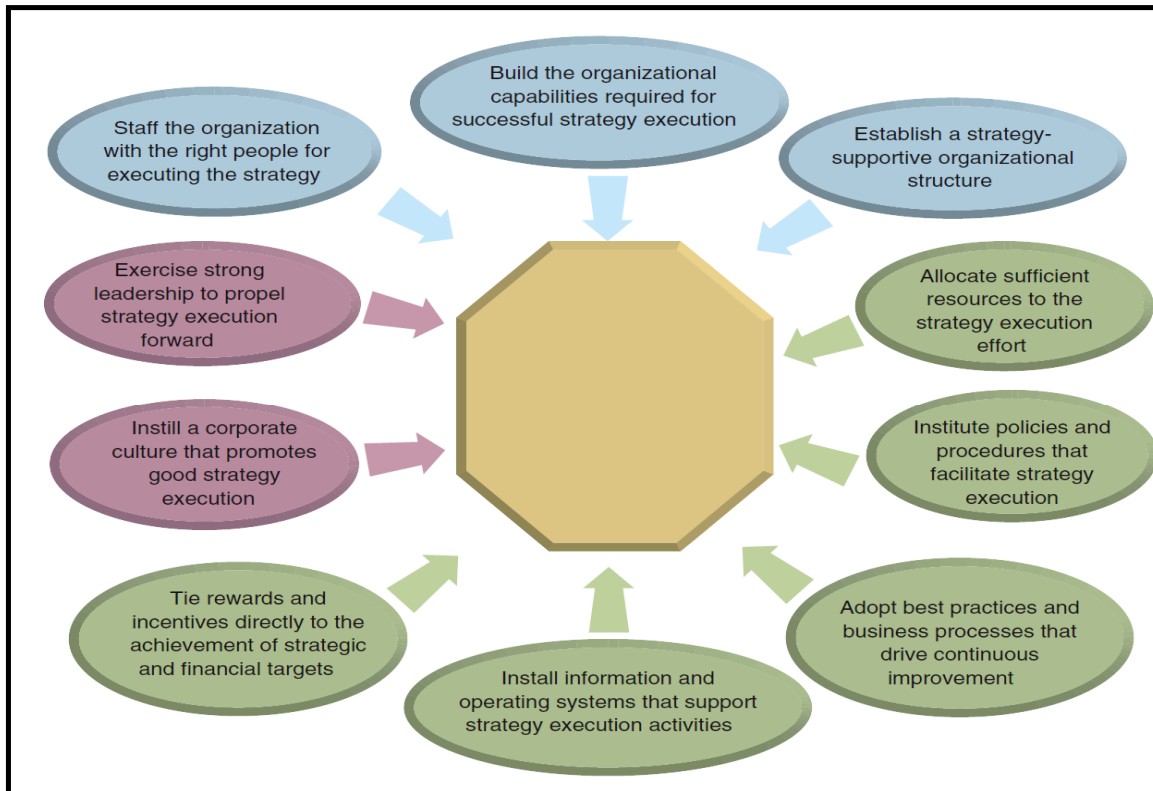
Successful strategy implementation according to Thompson *et al.* (2012), depends on doing a good job of working with and through others; allocating resources; building and strengthening competitive capabilities; creating an appropriate organisational structure; instituting strategy-supportive policies, processes, and systems; motivating and rewarding people; and instilling a culture of getting things done.

The principal components of the strategy implementation process according to Thompson *et al.* (2012) are (see Figure 2.2):

- Staff the organisation with managers and employees capable of executing the strategy well.
- Build the organisation's capabilities required for successful strategy implementation.
- Create a strategy-supportive organisational structure.
- Allocate sufficient budgetary (and other) resources to the strategy implementation effort.
- Institute policies and procedures that facilitate strategy implementation.
- Adopt best practices and business processes that drive continuous improvement in strategy implementation activities.
- Install information and operating systems that enable personnel to carry out their strategic roles proficiently.
- Tie rewards and incentives directly to the achievement of strategic and financial targets.
- Instil a corporate culture that promotes good strategy implementation.
- Exercise the internal leadership needed to propel strategy implementation forward.

How well managers perform these 10 tasks (Figure 2.2), has a decisive impact on whether the outcome of the strategy implementation effort is a spectacular success, a colossal failure, or something in between (Thompson *et al.*, 2012).

Figure 2.2: The 10 Basic Tasks of the Strategy Implementation Process



(Source: Thompson *et al.*, 2012:70).

Several themes emerged from reviewing the literature on strategy implementation. Most notably, in the literature the critical role of middle managers in strategy implementation is emphasised (Franken *et al.*, 2009; Mantere, 2008; Wooldridge *et al.*, 2008). The strategic alignment and the active engagement of leadership teams were essential for ensuring implementation success (Salih, 2012). Further, shared strategic consensus and commitment to strategy, were stressed (Davis *et al.*, 2010; Raes *et al.*, 2011). The results of several studies demonstrated the importance of effective and open communication to strategy implementation (Noble, 1999; Pryor *et al.*, 2007). Involving mid- and lower-level managers early during the strategy development phase, strengthened organisational commitment and facilitate buy-in of the new strategy (Salih, 2012).

From a structural perspective, coordination and cooperation of cross-functional groups are critical for strategy implementation. Strategy implementation requires the

devotion of a motivated workforce (Salih, 2012). Linking incentives and rewards to strategic achievements increased the chances of implementation success (Noble, 1999; Raes *et al.*, 2011). Organisations that strive to implement new strategic initiatives need the appropriate structures, systems, and processes to support implementation (Pryor *et al.*, 2007). The literature also revealed that one of the key success factors in strategy implementation is to conceive strategy development and implementation as an integrated and intertwined process (MacLennan, 2011; Sull, 2007).

In the following section, the strategy process followed by banks is detailed.

2.4 Strategic process in the banking industry

This section entails the deregulation and the changes it brought, then a brief overview of the South African banking sector, concerns in the banking industry, the shifts in strategy brought by return to retail banking, concerns in the banking industry and last but not least, strategy alignment.

2.4.1 Deregulation

Banking in the many economies has traditionally been a highly protected industry, living off good spreads achieved on regulated deposit and lending rates and pervasive restrictions on domestic and foreign entry. Deregulation and the development of information technologies (IT) and communication, have brought revolutionary changes in the banking industry (Byers & Lederer, 2001). Emergence of these technologies has allowed banks to offer their services at regional, national, and global levels. These changes, according to Roth and Van der Velde (as cited in Rhee & Mehra, 2006), have provided the welcome convenience of time and place to banking customers. However, these changes have reduced incoming revenues for retail banks thereby forcing them to assess fees for specific customer services. This, in turn, requires banks to offer a wide range of revenue generating products to certain customer groups (e.g. high income group), in order to develop strong

customer relationships and loyalty. Accompanying deregulation has been greater emphasis on capital adequacy, which has encouraged banks to securitise some assets, generate more fee-based income, and try to improve efficiency.

2.4.2. A brief overview of the South African banking sector

South Africa (SA) has a developed and well regulated banking system which compares favourably with those of industrialised countries. The sector has undergone a lot of changes in the past 20 years, with the early 1990s being characterised by a process of consolidation, resulting from mergers of a number of banks including Allied, Volkskas and United, to form ABSA and the proposed merger between Nedcor and Stanbic which failed eventually. The promulgation of the Banks Act of 1990 led to a number of banking licenses being issued and by the end of 2001 there were 43 registered banks in South Africa. The announcement of Saambou's financial troubles in 2002, however, resulted in a run on BOE and other smaller banks which led to a number of banks not renewing their banking licenses and others seeking financial assistance from foreign shareholders. Other banks such as Regal Bank also experienced financial difficulties during that period and was placed under curatorship (BASA, 2010).

Although the South African banking sector has been through a process of volatility and change in the past, it has attracted a lot of interest from abroad with a number of foreign banks establishing presence in the country and others acquiring stakes in major banks, for example, the Barclays – ABSA and Industrial and Commercial Bank of China – Standard Bank deals. There have been a number of changes in respect of the regulatory environment, product offerings, and number of participants resulting in a greater level of competition on the market from smaller banks such as Capitec bank and African Bank which have targeted the low-income and the previously unbanked market.

The South African banking sector, and for that matter the whole corporate sector, is still highly concentrated as a result of the years of economic isolation during the 1980s. Approximately 60 banks are registered in South Africa, but the largest four

have approximately 70% of the assets, and own the bulk of the retail banking system. The others are mainly small niche banks, focusing on specific activities, regions or communities. While a diverse array of domestic and foreign institutions make up South Africa's banking sector, like many other economies, it features what is often referred to as a "Big Four" (refer to Table 2.2): a quartet of universal banks which dominate the market, the fortunes of which are frequently adduced as indicators of the wider economy (Absa, FirstRand, Nedbank and Standard Bank). The big four South African banks have always invested heavily in information technology (IT), and their systems are as sophisticated as those in much more developed countries. This has increased the availability of information in the markets and has led to a substantial expansion in cross-border transactions. Technological developments have also facilitated the design of complex new financial instruments, which have provided innovative ways of hedging against risks. But most importantly, IT is seen as a major strategic competitive factor, since it forms the basis for South African banks' drive to improve cost efficiencies.

Some 10 foreign banks operate in South Africa, and a further 60 have representative offices. The large banks also have significant operations and interests in several major foreign markets. However, a large proportion of the population is not served by the "formal" banking system. In pursuing cost efficiencies, the main banks have left a vacuum of access to basic banking services in mostly rural areas and primarily among the poorest of the population. So far, formal government institutions, such as the Post Bank or Land Bank, have been unable to fill the gap. An informal, but largely unregulated and fairly exploitive, microfinance industry has developed. Recent moves to regulate this industry are, however, showing some promise. Nevertheless, pressure is mounting for the banking system to play a bigger role in resolving the problem of access to finance by, specifically, small, medium-sized and micro enterprises and potential sub-economic homeowners. Legislation may be promulgated soon, in order to somehow "compel" banks to undertake more developmental investment.

Table 2.2 “Big Four” and their market share (June 2011)

Bank Assets	Market share
The Standard Bank of SA	25.5%
ABSA	21.6%
FirstRand Bank	18.8%
Nedbank	17.8%

(Source: SA Reserve Bank, 2012).

2.4.3 The return to retail banking – shifts in strategy

Within traditional banking, many banks attempted to shift consumers out of the bank branch and toward alternative distribution channels such as telephone, automated teller machines (ATMs), and electronic delivery. Electronic banking has been seen as a low-cost alternative to high-cost branches, and some banks imposed fees on seeing branch tellers to facilitate the substitution towards alternative channels. A second major strategic shift in the late 1990s was the move to create more diversified financial service firms that could reap cross-selling and diversification gains in a more deregulated environment. The late 1990s saw several large deals across traditional industry lines that created large, well-diversified financial firms, especially in the United States (US) and Europe (Hirtle & Stiroh, 2006). The focus on the diversified model, however, was short-lived by the events in the US. By 2002 the US economy had experienced the bursting of the NASDAQ bubble, the events of September 11, 2001, and a massive decline in capital market activity.

This shift, according to Hirtle and Stiroh (2006), was largely motivated by the belief that deposit-based, retail banking operations offered a more attractive risk/return combination than other capital-market based activities. Spieker (as cited in Hirtle & Stiroh, 2006) reports that bank branches are a highly effective and profitable distribution channel for retail services, relative to other methods like the Internet or call centres.

2.4.4 Concerns in the banking industry

Banking executives from regions such as Latin America, Africa, Asia and the Far East, as per PwC Report, are more positive in their outlook about the financial services sector than the industrial countries, as they are in better health. Concerns about the global macro-economy are their biggest worry. While South Africa's banks may be better prepared than those in other jurisdictions to handle some of these risks, the economy is too intertwined with the global banking system to remain totally unaffected, particularly if the global economy moves into another recession. Bankers and investors are also concerned about the contagion effect of a default in troubled markets, particularly those in the US and Europe. While banks in the rest of the world cite the adequacy of liquidity and capital as major concerns, South Africa's banking industry faces different concerns to those of its international counterparts (PwC, 2012). The report shows that one of the top concerns facing South Africa's banking industry, is the sector's growing dependence on the use of technology. Banks are increasingly realising that they have to invest in modern technology to improve customer service and to keep up with competitors in a highly competitive environment. They are well aware that investing in technology presents both benefits and risks.

2.4.5 Alignment of strategy

Since strategy is also the 'fit' between an organisation's uses of resources and its environment, it is an on-going process of interaction between the organisation's internal resources and the external environment. Thus, comparative strategic management is not merely designed to identify and analyse differences in environments, capabilities and strategies, but also to verify possible differences in strategic alignments, entailing environment-strategy and capability-strategy matches. While such alignments may seem universal, the specifics among organisations and countries vary. Moreover, a comparison of performance consequences of strategic alignments in different contexts is merited because such alignments may contribute

differently to financial or competitive performance of organisations in different countries. Appropriate environment-strategy-performance alignment and organisational adaptability lead to superior performance (Luo *et al.*, 2011). As many strategies are initially designed to seize opportunity of particular critical capabilities under certain external environment, they make variable contributions to competitiveness when exposed to new markets, new cultures, new competitors and access to new resources (Lou *et al.*, 2011).

Jooste and Fourie (2009) have investigated the perceived importance of strategy implementation in South African organisations. What they have found is that strategy implementation is more important than strategy formulation in South African organisations, and that the ability to implement a strategy in an organisation is more important than the ability to formulate a strategy in an organisation. In addition, strategy implementation is perceived to be more difficult than strategy formulation, and poor strategy implementation is perceived to result in a high failure rate of change initiatives.

A further objective of their study has been to investigate the perceived effectiveness of strategy implementation in South African organisations. With regard to the effectiveness of strategy implementation, the respondents have perceived their organisations to be better at formulating strategy than at implementing strategy. In addition, the respondents have perceived a moderate to very large gap between strategy formulation and effective strategy implementation.

2.4.6 The Strategic management process followed by banks

This section looks at the strategic management process followed by the banking industry.

2.4.6.1 Strategic planning and formulation

The strategic planning process followed by banks is normally participative, consultative and result-oriented. While the overall direction is provided by senior management, the action plans are evolved at the departmental level to ensure ownership and commitment of those charged with implementing the plan. A Strategic Planning Unit (SPU) is formed, with the role of being a catalyst, facilitator and synthesizer, to guide the planning process effectively. The crafting of the bank's strategy entails creating a vision of the future, setting of objectives to pursue in order to realise the vision, as well as the designing of detailed plans to achieve the set objectives.

The formulation phase of a strategy is where the bank describes where it is presently and where it should be in the future. The difference between the present situation and the desired future state is the strategic gap (Thompson *et al.*, 2012). The purpose of this first phase of strategic management is to identify the strategic gap. The outcomes of this phase are: An effectively worded vision that will be used to mobilise and guide the bank and a mission statement. While the vision statement sets the organisation's future course, the mission statement clarifies the organisation's present business purpose and reason for existence. The mission describes "who we are, what we do and why we are here." (Thompson *et al.*, 2012). The last outcome of this phase of the strategic management process is to accurately describe the bank's current profile, and thereby indicating the strategic gap between current state and desired future state." (Thompson *et al.*, 2012)

SPUs then set objectives by converting the strategic vision into specific performance targets. These objectives provide the basis for designing and organising activities to be performed. This provides direction and allows for organisational synergy (David, 2005). These objectives are normally set in a top-down process.

SPUs then put together among other things, the following to help with the process:

- Industry SWOT analysis: Analysis of the major Strengths, Weaknesses, Opportunities and Threats (SWOT) within the commercial banking sector and within the broader political, economic and business environment.

- Competitive landscape: Analysis of market size, dominant trends, competitive landscape and key annual and quarterly data.
- Company database: A comprehensive breakdown of Key Performance Indicators (KPIs) of the leading commercial banks, including assets and liabilities, client loans, client deposits, capital, bond holdings, loan-deposit ratio, return on assets, earnings per share and market capitalisation.
- Regulatory environment: Details of the regulatory bodies and their responsibilities, as well as a special focus on local banking associations. A breakdown of the banking universe, and the regulatory bodies overseeing the sector.
- Benchmarking: A tool that allows the organisation to determine whether its performance of a particular function or activity represents “best practice” when cost and effectiveness are taken into account. Benchmarking entails comparing how different companies perform various activities, and then make cross company comparisons on cost and effectiveness. The objective of benchmarking is to identify best practices in performing activities in order to learn from other. As an input into strategy formulation, it is important to take note of areas where your own organisation is not performing well compared to others (Thompson *et al.*, 2012).
- Company Profiles and SWOTs: Examine the competitive positioning and short- to medium-term business strategies of key industry players. Strategy is examined within the context of industry forecasts, macro-economic views and the understanding of the wider competitive landscape to generate company SWOT analyses. The latest financial and operating statistics and key company developments are also incorporated within the company profiles, enabling a full evaluation of recent company performance and future growth prospects.
- Value chain analysis (VCA): The ability of a company to understand its own capabilities and processes to satisfy the needs of the customer is a crucial component for crafting a successful strategy. With this purpose in mind, Michael Porter introduced the VCA as an analytical tool. The VCA views an organisation as a sequential process of value creating activities.

Understanding the sequence of activities that creates value is useful in understanding the building blocks of competitive advantage (Dess *et al.*, 2008).

Armed with the information above, from the previous phases in the process, namely the vision, mission, strategic objectives, the analysis of the macro-environment, the industry and the organisation itself, creative thinking is now necessary to craft the best strategy (David, 2005). There are many strategies to create a competitive advantage for a bank, but all will involve giving the customers what they perceive as superior value. Value for a customer might mean a good product at a lower price, a superior product that is worth paying more for, or a best value offering that represents an attractive combination of price, features, quality, service and attributes (Thompson *et al.*, 2012).

2.4.6.2 Implementation of strategy

The purpose of this phase in the strategic management process is to turn the formulated strategy into action, and thereby moving towards achieving the objectives to realise the vision. In order to effectively manage the strategy implementation process, an understanding is created on a continuous basis with regard to the purpose for the strategy. SPU and management make time to explain to personnel the benefits that might be derived by implementing the specific plans. All employees are participants in the strategy implementation phase; therefore it requires a real team effort (Thompson *et al.*, 2012). It remains the responsibility of the SPU and managers to make the reason for the strategy clear to the personnel, as well as make time to observe the implementation process. The implementation phase of the strategy entails turning the plans and projects into action, as well as continuous monitoring and adjustment where necessary.

To facilitate and initiate the implementation of the strategy in the organisation, many banks form a specific implementation team (Thompson *et al.*, 2012). There is no definite managerial recipe for successful strategy implementation that cuts across all banks' situations and all types of strategies but most banks, as Thompson *et al.*

(2012) suggest, have identified eight managerial tasks that are generic to successful implementation:

- Building an organisation capable of good strategy execution.
- Marshalling money and people behind the drive for strategy execution.
- Instituting policies and procedures that facilitate rather than impede strategy execution.
- Adopting best practices and pushing for continuous improvement.
- Installing information and operating systems that enables team members to carry out their strategic roles proficiently.
- Tying rewards directly to achievement of strategic targets.
- Instilling a culture that promotes good strategy implementation.
- Exercising strong leadership to drive strategy implementation forward.

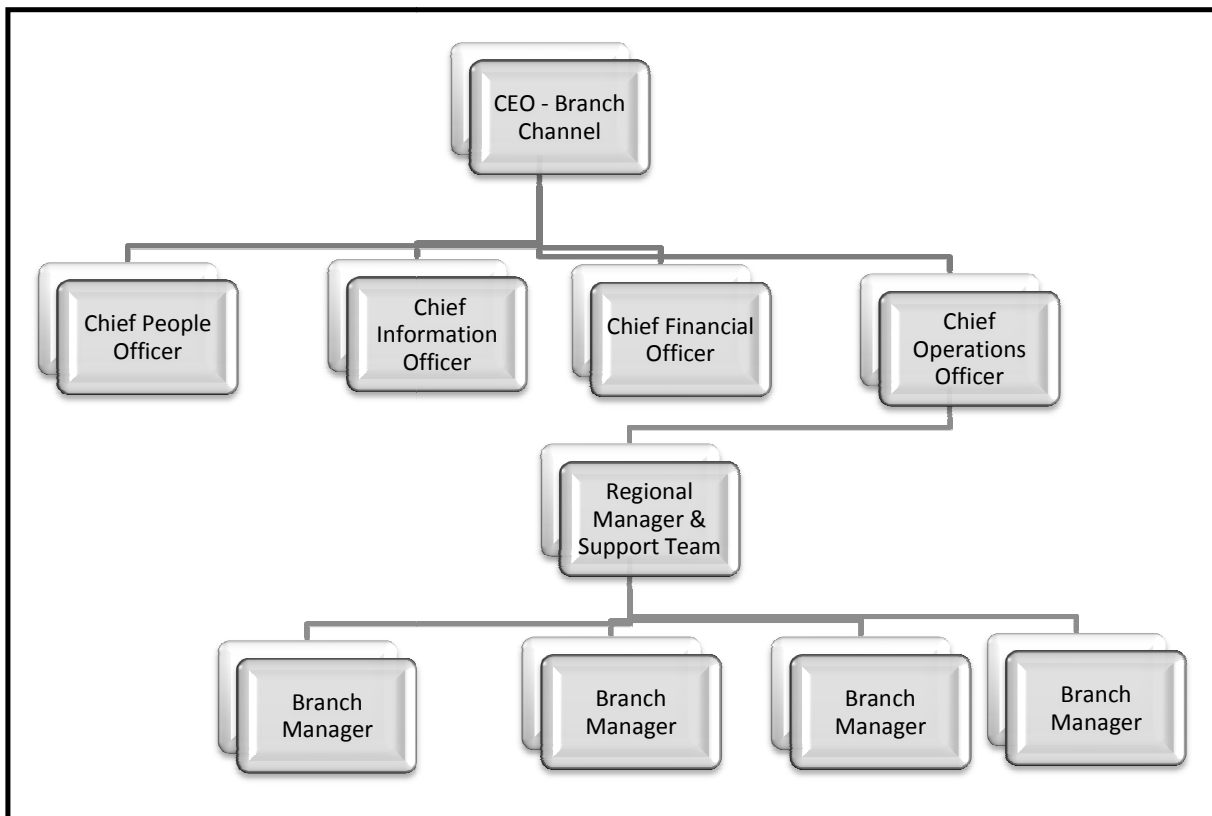
The external environment plays a critical role in shaping the destiny of the market place and the companies that comprise it. One of the most fundamental concepts in the managing of organisations is that CEOs and SPU's adjust their strategies to reflect the evolutionary or revolutionary forces that shape not only the domestic market, but increasingly more importantly, the global one as a whole.

2.5 An analysis of the strategic management roll-out at YYY Bank

This section will look at the process followed by YYY Bank with respect to strategy management.

The figure below depicts the organisational structure of YYY Bank.

Figure 2.3: YYY Bank Organisational Structure



(Source: Own Compilation)

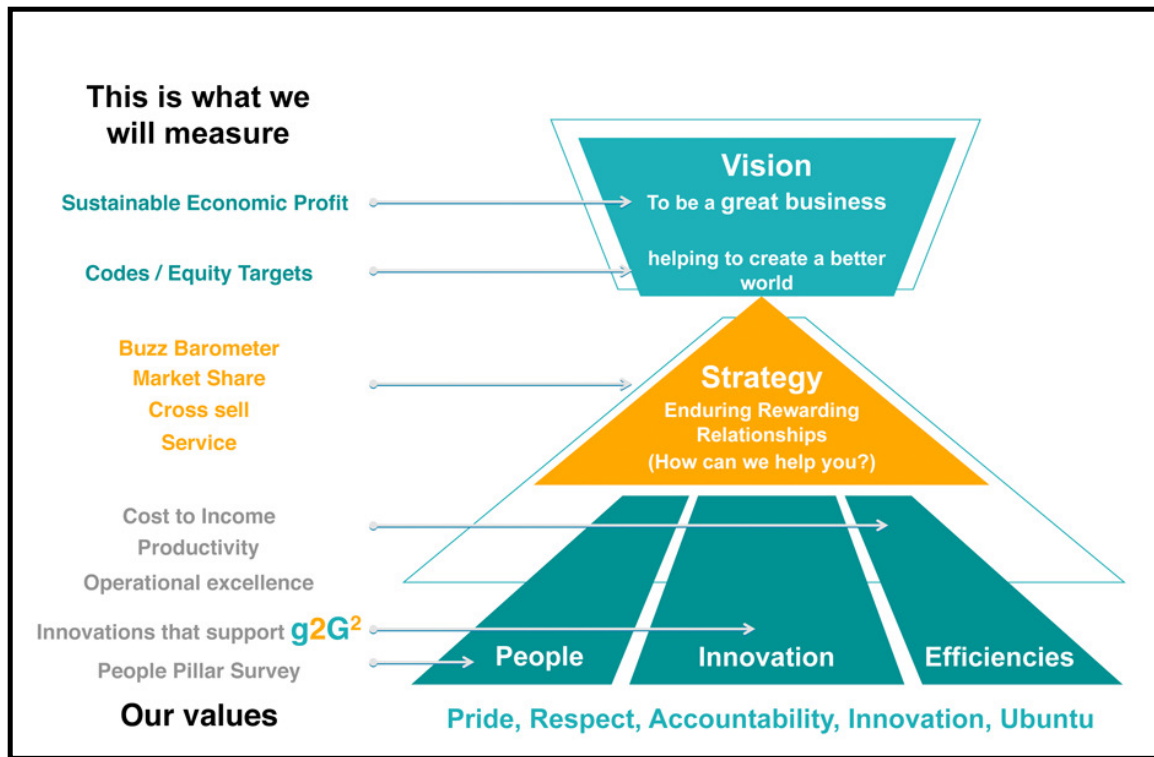
Strategy, at YYY Bank, emerges within a decentralised decision structure that gives managers autonomy to take responsive actions while overall strategic direction is considered within a strategic planning process by top management. The strategic planning process only works when strategies are implemented. Formulating those strategies is difficult. Executing them is much harder, due to political and organisational obstacles that stand in the way. For implementation to be truly successful, depends upon the way in which the strategies address key success factors such as organisational structure, coordination, information sharing, incentives, controls, change management, organisational values and the role of power and influence in the implementation process (Springer, 2005). From a planning perspective, strategy is formed through a sequence of rational analytical steps including a mission statement, competitive analysis, internal analysis, and strategic control.

As Andersen (2004) suggests, central planning at YYY Bank is embedded in the strategic management paradigm that incorporates a number of rational analytical steps in the strategy development process including goals, policies, environmental analyses, strategy formulation, implementation, and control. YYY Bank believes in strategic consensus, the concept referring to the shared understanding among members of an organisation about strategic priorities (Rapert *et al.*, 2002). Three themes are followed: Firstly, renewed interest in the process by which the bank formulate, disseminate, and implement strategic decisions re-affirms the importance of assessing the degree to which intra-organisational strategic perceptions are congruent. Secondly, marketing serves as a critical element in the strategic implementation process via coordinating roles emphasised within the marketing domain. Thirdly, communication provides insight into the mechanisms by which shared understanding is increased. Research suggests that frequent communication linkages lead to shared intra-organisational perceptions, values, and beliefs as well as higher levels of performance (Rapert *et al.*, 2012).

2.5.1 The strategic plan at YYY Bank

The figure below shows the visual display of the strategy model of YYY Bank.

Figure 2.4: YYY Bank’s visual display of the strategy model



(Source: YYY Bank, 2012)

From the above figure it can be seen that YYY Bank measures sustainable economic profit and equity targets, using instruments such as buzz barometer, market share, service levels, cross selling, people pillar survey, productivity and operational excellence.

At YYY Bank, as at most banks, the branch presently dominates their distribution approach, while other methods of interaction such as direct channels and alternative face-to-face (F2F) outlets are less important and not well integrated. But this situation appears to be changing fast. Research by the Deloitte Center for Banking Solutions has identified six converging market dynamics, which are creating an inflection point in the evolution of retail channels for banks. These market drivers are rapidly transforming the retail distribution landscape for banking services from a branch-dominated paradigm to one of integration and balance among multiple channels.

Branches still play a vital part in this new equilibrium, but they will be very different. As transactions begin to take place via other channels, banks are increasingly behaving like traditional retailers, focusing more on sales and complex service opportunities. Meanwhile, technological advances can enhance the ability for direct channels to fulfil their potential as a source of banking sales and service with higher convenience at lower costs. Alternative F2F channels are also emerging as strong, viable distribution options in this new landscape, because people still value personal interactions. An integrated customer focus becomes critical across these channels as demographic shifts usher in a new - and highly discriminating - breed of customer. Financial institutions are faced with some tough strategic decisions in adapting to this new environment. At a minimum, they need to determine how and when to revitalise the branch, the existing primary channel for most, to draw customers in and to address their changing expectations. They also should consider how to develop and expand non-branch channels to be competitive in attracting, serving and retaining customers. In addition, they should look for cost-effective ways to make their channels more integrated and customer-focused.

The implementation of new technologies has brought the operations function in the banking industry to the spotlight. For some banks operations are spotlighted not by choice but by market forces, and others, such as YYY Bank, have recognised the importance of the operations role. In simple terms, operations management in banking is a transformation system that converts inputs such as employees, computer equipment, facilities, energy and money into outputs that include loans and deposits (Gupta *et al.*, 2001).

YYY Bank undertakes strategy with a strong owner-manager culture. Each business unit has its own chief operating officer (CEO) who has responsibility for the operations and profits within. These business units are responsible, not only for the operations but most importantly, for the strategy of the business.

The strategy adopted by YYY Bank is vital for attracting new and current customers. A retail bank's strategy describes the comprehensive plan that the bank follows to differentiate itself from competitors and to create and deliver value to its customers. The bank that best addresses and anticipates customers' needs, delivers

consistently higher quality service and connects to their customers via their channel of choice wins. To arrive at this strategic plan, the bank embarks on a process of strategic planning. Strategic planning allows the bank to better understand the threats and opportunities in its environment. The resultant strategic plan enables the bank to achieve a strategic fit between its present and future capabilities and opportunities.

2.5.2 Strategic management process at YYY Bank

This section focuses on the process of strategic management at YYY Bank.

2.5.2.1 Strategic formulation at YYY Bank

The bank's senior management decides on what business strategy to follow, for example, cost leadership or product differentiation. A careful analysis of external and internal forces is done because the strategy defines how the Bank intends to compete. The external environment includes the competition, customers, economics, technology, and social trends. Internal considerations include resources, the skills of the workforce, facilities, and current systems. Based on which business strategy senior management chooses, the Bank's operations strategy is aligned with the business strategy.

Management Strategies for YYY link up with the functional strategies to ensure that the supporting infrastructure is available to effectively implement the plans. The focus of the management strategies remains on increasing employee attraction, retention and motivation, institutionalising succession planning, implementing the Information Technology (IT) projects and the transition plan, and preparing substantive legislation for new products and areas like e-Banking. The YYY also focus on strengthening its Business Continuity Process (BCP), enhancing its Management Information System (MIS), streamlining its procedures through Business Process Re-engineering (BPR), and a stronger risk based and an IT audit function.

2.5.2.2 Strategy implementation at YYY Bank

Developing an action agenda for implementing and executing the strategy involves managers at all levels, deciding on answers to the question, *“What is required for us to implement our part of the overall strategic plan and how can we best get it done”* - doing this task well means scrutinising virtually every operating activity to see what actions can be taken to improve strategy implementation and to instil strategy-supportive practices and behaviour. The administrative tasks of implementing and executing the strategy, according to Nedelea and Păun (2009), involve a process of moving incrementally and deliberately to create a variety of “fits” that bring an organisation’s conduct of its internal operations into good alignment with strategy.

Authors argue that strategy formulation and implementation are interdependent, part of an overall process of planning-executing-adapting. This interdependence suggests that overlap between planners and “doers” improves the probability of implementation success. Not involving those responsible for implementation in the planning process, threatens knowledge transfer, commitment to sought-after outcomes, and the entire implementation process (Hrebiniak, 2008). YYY Bank’s strategic planners do not directly involve branch managers in the planning process, as suggested by literature, but their strategies seems to work – looking at their present final year of the 3 year strategy.

Management at YYY Bank create a strategy-supportive organisational structure, allocates sufficient budgetary (and other) resources to the strategy implementation effort, install information and operating systems that enable personnel to carry out their strategic roles proficiently. They also tie rewards and incentives directly to the achievement of strategic and financial targets, instil a corporate culture that promotes strategy implementation, and exercise the internal leadership needed to propel strategy implementation forward.

2.5.2.3 Creating Strategic Awareness

Implementing a strategy begins with educating those who have to execute it. Whereas some organisations opt to hold their strategy a top secret, most believe that they should disseminate it from top to bottom. A broad-based communication program (both top-down and bottom-up approaches) shares with all employees the strategy and the critical objectives they have to meet if the strategy is to succeed, just as Kaplan and Norton (2007) advocates.

At YYY Bank, employees learn about and understand the strategy before they can help implement it. Executives use communication processes, like road-shows, at the launch of the new strategy, starting with education and followed by testing to ensure that employees understand the message, using competitions and surveys; and checking that employees believe in the strategy being followed, so that they can make it their own.

Kaplan and Norton (2001) suggest that one should consider an analogy of product launch whereby one would not put a new product on the shelves without telling customers about it; so don't expect the strategy to generate much excitement or buy-in if one have not evangelised it to your employees.

Kaplan and Norton (2001) further suggest that the communications program should have the following objectives, which YYY Bank implements to the best of its ability:

- Develop an understanding of the strategy throughout the organisation.
- Develop buy-in to support the strategy.
- Educate the organisation about the Balanced Scorecard measurement and management system for implementing the strategy..
- Provide feedback, via the Balanced Scorecard.

2.5.2.4 Monitor, evaluate and improve

The purpose of this phase is to do continuous measurement at all levels - individuals, team, department and the organisation as a whole. Neither strategy formulation nor strategy implementation is a once-and-for-all-time task. In both

cases, circumstances arise, which make corrective adjustments desirable. Strategy may need to be modified because it is not working well or because changing conditions make fine-tuning, or even major overhaul, necessary. Even a good strategy can be improved and it requires no argument to see that changes in industry and competitive conditions, the emergence of new opportunities or threats, new executive leadership, a reordering of objectives and the like, can all make a change in strategy desirable. Likewise, with strategy implementation, there will be times when one or another aspect of implementation does not go as well as planned, making adjustments necessary. And changing internal conditions, as well as experiences with current strategy implementation, can drive different or improved implementation approaches (Nedelea & Păun, 2009).

The external environment plays a critical role in shaping the destiny of the market place and the companies that comprise it. One of the most fundamental concepts in the managing of organisations is that CEOs and SPU's adjust their strategies to reflect the evolutionary or revolutionary forces that shape not only the domestic market, but increasingly more importantly, the global one as a whole.

2.5.2.4.1 Balanced Scorecard

YYY Bank, just as Kaplan and Norton (2001) suggest, has an internal monitoring and evaluation system to monitor whether the organisation is attaining the performance benchmarks outlined in the strategy, in the form of a Balanced Scorecard (BSC) rolling up from branch to regional to national. The BSC is a performance measurement framework developed by Robert S. Kaplan and David P. Norton in the early 1990s (Kaplan & Norton, 2001). It promotes the use of multiple financial and non-financial measures to monitor the progress of strategy implementation (Kaplan & Norton, 2001). The BSC provides a framework to look at a value creation strategy from four different perspectives:

- Financial - the strategy for growth, profitability and risk, viewed from the perspective of the shareholder.

- Customer - the strategy for creating value and differentiation from the perspective of the customer.
- Internal business processes - the strategic priorities for various business processes, creating customer and shareholder satisfaction.
- Learning and growth - the priorities to create a climate that supports organisational change, innovation and growth.

The BSC, according to Kaplan and Norton (2001), creates a reporting system that allows the progress against the strategy to be monitored and corrective actions to be taken as required. The scorecard also serves as a link between the operations control process and the learning and control process for managing strategy. What has been required for the bank, was a robust mechanism for formulating strategy which enabled its subsequent implementation to be described and managed successfully by the scorecard. Furthermore, the process needs to be sufficiently adaptive to cope with the changing environmental conditions of the financial services sector (Rousseau & Rousseau, 2000). The solution to these issues lies in bridging the gap between strategy formulation and implementation - that is, the integration of the conceptualisation and communication of strategy with the information systems for monitoring its achievement. This integration partially removes the distinction between top-down strategy and the flow of bottom-up information (Littler *et al.*, 2000).

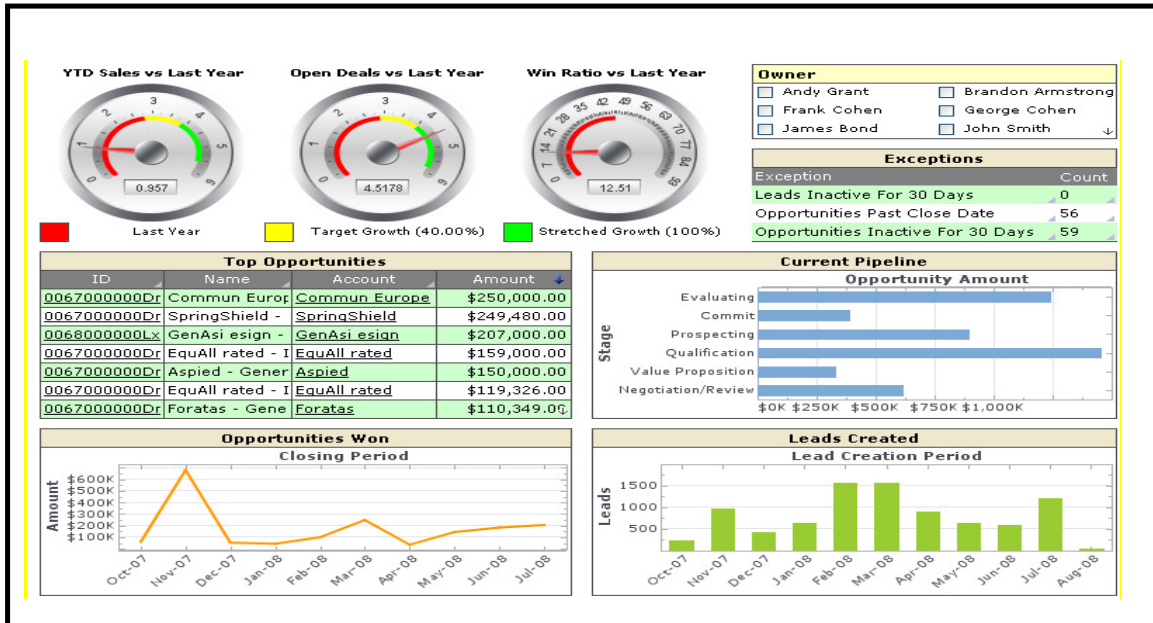
2.5.2.4.2 Dashboards

YYY Bank also uses dashboards, which are business intelligence tools, to help the organisation to align goals with the organisation's strategy and assist with the alignment of the organisational parts to meet those strategic objectives. The dashboards are considered a condensed overview of the organisation's performance. Just as a car's dashboard provides a variety of indicators, the organisation's dashboard reflects the whole organisation – with several gauges to monitor and evaluate the strategy at any given time. That means, it provides an opportunity for decision-makers to monitor the overall performance of the

organisation in key areas. When problems are surfacing, the gauges signal the need to take corrective action.

An example of a dashboard is given in the following figure (Figure 2.5).

Figure 2.5: An example of a dashboard



(Source: Inetsoft, 2012)

2.5.3 Branch managers as implementers of strategy

The research findings of a study conducted by Kaplan and Norton (2001) indicate that the 'ability to execute strategy outweighs the quality of the strategy itself', and that strategy execution remains an important factor in corporate valuation. The role of leaders in strategy implementation is critical. This is because strategy implementation is concerned with putting the strategy into action – in other words, making it a reality. This part of the strategic management process is the most challenging in the banking industry.

The role of branch managers as implementers of strategy entails monitoring activities to support top management objectives, translating goals into action plans, tactics and individual objectives, and selling top management strategic initiatives to

subordinates. The activities in this role are captured under the following preliminary themes: implementation, monitoring and planning. Implementation and monitoring activities refer to translating overall strategy into tactics and monitoring performance. Planning is required to ensure that strategies can be implemented. Key enabling factors are those critical success factors that need to be in place in order to ensure the successful implementation of strategies by middle managers.

They also use upward influence processes to champion issues and communicate information about potentially important strategic issues for possible inclusion on the bank's strategic agenda. By proposing and defining issues for top managers, middle managers provide important contributions to a bank's strategic direction, and thereby influence organisational effectiveness.

2.5.4 Innovation as a strategic tool

Innovation is paramount, with mobile banking and electronic channels becoming more important. New banking products and technological innovation are expected to serve as catalysts for growth. Innovations include prepaid cards, transaction notification services, community and mobile banking, virtual payments and cash-back at point of sale. A significant proportion of South African consumers still transact in cash. Therefore, the supply of products and services via prepaid and mobile channels is becoming an increasingly significant distribution model. Successful innovation performance starts with an innovation-focused strategy because such a strategy, particularly while being aligned with the overall plan, will ensure that appropriate and adequate resources are allocated for realising service innovation in the organisation (Yen *et al.*, 2012).

YYY Bank believes in innovations as a strategic tool. They have been in the forefront in the South African banking industry when it comes to innovative technologies, commercialising and launching new products like the Banking App for mobile phones - even if the ideas were conceived and developed elsewhere. They are also successful at developing novel and creative ideas (in-house) for new products (e.g. Geo-payments), at improving quality of service, at the use of high technology to

achieve competitive advantage (eg. Banking App) at implementing more effective and efficient operations management, and last but not the least, at improving work practices anywhere in the organisation (including business process re-engineering) and increasing the knowledge base and intellectual capital in the business. In October of 2012 YYY Bank was voted “The most innovative bank of the year” worldwide by the BAI-Finacle Global Banking Innovations.

2.6 Summary

Achieving a competitive advantage position and enhancing an organisation's performance relative to their competitors are the main objectives that business organisations in particular should strive to attain. Competitive advantage is a concept that remains as a major research area as far as strategic management is concerned. Moreover, as far as global and local businesses are concerned, competitive advantage is important. In order to compete and sustain successfully, locally and globally, businesses must not only excel in their area, but also persevere in the long run. Achieving such a “sustainable competitive advantage” status is not an easy task without a proper road map or strategy being outlined and put into practice.

YYY Bank does not follow the kind of process necessary in explicit (i.e. written, clear) strategy, revealing the assumptions and principles regarding the company's environment, and specific industry adopted in formulating their strategy. YYY Bank prioritises listening to clients' needs, in order to ensure that value is added to all its products. YYY Bank also meets the needs of stakeholders by being socially responsible and valuing the innovative behaviour of employees. Their sustainable success depends on the effective designs of unique solutions for its customers.

As it could be seen from the literature, more emphasis is placed on management responsibility during the implementation process. The assumptions are created that strategy implementation is supposed to be effective if management observes all the steps from the start. However, the literature assumes similarity in internal business environments. It ignores the fact that human beings differ in their approach in committing to the new processes. Management can observe all the steps and try to

get everybody on board, but if there is no commitment and willingness from an individual involved, it will be very difficult to effectively implement the required change at a particular institution. Based on the theoretical background highlighted in the literature, it is possible to explore various factors in the planning and implementation of strategy that could be regarded as possible success factors to strategy implementation within branches of YYY Bank. This chapter primarily focused on theoretical observation related to elements that are possibly contributing factors to the strategy implementation process in general. The background created a platform that would serve as a guide for the research project.

The subsequent chapter will focus on the actual research process in detail.

CHAPTER 3

EMPIRICAL STUDY

3.1 Introduction

In the previous chapter, a literature study has been done on the strategic management process and the banking industry. This chapter covers the empirical investigation of this study in order to determine the success factors of strategy implementation in branches of YYY Bank. The research will provide insight concerning the demographic information of branch managers and success factors identified that are necessary for successful planning and implementation of strategy.

The purpose of this chapter is to discuss the research methodology employed and the results of the statistical processing of the survey instrument and to formulate conclusions. The empirical study is based on aspects identified in the broad literature study and aspects derived from people in the industry. The data has been gathered using a web-based questionnaire sent via e-mail.

3.2 Research Methodology

The data has been collected by means of a structured questionnaire developed by the researcher (with the help of five senior management personnel at YYY Bank who deals with strategy implementation and supervision of branch managers) to identify the success factors of strategy implementation. A 5-point Likert scale has been used in the questionnaire (1=Strongly Agree to 5=Strongly Disagree). The questionnaire appears in Appendix A, Table A2.

3.2.1 Statistical techniques used in the research

The following statistical techniques are employed in the processing of the empirical data:

- **Exploratory Factor Analysis (EFA)**

EFA is a statistical method used in the analysis to study the dimensionality of a set of variables. In factor analysis, the latent variables represent unobserved constructs and are referred to as factors or dimensions. This methodology is used to explore the dimensionality of a measurement instrument by finding the smallest number of interpretable factors needed to explain the correlations among a set of variables – exploratory in the sense that it places no structure on the linear relationships between the observed variables, and on the linear relationships between the observed variables and the factors, but only specifies the number of latent variables (Urdan, 2010).

- **Correlation**

Correlation according to Urdan (2010) is a measure of the relation between two variables. In the probability theory and statistics, correlation (often measured as a correlation coefficient) indicates the strength and direction of a linear relationship between two random variables. The type of relationship is determined by other techniques, such as Regression.

Interpretation of correlation between the constructs: The correlation coefficient (r) denotes the strength of the relationship between two variables (or constructs). The r -value can range from -1 to 1. To interpret the correlation coefficient(r):

- 1 = a perfect positive correlation.
- 0 = no correlation.
- -1 = a perfect negative correlation.

- **T-test**

A t-test is defined by Urdan (2010) as an inferential test that determines if there is a significant difference between the means of two data sets. In other words, a t-test decides if the two data sets come from the same population or from different populations.

- **Mann Whitney U-Test**

The Mann-Whitney U Test is used to compare differences between two independent groups when the dependent variable is either (a) ordinal or (b) interval, but not normally distributed. It is the nonparametric alternative to the independent t-test (Urdan, 2010).

- **ANOVA**

In statistics, Analysis of Variance (ANOVA) is a collection of statistical models, and their associated procedures, in which the observed variance is partitioned into components due to different explanatory variables. ANOVA is a statistical technique for helping to infer whether there are real differences between the means of three or more groups or variables in a population, based on sample data.

- **Kruskal-Wallis test**

The Kruskal-Wallis test evaluates whether the population medians on a dependent variable are the same across all levels of a factor. To conduct the Kruskal-Wallis test, using the K independent samples procedure, cases must have scores on an independent or grouping variable and on a dependent variable. The independent or grouping variable divides individuals into two or more groups, and the dependent variable assesses individuals on at least an ordinal scale. It is the nonparametric alternative to the ANOVA test (Urdan, 2010).

3.3 Target Population

The population about which inferences have been made is all the 615 retail branch managers of YYY Bank nationally – in all provinces of South Africa. Only 153 of the 615 branch managers have responded (response rate of 25 per cent).

3.4 Data Collection

The quality of data according to Venter (2010) is largely determined by the design of the questionnaire and the questions it contains. The study objectives given in 1.3 of Chapter 1 form the framework in which the questionnaire is constructed as well as the content of the questions. These study objectives have been translated into specific statements, not only to achieve the objectives, but also to facilitate the processing and analysis of data. Electronic web-based questionnaires have been sent online to the target population.

According to Venter (2010), a well-constructed and well-administered questionnaire of limited length will generally yield a higher response rate (see table 3.1 for the response rates). The following concerns have been identified while designing the questionnaire:

- How to keep the questionnaire simple, short and related to the objectives.
- The time factor to complete such a questionnaire.
- How to improve the rate of response.

Since the questionnaire is the core component of the research, it has been essential that each facet of the document is critically examined before being finalised for dispatch.

3.4.1 Questionnaire

Refer to Table A2 in Annexure A.

The measuring instrument has consisted of a total of 76 items. Four questions have been of demographical nature and the rest based on the 5-point Likert scale (with 1 being Strongly Agree and 5 being Strongly Disagree).

The 5-point Likert scale statements have been divided into eleven groupings based on recommendations of the consulted senior management of the bank (names are known to the researcher and the study leader) and input from the statisticians. These

groupings are general, local economy, competitor, consumers in market, staff, branch support structures, sales, awareness issues, planning and results.

3.4.2 Questionnaire construction

To attain the study objectives, careful considerations have been made in preparing the questionnaire. This included conducting a literature study (Chapter 2) and interviews with senior management involved with strategy implementation. This information provided the necessary knowledge to present statements to which respondents had to respond to according to their perception of each statement. These statements have been structured to determine the importance of different factors contributing to effective strategy planning and implementation. These statements have been verified, and given validity, through feedback during the pilot testing phase (see 3.4.3) with experts in the bank.

A total number of eleven sub-sections have been used, based on the questions and what they were meant to achieve, under which the statements for these sub-sections have been summarised. The respondents have been asked to rate the statements on a Likert scale from 1 to 5 (with 1 being Strongly Agree and 5 being Strongly Disagree). After the statements have been rated and prioritised, it was possible to identify the major success factors relating to the implementation of strategy.

3.4.3 Questionnaire administration

The questionnaire was pre-tested amongst five experts and seven members of the target population. The questionnaire was subjected to a pilot test to identify weaknesses in the construction, formulation of the statements, the assessment of the validity and comprehension. In addition, the pilot testing was done to determine whether the instructions for completing the questionnaire were clear, as well as assessed response and non-delivery rates. Feedback on the content was carefully considered and suggestions were incorporated and fine-tuned before the final questionnaire was distributed.

The final questionnaire was electronically distributed to the respondents by one senior manager dealing directly with branch managers so as to increase the response rate using e-mail with a web link (see A3 in Annexure A). All the completed questionnaires were online via a hosted questionnaire platform. The questionnaire was hosted on the Survey Monkey questionnaire service provider's domain. Respondents were directed to the online questionnaire and all the data was captured as soon as the questionnaire was completed by the respondent.

The data collected from the 153 (25% response rate) completed questionnaires were submitted in an Excel spreadsheet to the Statistical Consultancy Services at the North-West University, Potchefstroom campus, for processing.

3.6 Data analysis

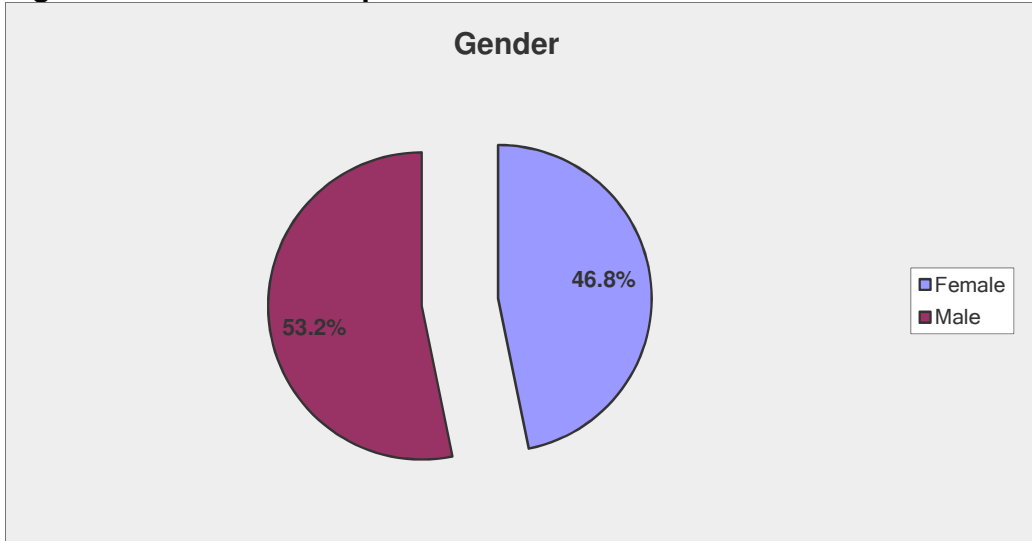
3.6.1 Exploring data

The following charts and table provides the profile of the respondents to the questionnaire. The first part of the questionnaire comprised of demographics.

3.6.1.1 Demographic items

The demographic profile of the respondents to this survey, are summarised in the following charts:

Figure 3.1: Gender of respondents

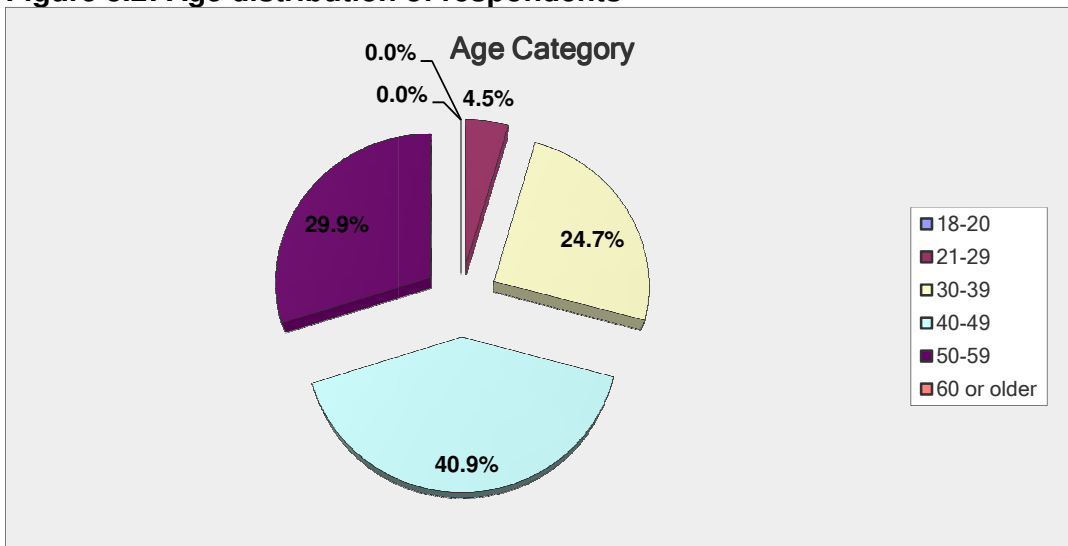


(Source: Own compilation)

This figure shows that 53 per cent of the respondents (branch managers) are male, while 47 per cent are female. This shows a fair representation of gender distribution in the organisation and it also shows that the bank is doing well with relation to gender equality.

The second aspect of the demographics related to the Age distribution of the respondents.

Figure 3.2: Age distribution of respondents

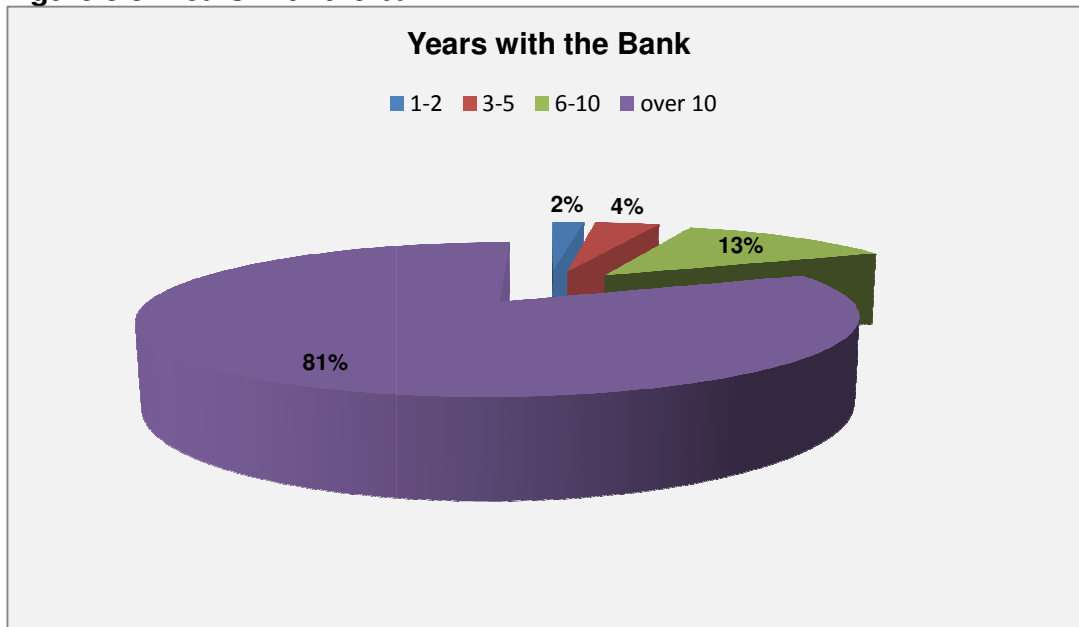


(Source: Own compilation)

Over 70 per cent of respondents are over the age of 40, with the largest percentage (41%) been between the ages of 40 and 49. Less than 5 per cent of the respondents are below the age of 30, which is in line with Figure 3.3, where it can be seen that 81 per cent of them have been with the bank for more than 10 years.

The third aspect of the demographics has related to the respondent's years of experience – years with the bank.

Figure 3.3: Years with the bank

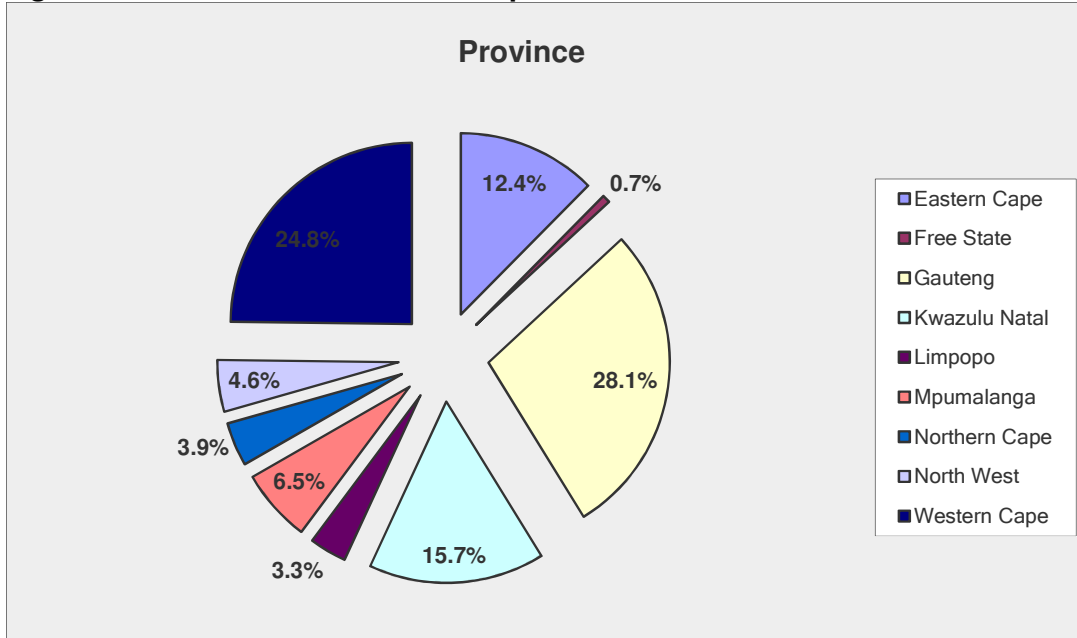


(Source: Own compilation).

From figure 3.3 above, it can be seen that 81 per cent of the respondents have been with the bank for more than 10 years, while 94 per cent being with the bank for over 6 years. This is a fair representation of the population. It also shows loyalty to the bank or that the bank is looking after its employees.

The next aspect of the demographics has related to the Provinces where the respondents are based.

Figure 3.4: Provinces where the respondents are based



(Source: Own compilation)

The largest percentage (28 per cent) of respondents in the empirical study has been located in Gauteng, then followed Western Cape with 25 per cent, next is KwaZulu Natal with 16 per cent, which is in line with the branch representation of the bank.

Next is the summary of the following section in the questionnaire (the 5-point Likert scale statements).

3.6.1.2 Likert scale items

Table B1 in Annexure B summarises the perceptions of the respondents to the 72 statements on the 5-point Likert scale. The table indicates the percentages of responses collected from the 153 respondents. Q15, Q29, Q58, Q63 and Q64 have high percentages of undecided responses. In general all questions were highly rated (rated *Agree* to *Strongly Agree*).

3.6.1.3 Correlations between Likert scale items

A correlation coefficient of 0.7 or more is regarded as a high correlation (i.e. there is a very close relationship between scores on one of the variables with the scores on the other). Correlation coefficients of 0.3 or less are regarded as low correlations, (i.e. there is some relationship between the two variables, but it is a weak one - knowing people's score on one variable wouldn't allow you to predict their score on the other variable very well).

All questions in the questionnaire correlates moderately with all others as it can be seen from the Table B2 in Appendix B, and none of the correlation coefficients are particularly high, therefore there is no need to consider eliminating any questions, meaning factor analysis can be done.

3.6.2 Factor analysis

The 72 items were subjected to exploratory factor analysis using the principal axis factoring extraction method and Oblimin rotation method (which ensures independence and therefore no correlation) in SPSS (a statistical tool used for data analysis) to reduce the number of inter-correlated variables with overlapping characteristics by using correlation matrices (Field, 2007).

3.6.2.1 Sample adequacy and sphericity tests

The following table (Table 3.3) gives information about feasibility of performing factor analysis upon the Likert scale statements of the questionnaire. The overall significance of the correlation matrix is tested using Barlett's test of sphericity and Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy test. Barlett's test shows the existence of non-zero correlation - tests whether the correlation matrix is an identity matrix, which would indicate that the factor model is inappropriate (Ho: All correlation coefficients are not quite far from zero) – while the KMO tests whether the partial correlations among variables are small, this test reduces the set of variables collectively to meet the necessary sampling adequacy. Barlett's test of sphericity

indicates that non-zero correlation exists (is significant) with a significance of less than 1 per cent ($p < 0.001$) for approx. Chi-Square = 8902.697. Therefore the hypothesis that the inter-correlation matrix involving these 72 variables is an identity matrix is rejected. From the perspective of Bartlett's test, factor analysis is feasible. As Bartlett's test is significant, a more discriminating index of factor analysability is the KMO. For this data set, it is 0.868, which is very large ($>$ lower bound of 0.5), so the KMO also indicates the feasibility of conducting factor analysis.

Table 3.3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.868
Bartlett's Test of Sphericity	Approx. Chi-Square	8902.697
	Df	2556
	Sig.	0.000

3.6.2.2 Factor Extraction

Kaiser's rule of retaining factors with eigenvalues larger than 1.00, has been used in this analysis as the default for factor extraction. The eigenvalues for the first 14 principal components (no distinction is made in deciding dimensionality by SPSS in the principal component and common factor analysis) with eigenvalues all greater than 1.00 (ranges from 1.021 to 25.314) have been retained. Given the sample size of 153, and the convergence of the scree plot and Kaiser's criterion on fourteen components, the researcher then had a relook at the combination of items and recommended twelve components in the final analysis. The twelve components also had eigenvalues over Kaiser's criterion of 1 and in combination explained 68.5% of the variance (at least 60% of the variance should be explained by the underlying factors according to (Field, 2007)). Table B2 in the Appendices shows the factor loadings after rotation. The items that cluster on the same components suggest that component 1 represents support structure, component 2 the local market, component 3 competition, component 4 staff, component 5 bank's strategy,

component 6 sales, component 7 strategy implementation, component 8 plan, component 9 customer, component 10 branch location, component 11 performance and component 12 communication.

3.6.2.3 Reliability Analysis

Reliability analysis will be used to measure the internal consistency of the items that constitute the factors or constructs. Chronbach alpha (α) indicates the overall reliability of the constructs, which is a measure of this internal consistency, and values above 0.8 are good (Field, 2007).

Table 3.4 Summary of constructs tested for reliability

Factor #	Factor name	Item number											Chronbach Alpha	
1	Support structure	Q49	Q55	Q56	Q58	Q59								0.88
2	Local market	Q22	Q23	Q24	Q25	Q26	Q31							0.89
3	Competition	Q27	Q28	Q29	Q30									0.81
4	Staff	Q39	Q40	Q41	Q42									0.80
5	Bank's strategy	Q5	Q6	Q7	Q8	Q9	Q10	Q53	Q65	Q66	Q67			0.87
6	Sales	Q62	Q63	Q64										0.80
7	Strategy implementation	Q11	Q12	Q13	Q14	Q15								0.85
8	Plan	Q68	Q69	Q70	Q71	Q72	Q76							0.86
9	Customer	Q32	Q33	Q34	Q35	Q36								0.85
10	Branch location	Q16	Q17	Q18	Q19	Q20	Q21							0.91
11	Performance	Q48	Q57	Q60	Q61									0.83
12	Communication	Q46	Q47	Q51	Q75									0.82

(Source: Compiled from SPSS output)

All factors in Table 3.4 has Chronbach alpha (α) > 0.8, thus all are reliable.

3.6.2.4 Creation of constructs

Table 3.3 Constructs

Factor #	Factor name	Item number											Mean
1	Support structure	Q49	Q55	Q56	Q58	Q59							2.27
2	Local market	Q22	Q23	Q24	Q25	Q26	Q31						1.75
3	Competition	Q27	Q28	Q29	Q30								2.22
4	Staff	Q39	Q40	Q41	Q42								2.05
5	Bank's strategy	Q5	Q6	Q7	Q8	Q9	Q10	Q53	Q65	Q66	Q67		1.88
6	Sales	Q62	Q63	Q64									2.33
7	Strategy implementation	Q11	Q12	Q13	Q14	Q15							2.20
8	Plan	Q68	Q69	Q70	Q71	Q72	Q76						1.93
9	Customer	Q32	Q33	Q34	Q35	Q36							1.80
10	Branch location	Q16	Q17	Q18	Q19	Q20	Q21						1.69
11	Performance	Q48	Q57	Q60	Q61								2.23
12	Communication	Q46	Q47	Q51	Q75								2.11

(Source: Compiled from SPSS output)

These are the underlying factors that are extracted by the Exploratory Factor Analysis (EFA).

3.6.2.5 Descriptive Statistics of Constructs

The descriptive information given by Table 3.5 below shows the means, standard deviations, standard error and confidence intervals of the factors.

Table 3.4 Descriptive Statistics – Factors ordered by importance

Construct	N	Mean	Std. Dev.	Std. Err Mean	Lower 95% Mean	Upper 95% Mean
Branch location	153	1.69	0.57	0.05	1.60	1.78
Local market	153	1.75	0.57	0.05	1.66	1.84
Customer	153	1.80	0.55	0.04	1.71	1.89
Bank's strategy	153	1.90	0.51	0.04	1.82	1.98
Plans	153	1.93	0.56	0.05	1.84	2.02
Staff	153	2.05	0.63	0.05	1.95	2.15
Communication	153	2.11	0.70	0.06	2.00	2.22
Competition	153	2.22	0.69	0.06	2.11	2.33
Performance	153	2.23	0.74	0.06	2.11	2.35
Strategy Implementation	153	2.25	0.76	0.06	2.13	2.37
Support Structure	153	2.25	0.75	0.06	2.13	2.37
Sales	153	2.57	0.83	0.07	2.44	2.70

(Source: Compiled from SPSS output)

The constructs are ranked according to the respondents' view of their relative importance. All the factors' means scores are below 3 on the Likert scale. This indicates that the respondents regarded all the factors as highly important. The grand mean for the factors is 2.06.

The table above shows that Branch location has been perceived the first construct in terms of importance, and then followed by the local market, then customer, then bank's strategy etcetera (bear in mind that when comparing the mean scores, a lower mean score implies greater agreement and a higher mean score implies less agreement). Branch location, local market, customer, bank's strategy and plans appear to be more important than competition, performance, strategy implementation, support structure and sales, as perceived by the branch managers. The latter constructs (bottom five) are ranked between agree and undecided.

Table 3.5 Interpretation of the results and conclusions regarding the construct descriptive statistics

Description of success factors (SF)	Some interpretations and conclusions of the results
<p>SF1: Branch Location</p> <p>(I know the advantages of my branch's current location.</p> <p>I know the disadvantages of my branch's current location.</p> <p>I know the advantages of the competitors' location.</p> <p>I know the disadvantages of the competitors' location.</p> <p>I can describe FNB's physical positioning in relation to our targeted markets.</p> <p>I know the key drivers activities (type of major business sector) that are contributing towards your local economy).</p>	<p>The branch location-related factor was ranked first and it received the lowest average mean with a value of 1.69 and a standard deviation of 0.57 and a 95% CI of [1.60,1.78]</p>
<p>SF2: Local market</p> <p>(I know which industries create employment for the local population.</p> <p>I know whether my town/area is regarded as a growth /stagnant/declining market.</p> <p>I know the role of tourism in the local economy.</p> <p>Referring to the preceding question, I know how significant is the hospitality, food and entertainment industry in your local market.</p> <p>I know the activity within the property market in my local market.</p> <p>I know what my bank's market share in my local market.)</p>	<p>The branch location-related factor was ranked first as it received the second lowest average mean with a value of 1.75 and a standard deviation of 0.57 and a 95% CI of [1.66,1.84]</p>
<p>SF3: Customer</p> <p>(I can describe (or rate) consumer knowledge relating to products (and services) offered by my bank.</p> <p>I know the make-up (segments) of my customer base.</p> <p>My customer base represent (reflect) the market profile and potential of your local market.</p> <p>I know what the dominant segments of the consumers</p>	<p>The customer-related factor was ranked third as it received the third lowest average mean with a value of 1.80 and a standard deviation of 0.55 and a 95% CI of [1.71,1.89]</p>

<p>in my local market are and what their banking needs would be. I know who the key retailers in my local market banks with.)</p>	
<p>SF4: Bank's Strategy (The branch understands the bank's strategy. The bank's strategy is effectively communicated to the branch staff. Senior management provide strategic direction for the bank. The goals of the branches are aligned with the bank's strategy. The allocation of resources is aligned with the bank's strategy. There is alignment between the culture and the strategy of the bank. People are measured or rewarded for executing the plan. I am aware of the perceptions my leadership and staff have about the bank's culture and whether it is supportive in the areas of collaboration, commitment, and creativity. I am aware of the internal and external environments that may pose future growth opportunities or threats to my branch. I feel that my management team shares the same level of awareness as I do in both the areas mentioned above.)</p>	<p>The bank's strategy-related factor was ranked fourth as it received the fourth lowest average mean with a value of 1.90 and a standard deviation of 0.51 and a 95% CI of [1.82,1.98]</p>
<p>SF5: Plans (I have a formal strategic planning process that is continually implemented each year. I have a clear vision of the future and a path to get there that is shared by all in my branch. I feel that my current vision and plan for the future represents the "best thinking" from all of the members of my management team. My organisation is focused on results. I know on a day-by-day basis how I am progressing</p>	<p>The plans-related factor was ranked fifth as it received the fifth lowest average mean with a value of 1.93 and a standard deviation of 0.56 and a 95% CI of [1.84,2.02]</p>

<p>toward your future vision.</p> <p>Employees see a personal opportunity to satisfy their own needs by contributing to the achievement of the branch and the bank's goals.)</p>	
<p>SF6:Staff</p> <p>(My staff take responsibility (and accountability) of the strategic plan's implementation.</p> <p>I include staff in putting together strategic (or tactical) plans.</p> <p>My staff and I allocate time to discuss and revisit the strategic (or tactical) plan.</p> <p>Everyone in my branch has a good idea of the decisions and actions for which he or she is responsible regarding the strategy plan.)</p>	<p>The staff-related factor was ranked sixth with the average mean value of 2.05 and a standard deviation of 0.63 and a 95% CI of [1.95,2.15]</p>
<p>SF7:Communication</p> <p>(The individual performance-appraisal process differentiates among high, adequate, and low performers.</p> <p>The ability to deliver on performance commitments strongly influences career advancement and compensation.</p> <p>Information flows freely across the bank.</p> <p>Individuals at all levels of the bank are appropriately involved in the development and achievement of the bank's goals).</p>	<p>The communication-related factor was ranked seventh with the average mean value of 2.11 and a standard deviation of 0.70 and a 95% CI of [2.00,2.22]</p>
<p>SF8:Competition</p> <p>(I know what my competitors' unique strengths are.</p> <p>I know what my competitors' unique weaknesses are.</p> <p>I know who their key staff is and what makes them attractive to recruit.</p> <p>I know what activities, events and promotions the competitor does get involved in that my bank does not).</p>	<p>The competition-related factor was ranked eighth with the average mean value of 2.22 and a standard deviation of 0.69 and a 95% CI of [2.11,2.33]</p>
<p>SF9: Performance</p> <p>(The ability to deliver on performance commitments strongly influences career advancement and compensation.</p> <p>Meetings I attend are efficient, with clear agendas and</p>	<p>The performance-related factor was ranked ninth with the average mean value of 2.23 and a standard deviation of 0.74 and a 95% CI of [2.11,2.35]</p>

<p>appropriate attendees.</p> <p>Our performance measurement and review system is simple and effective.</p> <p>We have good communication, cooperation and healthy conflict across functions).</p>	
<p>SF10:Strategy implementation</p> <p>(Change is managed effectively in the bank.</p> <p>Senior management supports the branch managers in strategy implementation.</p> <p>The implementation of strategy is effectively controlled.</p> <p>Support Management (e.g. Regional Managers) is competent enough to implement strategy.</p> <p>Human capital is effectively developed to support strategy implementation.)</p>	<p>The strategy implementation-related factor was ranked tenth (together with support structure) with the average mean value of 2.25 and a standard deviation of 0.76 and a 95% CI of [2.13,2.37]</p>
<p>SF11:Support Structure</p> <p>(The primary role of head office staff here is to support the branches.</p> <p>Senior management confront difficult performance problems and hold people accountable.</p> <p>Senior management effectively delegate and coach.</p> <p>Senior management spend at least 30% of their time helping employees remove barriers to strategy execution.</p> <p>Senior management provides recognition for performance.</p> <p>My support management conducts regular results management meetings).</p>	<p>The support structure-related factor was ranked the same as strategy implementation with the average mean value of 2.25 and a standard deviation of 0.75 and a 95% CI of [2.13,2.37]</p>
<p>SF12: Sales</p> <p>(My current salespeople are effective.</p> <p>We hire and promote talented salespeople, meeting their targets.</p> <p>Our sales managers are professional and effective).</p>	<p>The sales-related factor was ranked last with the average mean value of 2.57 and a standard deviation of 0.83 and a 95% CI of [2.44,2.70]</p>

3.6.2.6 Construct Correlations

The table below presents a matrix of the bivariate correlations of the constructs identified that influence implementation of strategy.

Table 3.6 Construct Correlation matrix

Correlations												
Correlations	Support Structure	Local Market	Staff	Bank Strategy	Sales	Strategy Implementation	Customer	Branch Location	Performance	Communication	Competition	Plan
Support Structure	1	.436**	.497**	.645**	.517**	.677**	.415**	.468**	.742**	.765**	.314**	.534**
Local Market	.436**	1	.444**	.566**	.412**	.361**	.638**	.743**	.408**	.368**	.578**	.519**
Staff	.497**	.444**	1	.609**	.492**	.432**	.515**	.555**	.539**	.470**	.474**	.591**
BankStrategy	.645**	.566**	.609**	1	.590**	.588**	.563**	.644**	.720**	.640**	.452**	.675**
Sales	.517**	.412**	.492**	.590**	1	.545**	.343**	.506**	.526**	.493**	.388**	.551**
Strategy Implementation	.677**	.361**	.432**	.588**	.545**	1	.289**	.348**	.571**	.659**	.325**	.373**
Customer	.415**	.638**	.515**	.563**	.343**	.289**	1	.629**	.435**	.385**	.560**	.535**
Branch Location	.468**	.743**	.555**	.644**	.506**	.348**	.629**	1	.438**	.418**	.521**	.590**
Performance	.742**	.408**	.539**	.720**	.526**	.571**	.435**	.438**	1	.726**	.374**	.579**
Communication	.765**	.368**	.470**	.640**	.493**	.659**	.385**	.418**	.726**	1	.250**	.545**
Competition	.314**	.578**	.474**	.452**	.388**	.325**	.560**	.521**	.374**	.250**	1	.290**
Plan	.534**	.519**	.591**	.675**	.551**	.373**	.535**	.590**	.579**	.545**	.290**	1

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

(Source: Adapted from SPSS output)

It can be seen from the table, as an example, that the variable Local market is highly correlated (positively) to Branch location ($r = 0.743$) and Customer ($r = 0.638$) indicating that an understanding of the local market is highly associated with an understanding of the location of the local branch as well as the customers in the local market. Similarly, it can be seen that all items are inter-correlated at a 0.01 level of significance.

3.6.2.7 Analysis of Variance (ANOVA): The influence of the demographic profile of respondents upon the mean score of the constructs.

The following Analysis of Variance tests (ANOVA) were performed to determine the influence of the demographic profile of respondents upon the mean score of the constructs. The specific software used (SAS/JMP) performs a T-test when only 2 groups are involved and an ANOVA test where more than 2 groups are involved.

Normally distributed data and Homogeneity of variance (equal variances) are a requirement for this parametric test. In the absence of normality non-parametric tests are performed: Mann Whitney U tests and Kruskal-Wallis tests are performed for 2

and more than 2 groups respectively. Where the variances are unequal, the result of the robust Welch test is reported.

In all the tests conducted below the result of all 3 tests are provided to ensure that accurate inferences are reported. The tests were conducted at the 0.05 level of significance.

3.6.2.7.1 Gender

Table 3.6 The influence of gender upon the mean score of the constructs

Factor/Construct	Gender	N	Mean	Std Dev	ANOVA	Welch	Mann-Whitney U-test
Support Structure	Female	71	2.241	0.8173	$F_{1,152}=0.0071$ $p=0.9329$	$F_{1,152}=0.0069$ $p=0.9337$	$\chi^2=0.1134$ $p=0.7363$
	Male	82	2.252	0.6845			
Local Market	Female	71	1.788	0.5612	$F_{1,152}=0.4994$ $p=0.4809$	$F_{1,152}=0.5012$ $p=0.9337$	$\chi^2=0.648$ $p=0.4207$
	Male	82	1.723	0.5751			
Competition	Female	71	2.235	0.6838	$F_{1,152}=0.0518$ $p=0.8203$	$F_{1,152}=0.0520$ $p=0.8200$	$\chi^2=0.1310$ $p=0.7188$
	Male	82	2.210	0.6999			
Staff	Female	71	1.992	0.6210	$F_{1,152}=1.0640$ $p=0.3040$	$F_{1,152}=1.0660$ $p=0.3035$	$\chi^2=1.7181$ $p=0.1899$
	Male	82	2.097	0.6294			
Bank's strategy	Female	71	1.829	0.5470	$F_{1,152}=2.5177$ $p=0.1147$	$F_{1,152}=2.4688$ $p=0.1184$	$\chi^2=3.4086$ $p=0.0649$
	Male	82	1.960	0.4773			
Sales	Female	71	2.483	0.8797	$F_{1,152}=1.4510$ $p=0.2303$	$F_{1,152}=1.4291$ $p=0.2339$	$\chi^2=1.2003$ $p=0.2733$
	Male	82	2.646	0.7914			
Strategy Implementation	Female	71	2.230	0.8543	$F_{1,152}=0.0595$ $p=0.8077$	$F_{1,152}=0.0574$ $p=0.8110$	$\chi^2=0.5029$ $p=0.4782$
	Male	82	2.260	0.6649			
Plans	Female	71	1.798	0.5527	$F_{1,152}=7.4969$ $p=0.0069$	$F_{1,152}=7.4737$ $p=0.0070$	$\chi^2=6.9402$ $p=0.0084$
	Male	82	2.040	0.5408			
Customer	Female	71	1.833	0.5355	$F_{1,152}=0.5422$ $p=0.4627$	$F_{1,152}=0.5457$ $p=0.4612$	$\chi^2=1.2777$ $p=0.2583$
	Male	82	1.768	0.5599			
Branch location	Female	71	1.744	0.5908	$F_{1,152}=1.1824$ $p=0.2786$	$F_{1,152}=1.1685$ $p=0.2815$	$\chi^2=1.1081$ $p=0.2925$
	Male	82	1.644	0.5441			
Performance	Female	71	2.183	0.7676	$F_{1,152}=0.6097$ $p=0.4361$	$F_{1,152}=0.6048$ $p=0.4380$	$\chi^2=0.7334$ $p=0.3918$
	Male	82	2.277	0.7254			
Communication	Female	71	2.066	0.7859	$F_{1,152}=0.4901$ $p=0.4850$	$F_{1,152}=0.4734$ $p=0.4926$	$\chi^2=2.0499$ $p=0.1522$
	Male	82	2.146	0.6160			

The probability values are highlighted in the table.

ANOVA tests and corresponding non-parametric tests (Mann-Whitney U-tests) as well as the robust Welch test (in the absence of homogeneity of variances) were conducted in comparing the mean scores of Females and Males for the 12 constructs. The only statistical difference between the mean scores of Females and

Males was for the construct “Plans”. Female respondents have a significantly higher mean score for this construct.

Female respondents agree more strongly that the construct “Plans” have an influence in the implementation of strategic planning.

3.6.2.7.2 Age distribution of the respondents

Table 3.8 The influence of age distribution upon the mean score of the constructs

Construct	Age	N	Mean	Std Dev	ANOVA	Welch	Kruskal-Wallis -test
Support Structure	21-29	7	2.595	0.4893	F _{3,149} =0.9713 p=0.4080	F _{1,152} =1.7568 p=0.1770	χ ² =3.5045 p=0.3202
	30-39	38	2.140	0.5404			
	40-49	62	2.309	0.8808			
	50-59	46	2.199	0.7231			
Local Market	21-29	7	1.690	0.6118	F _{3,149} =0.5917 p=0.6214	F _{3,149} =0.5867 p=0.6404	χ ² =2.1296 p=0.5459
	30-39	38	1.710	0.6122			
	40-49	62	1.827	0.5851			
	50-59	46	1.699	0.5038			
Competition	21-29	7	1.714	0.5482	F _{3,149} =2.0899 p=0.1041	F _{3,149} =2.6292 p=0.0696	χ ² =6.4120 p=0.0932
	30-39	38	2.105	0.7658			
	40-49	62	2.302	0.6685			
	50-59	46	2.288	0.6454			
Staff	21-29	7	2.214	0.7420	F _{3,149} =0.3512 p=0.7883	F _{3,149} =0.2901 p=0.8321	χ ² =1.0356 p=0.7926
	30-39	38	2.019	0.6534			
	40-49	62	2.012	0.5751			
	50-59	46	2.097	0.6634			
Bank's Strategy	21-29	7	1.985	0.4740	F _{3,149} =0.6715 p=0.5708	F _{3,149} =0.8418 p=0.4827	χ ² =1.9958 p=0.5733
	30-39	38	1.800	0.4126			
	40-49	62	1.937	0.5780			
	50-59	46	1.919	0.5053			
Sales	21-29	7	2.904	1.0490	F _{3,149} =0.4970 p=0.6849	F _{3,149} =0.3441 p=0.7936	χ ² =1.3540 p=0.7164
	30-39	38	2.605	0.7138			
	40-49	62	2.510	0.8844			
	50-59	46	2.572	0.8393			
Strategy Implementation	21-29	7	2.257	0.8059	F _{3,149} =0.8325 p=0.4780	F _{3,149} =1.0046 p=0.4059	χ ² =1.4528 p=0.6932
	30-39	38	2.089	0.6110			
	40-49	62	2.335	0.7899			
	50-59	46	2.256	0.8128			
Plans	21-29	7	2.214	0.4879	F _{3,149} =1.0381 p=0.3776	F _{3,149} =1.1273 p=0.3550	χ ² =3.9333 p=0.2688
	30-39	38	1.986	0.5647			

	40-49	62	1.862	0.5956			
	50-59	46	1.923	0.5051			
Customer	21-29	7	1.685	0.7988	$F_{3,149}=0.4858$ $p=0.6927$	$F_{3,149}=0.4729$ $p=0.7038$	$\chi^2=1.5744$ $p=0.6652$
	30-39	38	1.731	0.5057			
	40-49	62	1.806	0.5725			
	50-59	46	1.860	0.5144			
Branch Location	21-29	7	1.761	0.5762	$F_{3,149}=0.1163$ $p=0.9504$	$F_{3,149}=0.1153$ $p=0.9503$	$\chi^2=0.8037$ $p=0.8486$
	30-39	38	1.671	0.5753			
	40-49	62	1.672	0.6035			
	50-59	46	1.721	0.5212			
Performance	21-29	7	2.285	0.3659	$F_{3,149}=1.1401$ $p=0.3349$	$F_{3,149}=1.4942$ $p=0.2342$	$\chi^2=3.3415$ $p=0.3419$
	30-39	38	2.052	0.6182			
	40-49	62	2.254	0.8666			
	50-59	46	2.347	0.6921			
Communication	21-29	7	2.535	0.5482	$F_{3,149}=2.0181$ $p=0.1138$	$F_{3,149}=3.3761$ $p=0.0321$ *	$\chi^2=5.9760$ $p=0.1128$
	30-39	38	1.914	0.4586			
	40-49	62	2.149	0.7403			
	50-59	46	2.152	0.7931			

Note that Levene's tests show that the variances are equal and the result of the Welch test is therefore rejected.

ANOVA tests and corresponding non-parametric tests (Kruskal-Wallis tests) as well as the robust Welch test (in the absence of homogeneity of variances) were conducted in comparing the mean scores of the Age categories for the 12 constructs.

The results in the table above provide no statistical evidence that the age of respondents influences the mean score for the constructs.

3.6.2.7.3 Years with the bank

Table 3.9 The influence of years with the bank upon the mean score of the constructs

Construct	Years with the bank	N	Mean	Std Dev	ANOVA	Welch	Kruskal-Wallis -test
Support Structure	1-2 yrs	3	2.444	0.6735	$F_{3,149}=0.4429$ $p=0.7227$	$F_{3,149}=0.6724$ $p=0.5966$	$\chi^2=2.1921$ $p=0.5335$
	3-5 yrs	5	2.200	0.7207			
	6-10 yrs	20	2.408	0.4820			
	over 10 yrs	125	2.218	0.7858			
Local Market	1-2 yrs	3	1.833	0.6009	$F_{3,149}=0.4437$ $p=0.7221$	$F_{3,149}=0.1265$ $p=0.9512$	$\chi^2=0.4798$ $p=0.9233$
	3-5 yrs	5	2.033	1.0567			
	6-10 yrs	20	1.758	0.5657			
	over 10 yrs	125	1.740	0.5484			
Competition	1-2 yrs	3	1.666	0.6291	$F_{3,149}=0.8269$ $p=0.4810$	$F_{3,149}=0.7387$ $p=0.5636$	$\chi^2=2.0351$ $p=0.5659$
	3-5 yrs	5	2.400	1.0246			
	6-10 yrs	20	2.162	0.8162			
	over 10 yrs	125	2.238	0.6575			
Staff	1-2 yrs	3	2.166	0.3818	$F_{3,149}=1.6102$ $p=0.1894$	$F_{3,149}=1.1269$ $p=0.4027$	$\chi^2=2.7792$ $p=0.4269$
	3-5 yrs	5	1.750	0.7500			
	6-10 yrs	20	2.300	0.6911			
	over 10 yrs	125	2.018	0.6092			
Bank's Strategy	1-2 yrs	3	2.166	0.1527	$F_{3,149}=1.3615$ $p=0.2569$	$F_{3,149}=3.5810$ $p=0.0648$	$\chi^2=6.4316$ $p=0.0924$
	3-5 yrs	5	1.760	0.4335			
	6-10 yrs	20	2.080	0.3396			
	over 10 yrs	125	1.870	0.5388			
Sales	1-2 yrs	3	2.222	0.6938	$F_{3,149}=1.3859$ $p=0.2494$	$F_{3,149}=1.5238$ $p=0.2936$	$\chi^2=3.6537$ $p=0.3014$
	3-5 yrs	5	2.200	1.0954			
	6-10 yrs	20	2.866	0.6434			
	over 10 yrs	125	2.546	0.8492			
Strategy Implementation	1-2 yrs	3	2.866	0.2309	$F_{3,149}=0.6837$ $p=0.5634$	$F_{3,149}=5.2807$ $p=0.0264$	$\chi^2=3.1483$ $p=0.3693$
	3-5 yrs	5	2.240	0.9939			
	6-10 yrs	20	2.250	0.6954			
	over 10 yrs	125	2.232	0.7647			
Plans	1-2 yrs	3	2.111	0.3469	$F_{3,149}=0.6837$ $p=0.5634$	$F_{3,149}=5.2807$ $p=0.0264$	$\chi^2=3.1483$ $p=0.3693$
	3-5 yrs	5	2.033	0.8198			
	6-10 yrs	20	2.216	0.5725			
	over 10 yrs	125	1.873	0.5385			

Customer	1-2 yrs	3	2.066	0.4163	$F_{3,149}=0.3122$ $p=0.8166$	$F_{3,149}=0.4075$ $p=0.7528$	$\chi^2=1.5889$ $p=0.6619$
	3-5 yrs	5	1.840	0.5176			
	6-10 yrs	20	1.840	0.5604			
	over 10 yrs	125	1.784	0.5533			
Branch Location	1-2 yrs	3	1.833	0.6666	$F_{3,149}=0.9904$ $p=0.3991$	$F_{3,149}=0.9626$ $p=0.4649$	$\chi^2=3.7749$ $p=0.2869$
	3-5 yrs	5	1.700	0.7673			
	6-10 yrs	20	1.883	0.5075			
	over 10 yrs	125	1.656	0.5658			
Performance	1-2 yrs	3	2.083	0.3818	$F_{3,149}=0.1812$ $p=0.9090$	$F_{3,149}=0.3419$ $p=0.7961$	$\chi^2=0.7799$ $p=0.8543$
	3-5 yrs	5	2.200	0.8909			
	6-10 yrs	20	2.337	0.5457			
	over 10 yrs	125	2.222	0.7765			
Communication	1-2 yrs	3	2.500	0.6614	$F_{3,149}=0.6215$ $p=0.6022$	$F_{3,149}=0.6363$ $p=0.6161$	$\chi^2=2.9338$ $p=0.4019$
	3-5 yrs	5	2.150	0.7826			
	6-10 yrs	20	2.237	0.5647			
	Over 10 yrs	125	2.078	0.7180			

ANOVA tests and corresponding non-parametric tests (Kruskal-Wallis tests) as well as the robust Welch test (in the absence of homogeneity of variances) were conducted in comparing the mean scores of the Years with the bank categories for the 12 constructs. The results in the table above provide no statistical evidence that Years with the bank of respondents influence the mean score for the constructs.

3.6.2.7.4 Province where the respondents reside

Table 3.10 The influence of provinces upon the mean score of the constructs

Construct	Province	N	Mean	Std Dev	ANOVA	Welch	Kruskal-Wallis test
Support Structure	Eastern Cape	19	2.219	0.6714	$F_{3,149}=1.5060$ $p=0.1600$	$F_{3,149}=3.6590$ $p=0.0060$	$\chi^2=2.1921$ $p=0.0385$
	Free State	1	2.000	.			
	Gauteng	43	2.348	0.7389			
	KwaZulu-Natal	24	1.993	0.6147			
	Limpopo	5	1.966	0.4772			
	Mpumalanga	10	2.533	0.7888			
	Northern Cape	6	1.638	0.3058			
	North West	7	2.095	1.4071			
Western Cape	38	2.399	0.7275				
Local Market	Eastern Cape	19	1.815	0.5580	$F_{3,149}=0.2287$	$F_{3,149}=0.2523$	$\chi^2=1.9167$

	Free State	1	2.000	.	p=0.9851	p=0.9670	p=0.9835
	Gauteng	43	1.748	0.5823			
	KwaZulu-Natal	24	1.736	0.5558			
	Limpopo	5	1.466	0.5055			
	Mpumalanga	10	1.783	0.5445			
	Northern Cape	6	1.805	0.8718			
	North West	7	1.690	0.5646			
	Western Cape	38	1.767	0.5702			
Competition	Eastern Cape	19	2.131	0.5735	F _{3,149} =1.4710 p=0.1727	F _{3,149} =2.0877 p=0.00791	χ ² =11.594 p=0.1702
	Free State	1	2.000	.			
	Gauteng	43	2.244	0.7914			
	KwaZulu-Natal	24	2.312	0.7232			
	Limpopo	5	1.750	0.5000			
	Mpumalanga	10	2.275	0.6395			
	Northern Cape	6	2.125	0.9048			
	North West	7	1.571	0.5900			
Western Cape	38	2.375	0.5657				
Staff	Eastern Cape	19	2.078	0.6012	F _{3,149} =1.3878 p=0.2065	F _{3,149} =1.7393 p=0.1398	χ ² =11.389 p=0.1806
	Free State	1	2.000	.			
	Gauteng	43	2.098	0.6481			
	KwaZulu-Natal	24	1.885	0.6254			
	Limpopo	5	1.850	0.3354			
	Mpumalanga	10	2.400	0.6146			
	Northern Cape	6	1.541	0.5103			
	North West	7	1.857	0.8762			
Western Cape	38	2.131	0.5775				
Bank's Strategy	Eastern Cape	19	2.100	0.3771	F _{3,149} =2.0978 p=0.0396	F _{3,149} =2.4685 p=0.0419	χ ² =15.433 p=0.0512
	Free State	1	1.400	.			
	Gauteng	43	1.902	0.5514			
	KwaZulu-Natal	24	1.754	0.4717			
	Limpopo	5	1.700	0.4743			
	Mpumalanga	10	2.090	0.3446			
	Northern Cape	6	1.533	0.5006			
	North West	7	1.542	0.4720			
Western Cape	38	2.002	0.5420				
Sales	Eastern Cape	19	3.000	0.5983	F _{3,149} =1.8503 p=0.0724	F _{3,149} =2.0499 p=0.0845	χ ² =14.753 p=0.0641
	Free State	1	4.000	.			
	Gauteng	43	2.581	0.8578			
	KwaZulu-Natal	24	2.222	0.9044			
	Limpopo	5	2.266	0.5477			
	Mpumalanga	10	2.833	0.7576			
	Northern Cape	6	2.555	1.0036			
	North West	7	2.619	1.3392			
Western Cape	38	2.491	0.6920				
Strategy	Eastern Cape	19	2.294	0.5631	F _{3,149} =1.3187	F _{3,149} =5.2807	χ ² =3.1483

Implementation	Free State	1	2.000	.	p=0.2387	p=0.0264	p=0.3693
	Gauteng	43	2.358	0.7850			
	KwaZulu-Natal	24	2.175	0.7513			
	Limpopo	5	1.720	0.6099			
	Mpumalanga	10	2.540	1.0585			
	Northern Cape	6	1.566	0.3669			
	North West	7	2.114	1.1653			
	Western Cape	38	2.273	0.6582			
Plans	Eastern Cape	19	2.000	0.3967	F _{3,149} =0.8331 p=0.5749	F _{3,149} =0.8996 p=0.5205	χ ² =6.2839 p=0.6155
	Free State	1	2.000				
	Gauteng	43	1.992	0.6535			
	KwaZulu-Natal	24	1.750	0.5450			
	Limpopo	5	1.833	0.3726			
	Mpumalanga	10	2.033	0.4567			
	Northern Cape	6	1.694	0.6701			
	North West	7	1.690	0.5220			
Western Cape	38	1.995	0.5527				
Customer	Eastern Cape	19	1.757	0.5273	F _{3,149} =0.9693 p=0.4624	F _{3,149} =1.0967 p=0.3924	χ ² =8.6191 p=0.3754
	Free State	1	2.000	.			
	Gauteng	43	1.804	0.5631			
	KwaZulu-Natal	24	1.675	0.5202			
	Limpopo	5	1.640	0.3577			
	Mpumalanga	10	1.900	0.5354			
	Northern Cape	6	1.766	0.8238			
	North West	7	1.457	0.5126			
Western Cape	38	1.947	0.5376				
Branch Location	Eastern Cape	19	1.701	0.5078	F _{3,149} =0.6672 p=0.71971	F _{3,149} =0.7809 p=0.6088	χ ² =5.4408 p=0.7096
	Free State	1	2.000	.			
	Gauteng	43	1.767	0.5877			
	KwaZulu-Natal	24	1.479	0.4946			
	Limpopo	5	1.500	0.5000			
	Mpumalanga	10	1.783	0.4782			
	Northern Cape	6	1.722	0.7044			
	North West	7	1.666	0.6309			
Western Cape	38	1.723	0.6227				
Performance	Eastern Cape	19	2.526	0.7678	F _{3,149} =2.4345 p=0.0165	F _{3,149} =3.3176 p=0.0106	χ ² =20.164 p=0.0097
	Free State	1	2.000	.			
	Gauteng	43	2.279	0.7583			
	KwaZulu-Natal	24	1.927	0.7278			
	Limpopo	5	1.900	0.4541			
	Mpumalanga	10	2.675	0.7075			
	Northern Cape	6	1.958	0.9926			
	North West	7	1.607	0.4755			
Western Cape	38	2.322	0.6496				
Communication	Eastern Cape	19	2.342	0.7737	F _{3,149} =1.2258	F _{3,149} =1.5286	χ ² =9.4481

	Free State	1	2.000	.	p=0.2881	p=0.1996	p=0.3059
	Gauteng	43	2.209	0.6877			
	KwaZulu-Natal	24	1.937	0.6352			
	Limpopo	5	1.750	0.6123			
	Mpumalanga	10	2.350	0.6146			
	Northern Cape	6	1.666	0.5163			
	North West	7	2.107	1.3833			
	Western Cape	38	2.046	0.5660			

ANOVA, Welch and Kruskal-Wallis tests all indicate that there is a statistical difference in the responses for the constructs “Support Structure”, “Bank’s Strategy” and “Performance” between provinces. It must be noted that Free State is under-represented in the sample with only 1 respondent. The tests were repeated without this province but the same results were produced.

Inspection of the ANOVA post-hoc analysis did not reveal where the differences occur. A non-parametric comparison test using the Wilcoxon method however yielded the following significant pairs of differences:

Table 3.11 The influence of provinces on Support Structure

Province	Mean	Province	Mean	p-Value
Western Cape	2.399	Northern Cape	1.638	0.011
Western Cape	2.399	KwaZulu-Natal	1.993	0.019
KwaZulu-Natal	1.993	Gauteng	2.348	0.037
Northern Cape	1.638	Gauteng	2.348	0.014

Western Cape and Gauteng have a significantly lower score than KwaZulu-Natal and Northern Cape. The latter 2 provinces consider “Support Structure” significantly more important in the implementation of strategic plan than Western Cape and Gauteng.

Table 3.12 The influence of provinces on Bank’s Strategy

Province	Mean	Province	Mean	p-Value
Northern Cape	1.533	Mpumalanga	2.090	0.049
North West	1.542	Mpumalanga	2.090	0.031
Northern Cape	1.533	Eastern Cape	2.100	0.024
North West	1.542	Eastern Cape	2.100	0.021
KwaZulu-Natal	1.754	Eastern Cape	2.100	0.015

Mpumalanga and Eastern Cape have a significantly lower score than Northern Cape, North West and KwaZulu-Natal. The latter 3 provinces consider “Bank’s Strategy”

more important in the implementation of strategic plan than Mpumalanga and Eastern Cape.

Table 3.13 The influence of provinces on Performance

Province	Mean	Province	Mean	p-Value
Western Cape	2.322	North West	1.607	0.007
Mpumalanga	2.675	KwaZulu-Natal	1.927	0.007
Western Cape	2.322	KwaZulu-Natal	1.927	0.032
North West	1.607	Mpumalanga	2.675	0.003
North West	1.607	Eastern Cape	2.526	0.009
KwaZulu-Natal	1.927	Eastern Cape	2.526	0.014
North West	1.607	Gauteng	2.279	0.018

North West has a significantly higher mean score for the construct “Performance” than Western Cape, Mpumalanga, Gauteng and Eastern Cape. KwaZulu-Natal has a significantly higher mean score for the construct “Performance” than Mpumalanga, Western Cape and Eastern Cape.

Respondents of North West and KwaZulu-Natal consider Performance more important than respondents of Western Cape, Mpumalanga and Eastern Cape in the implementation of strategy.

3.7 Summary

This study was based upon 153 completed questionnaires. The 72 items/statements that were posed to the respondents of this survey were subjected to an exploratory factor analysis. This EFA, employing the principal axis factoring extraction and oblimin rotation techniques, yielded 12 factor or constructs. In essence these 12 constructs (or themes) represent the factors that influence the implementation of strategy. A measure for each construct has been determined by calculating the mean score of the items that constitute the constructs.

The relative importance of these factors that have been identified as influencing implementation of strategy, were investigated by inspection of the construct scores.

From the analysis, Branch location has been the construct that was perceived as the first success factor in strategy implementation by branch managers followed by the local market, then customer, then bank's strategy, plan, staff, communication, competition, performance, strategy implementation, support structure and lastly sales.

Further investigation into the impact of the demographic profile of respondents upon the constructs has been undertaken. Parametric and non-parametric statistical tests have been employed to compare the mean scores for each demographic category:

- Female respondents agree more strongly that the construct "Plans" have an influence in the implementation of strategic planning.
- There has been no statistical evidence that the age of respondent or years of service with the bank influences the mean score of the constructs.
- ANOVA, Welch and Kruskal-Wallis tests have all indicated that there is a statistical difference in the responses for the constructs "Support Structure" and "Bank's Strategy" between provinces.
- KwaZulu-Natal and Northern Cape consider "Support Structure" significantly more important in the implementation of strategic plans than Western Cape and Gauteng.
- Northern Cape, North West and KwaZulu-Natal consider "Bank's Strategy" more important in the implementation of strategic plans than Mpumalanga and Eastern Cape.
- KwaZulu-Natal has a significantly higher mean score for the construct "Performance" than Mpumalanga, Western Cape and Eastern Cape.
- Respondents of North West and KwaZulu-Natal consider Performance more important than respondents of Western Cape, Mpumalanga and Eastern Cape in the implementation of strategy.

The next chapter is the final chapter of the study. It draws conclusions from the empirical research, and offers some recommendations before offering some visions on possible future research.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1 Introduction

In this chapter, conclusions and recommendations will be given based on the analysis of identifying success factors of strategy planning as evaluated during the literature review of this study (in Chapter 2), together with the empirical research (in Chapter 3).

The content of this study is also evaluated to determine if the objectives, as identified in Chapter 1, were reached. Recommendations for future research will be made and the study will conclude with a summary of the study.

4.2 Summary of the main research findings

This section summarises the main findings of the study.

- **Branch Location**

The construct branch location consists of: knowing the advantages and disadvantages of the branch's current location, knowing the advantages and disadvantages of the competitors' location, description of the Bank's physical positioning in relation to targeted markets and knowing the key driver activities (type of major business sector) that are contributing towards the local economy.

The analysis highlights the importance of this construct as the number one success factor during the implementation of strategic plans.

- **Local Market**

The construct local market consists of knowing which industries create employment for the local population, knowing whether the town/area is regarded as a growth /stagnant/declining market, knowing the role of tourism in the local

economy and how significant the hospitality, food and entertainment industry is in the local market, knowing the activity within the property market in the local market and lastly the bank's market share in the local market.

The statements relate closely to the branch location statements above, as they also highlight the importance of knowing your local market. These construct (or items) has been found to be the next success factor as per the branch managers. The researcher suggests that the two constructs (branch location and local market) should perhaps have been combined.

- **Customer**

The construct local market consists of describing (or rating) consumer knowledge relating to products and services offered by the bank, knowing the make-up of the branch's customer base, the reflection of customer base to market profile and potential of the local market, knowing what the dominant segments of the consumers in the local market is and what their banking needs would be and knowing whom the key retailers in the local market banks with.

The findings have also highlighted knowing the customer make-up and the potential of market as the third success factor of strategic planning and implementation in order of importance.

- **Bank's strategy**

The construct bank's strategy consists of the branch understanding the bank's strategy, the bank's strategy being effectively communicated to the branch staff, senior management providing strategic direction for the bank, the goals of the branches being aligned with the bank's strategy, the allocation of resources aligned with the bank's strategy, alignment between the culture and the strategy of the bank, people measured or rewarded for executing the plan, awareness of the perceptions leadership and staff have about the bank's culture and whether it is supportive in the areas of collaboration, commitment, and creativity, awareness of the internal and external environments that may pose future growth opportunities or threats to the branch, management team sharing the same level of awareness as the branch manager in both the areas mentioned above.

The findings have also highlighted that the construct bank strategy encompassing communication, leadership, culture-strategy alignment, resources-strategy alignment and rewards has been perceived by branch managers as the fourth success factor.

When analysing the influence of demographics (province) on this particular construct, it has been found that Northern Cape, North West and KwaZulu-Natal considered “Bank’s Strategy” more important in the implementation of strategic plans than Mpumalanga and Eastern Cape.

- **Plan**

The construct plan consists of having a formal strategic planning process that is continually implemented each year, having a clear vision of the future and a path to get there that is shared by all in the branch, current vision and plan for the future representing the "best thinking" from all of the members of the branch’s management team, organisation focused on results, knowing on a day-by-day basis the progress toward the future vision, branch staff seeing a personal opportunity to satisfy their own needs by contributing to the achievement of the branch and the bank's goals.

The findings have highlighted having a good strategic or tactical plan as the fifth success factor. When analysing the influence of demographics (province) on this particular construct, it has been found that female respondents agree more strongly that the construct “Plans” have an influence in the implementation of strategic planning.

Analysing the influence of demographics on the other constructs has revealed that KwaZulu-Natal and Northern Cape considered “Support Structure” significantly more important in the implementation of strategic plans than Western Cape and Gauteng. Support Structure has been the eleventh success factor as per the branch managers. KwaZulu-Natal has a significantly higher mean score for the construct “Performance” than Mpumalanga, Western Cape and Eastern Cape. Respondents of North West and KwaZulu-Natal consider Performance

more important than respondents of Western Cape, Mpumalanga and Eastern Cape in the implementation of strategy.

In the next section, the study is evaluated.

4.3 Study evaluation

This section discusses the contributions of successfully achieving the primary and secondary objectives.

The primary objective of this study was to identify and investigate the success factors which influence successful implementation of strategic plans. An empirical investigation was performed by using the questionnaire as a measurement instrument. Success factors were identified and prioritised by rating the statements under each factor. A total of 615 respondents were asked to complete the questionnaire and the response rate was 25%. The low response rate was due to the fact that participation was voluntary and time also pressured.

The outcome of the study will enable the branch managers and the bank to apply “best practices” of strategy implementation in all the branches.

The success factors from the branch manager’s perspective were prioritised as per the summary in the previous section. From the empirical study performed and the summary above, it is evident to conclude that the primary objectives of the study were met.

The secondary objectives of the study were to investigate the influence of demographic profile upon the success factors. Again based on the summary above (section 4.2), it is evident to conclude that the secondary objectives of the study were met.

In the next section recommendations for the study are discussed.

4.4 Recommendations

- The implementation process needs to be organised in a logical way. A simple model that indicates key steps is critical for the implementation process. It is important to highlight what needs to be done by whom and at what time interval. To avoid a situation where individuals do what they would regard as important and leave out the critical functions that need to be done, it is advisable to design an implementation model that gives step-by-step guidelines to employees on plans that are about to be implemented. Both management and employees need to know what comes first, second, etcetera, during the implementation process. A roadmap is a critical element in the strategy implementation process.
- YYY Bank should also consider having continuous managerial feedback loops.
- It is also recommended that the two constructs “branch location” and “local market” are combined into one construct.
- A bigger sample should be used in future as the sample was not enough, according to EFA, to draw conclusions about the population.
- Perform a gap analysis by distributing the questionnaire also to senior management and branch staff and see if there will be any differences.
- Better descriptive names for the constructs.

4.5 Further research

Stemming from this study, the following are probable fields for further study:

- This study focussed on the total process for crafting and executing strategy. Each of the steps in the strategic management process can be researched by YYY Bank to provide in-depth guidance to the process.
- It is recommended that further research should be carried out because of the limited scope of the study, which only focussed on a group of bank managers in a particular bank (YYY Bank).
- Further investigations of the impact of provinces on the constructs.

4.6 Summary

The research highlights the importance of understanding one's local market, knowing your customer, communication, leadership, culture-strategy alignment, resources-strategy alignment, rewards and tactical plan as the top success factors of strategy implementation within branches of YYY Bank. Information sharing plays a pivotal role during implementation as it provides an indication on progress of the plan and possible shortcomings that need immediate remedial action. Another element that is also important to note is the identification of roles and responsibilities for all that are involved in the implementation process. This would make the process easier as management would know who to hold responsible and accountable for a specific action. Based on the fact that there needs to be co-operation and effective coordination of activities, strategy implementation will be affected if lack of co-operation and coordination exists.

The researcher has indicated that everything begins with a strategy. By implication, implementation cannot happen until one has something to implement. Therefore, strategy defines the arena in which implementation activities are taking place. Based on this background, it is critical to ensure an excellent approach in strategy formulation to ensure a sound strategy that will in turn give momentum to an effective strategy implementation process.

Culture also plays a significant role in a strategy implementation process. It is very important for the organisation to develop a culture that is in support of implementation of its strategies. Needless to say that implementation demands a culture of achievement, discipline and ownership.

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ANNEXURE A: COVER LETTER

A1: Cover Letter

TITLE OF THE STUDY:

Dear respondent

You are invited to participate in this academic research study conducted by Ben V Maseko, an MBA student at the Potchefstroom Business School. The purpose of the study is to seek understanding of success factors of strategic planning and implementation of strategic plans. You are part of a selected group that has been asked to participate in this academic research study and I greatly appreciate your assistance.

Please note that;

- The responses are anonymous and confidential;
- Approximately 20 minutes will be required to complete the questionnaire ;
- Participation in the study is voluntary and important;
- Your responses will be used for academic purposes only;
- The findings can be availed on request only;

Should you have any difficulties in responding, please contact me at the e-mail address; bmaseko@xxxx.co.za call me at 087 577 95xx.

Thank you for your participation

Ben Maseko - The Researcher

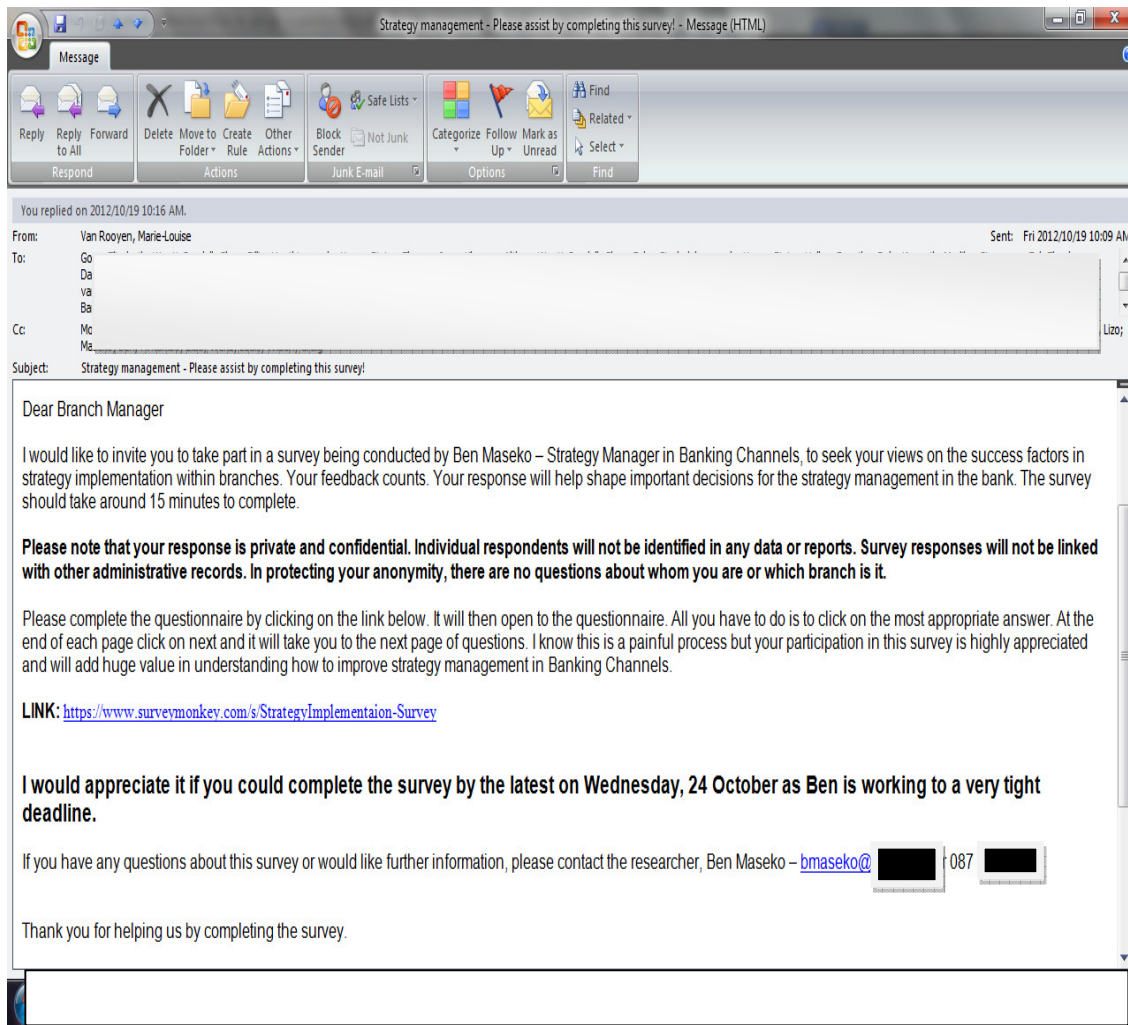
Table A2: Questionnaire

SURVEY INSTRUCTIONS:						
The survey should take no more than a few minutes. For each question, please select the ONE response from EACH COLUMN which BEST indicates your branch's PERFORMANCE thus far						
For each of the following statements, please tick the response that best corresponds to your position, according to the relevant scale.						
Q1	What is your gender?					
	Female (1)					
	Male (2)					
Q2	Which category below includes your age?					
	18-20					
	21-29					
	30-39					
	40-49					
	50-59					
	60 or older					
Q3	How many years have you been with FNB?					
	1-2					
	3-5					
	6-10					
	over 10					
Q4	Which province is your branch in?					
	Eastern Cape					
	Free State					
	Gauteng					
	Kwazulu Natal					
	Limpopo					
	Mpumalanga					
	Northern Cape					
	North West					
	Western Cape					
All questions that follows please indicate your response based on the scale below :						
	1 = Strongly Agree					
	2 = Agree					
	3 = Undecided					
	4 = Disagree					
	5 = Strongly Disagree					
General						
Q5	The branch understand the bank's strategy	1	2	3	4	5
Q6	The bank's strategy is effectively communicated to the branch staff	1	2	3	4	5
Q7	Senior management provide strategic direction for the bank	1	2	3	4	5
Q8	The goals of the branches are aligned with the bank's strategy	1	2	3	4	5
Q9	The allocation of resources is aligned with the bank's strategy	1	2	3	4	5
Q10	There is alignment between the culture and the strategy of the bank	1	2	3	4	5
Q11	Change is managed effectively in the bank	1	2	3	4	5
Q12	Senior management support the branch managers in strategy implementation	1	2	3	4	5
Q13	The implementation of strategy is effectively controlled	1	2	3	4	5
Q14	Support Management (eg Regional Managers) is competent enough to implement strategy	1	2	3	4	5
Q15	Human capital is effectively developed to support strategy implementation	1	2	3	4	5

	Local Economy				
Q16	I know the advantages of my branch's current location	1	2	3	4 5
Q17	I know the disadvantages of my branch's current location	1	2	3	4 5
Q18	I know the advantages of the competitors' location	1	2	3	4 5
Q19	I know the disadvantages of the competitors' location	1	2	3	4 5
Q20	I can describe FNB's physical positioning in relation to our targeted markets	1	2	3	4 5
Q21	I know the key drivers activities (type of major business sector) that are contributing towards your local economy	1	2	3	4 5
Q22	I know which industries create employment for the local population	1	2	3	4 5
Q23	I know whether my town/ area is regarded as a growth /stagnant/declining market	1	2	3	4 5
Q24	I know the role of tourism in the local economy	1	2	3	4 5
Q25	Referring to the preceding question,I know how significant is the hospitality, food and entertainment industry in your local market	1	2	3	4 5
Q26	I know the activity within the property market in my local market	1	2	3	4 5
	Competitor				
Q27	I know what my competitors' unique strengths are	1	2	3	4 5
Q28	I know what my competitors' unique weaknesses are	1	2	3	4 5
Q29	I know who their key staff are and what makes them attractive to recruit	1	2	3	4 5
Q30	I know what activities, events and promotions does the competitor get involved in that FNB does not?	1	2	3	4 5
Q31	I know what is FNB's market share in my local market	1	2	3	4 5
	Consumers in market				
Q32	I can describe (or rate) consumer knowledge relating to products (and services) offered by my bank	1	2	3	4 5
Q33	I know the make up (segments) of my customer base	1	2	3	4 5
Q34	My customer base represent (reflect) the market profile and potential of your local market	1	2	3	4 5
Q35	I know what is the dominant segments of the consumers in my local market and what would their banking needs be	1	2	3	4 5
Q36	I know who the key retailers in my local market banks with	1	2	3	4 5
Q37	I know who the professionals in my local market are (doctors, lawyers/ accountants/ engineers/ architects) and how many bank with in my branch	1	2	3	4 5
Q38	I know how many of these customers I have lost to the competitors in recent months	1	2	3	4 5
	Staff				
Q39	My staff take responsibility (and accountability) of the strategic plan's implementation	1	2	3	4 5
Q40	I include staff in putting together strategic (or tactical) plan	1	2	3	4 5
Q41	My staff and I allocate time to discuss and revisit the strategic (or tactical) plan	1	2	3	4 5
Q42	Everyone in my branch has a good idea of the decisions and actions for which he or she is responsible regarding the strategy plan	1	2	3	4 5
Q43	Important information about the competitive environment gets to be shared among all concerned	1	2	3	4 5
Q44	My team usually have the information they need to understand the bottom-line impact of their day-to-day choices	1	2	3	4 5
Q45	I have access to the metrics I need to measure the key drivers of my business (eg. Business Intelligence or BI portal)	1	2	3	4 5
Q46	Support management get involved in operational strategy decisions	1	2	3	4 5
Q47	The individual performance-appraisal process differentiates among high, adequate, and low performers	1	2	3	4 5
Q48	The ability to deliver on performance commitments strongly influences career advancement and compensation	1	2	3	4 5
Q49	The primary role of head office staff here is to support the branches	1	2	3	4 5
Q50	Besides salary, many other things motivate individuals to do a good job	1	2	3	4 5
Q51	Information flows freely across the bank	1	2	3	4 5
Q52	I have adequate staff to execute my plans	1	2	3	4 5
Q53	People are measured or rewarded for executing the plan	1	2	3	4 5

	Branch support structures					
Q54	Senior management explains reasons behind changes in priorities	1	2	3	4	5
Q55	Senior management confront difficult performance problems and hold people accountable	1	2	3	4	5
Q56	Senior management effectively delegate and coach	1	2	3	4	5
Q57	Meetings I attend are efficient, with clear agendas and appropriate attendees	1	2	3	4	5
Q58	Senior management spend at least 30% of their time helping employees remove barriers to strategy execution	1	2	3	4	5
Q59	Senior management provides recognition for performance	1	2	3	4	5
Q60	Our performance measurement and review system is simple and effective	1	2	3	4	5
Q61	We have good communication, cooperation and healthy conflict across functions	1	2	3	4	5
	Sales					
Q62	My current salespeople are effective	1	2	3	4	5
Q63	We hire and promote talented salespeople, meeting their targets	1	2	3	4	5
Q64	Our sales managers are professional and effective	1	2	3	4	5
	Awareness issues					
Q65	I am aware of the perceptions my leadership and staff have about the bank's culture and whether it is supportive in the areas of collaboration, commitment, and creativity	1	2	3	4	5
Q66	I am aware of the internal and external environments that may pose future growth opportunities or threats to my branch	1	2	3	4	5
Q67	I feel that my management team shares the same level of awareness as I do in both the areas mentioned above	1	2	3	4	5
	Planning					
Q68	I have a formal strategic planning process that is continually implemented each year? <i>(Please do not consider formal budgeting processes when answering this question)</i>	1	2	3	4	5
Q69	I have a clear vision of the future and a path to get there that is shared by all in my branch	1	2	3	4	5
Q70	I feel that my current vision and plan for the future represents the "best thinking" from all of the members of my management team	1	2	3	4	5
	Results					
Q71	My organisation is focused on results	1	2	3	4	5
Q72	I know on a day-by-day basis how I am progressing toward your future vision	1	2	3	4	5
Q73	My support management conducts regular results management meetings	1	2	3	4	5
	Culture					
Q74	The bank encourages individual growth through training and development programs	1	2	3	4	5
Q75	Individuals at all levels of the bank are appropriately involved in the development and achievement of the bank's goals	1	2	3	4	5
Q76	Employees see a personal opportunity to satisfy their own needs by contributing to the achievement of the branch and the bank's goals	1	2	3	4	5
	Thank you for your time					
	Researcher					

A3. The e-mail that was sent to respondents by the senior manager.



ANNEXURE B: SUMMARY OF LIKERT SCALE ITEMS

Table B1 Summary of Likert scale items

Item/Statement	%Strongly Agree	%Agree	%Undecided	%Disagree	%Strongly Disagree
Q5 The branch understand the bank's strategy	50.33%	43.79%	5.88%	0.0%	0.0%
Q6 The bank's strategy is effectively communicated to the branch staff	49.7%	43.8%	6.5%	0.0%	0.0%
Q7 Senior management provide strategic direction for the bank	45.8%	46.4%	7.8%	0.0%	0.0%
Q8 The goals of the branches are aligned with the bank's strategy	44.4%	47.1%	6.5%	2.0%	0.0%
Q9 The allocation of resources is aligned with the bank's strategy	22.2%	43.8%	19.0%	12.4%	2.6%
Q10 There is alignment between the culture and the strategy of the bank	22.9%	59.5%	12.4%	5.2%	0.0%
Q11 Change is managed effectively in the bank	17.0%	49.0%	15.0%	14.4%	4.6%
Q12 Senior management support the branch managers in strategy implementation	19.6%	50.3%	18.3%	9.8%	2.0%
Q13 The implementation of strategy is effectively controlled	19.0%	54.3%	16.3%	8.5%	2.0%
Q14 Support Management (eg Regional Managers) is competent enough to implement strategy	32.7%	47.7%	13.1%	4.6%	2.0%
Q15 Human capital is effectively developed to support strategy implementation	14.4%	44.4%	26.8%	12.4%	2.0%
Q16 I know the advantages of my branch's current location	50.3%	42.5%	6.5%	0.7%	0.0%
Q17 I know the disadvantages of my branch's current location	45.8%	46.4%	5.9%	1.3%	0.7%
Q18 I know the advantages of the competitors' location	41.8%	50.3%	5.9%	2.0%	0.0%
Q19 I know the disadvantages of the competitors' location	36.0%	51.6%	8.5%	3.3%	0.7%
Q20 I can describe FNB's physical positioning in relation to our targeted markets	36.6%	52.9%	8.5%	1.3%	0.7%
Q21 I know the key drivers activities (type of major business sector) that are contributing towards your local economy	43.8%	47.7%	7.2%	0.7%	0.7%
Q22 I know which industries create employment for the local population	39.9%	49.7%	9.8%	0.7%	0.0%
Q23 I know whether my town/ area is regarded as a growth /stagnant/declining market	47.7%	43.8%	7.2%	1.3%	0.0%
Q24 I know the role of tourism in the local economy	39.2%	47.7%	10.5%	2.6%	0.0%
Q25 Referring to the preceding question, I know how significant is the hospitality, food and entertainment industry in your local market	36.6%	51.6%	10.5%	1.3%	0.0%
Q26 I know the activity within the property market in my local market	31.4%	51.6%	13.1%	3.9%	0.0%
Q27 I know what my competitors' unique strengths are	26.1%	55.6%	14.4%	3.9%	0.0%
Q28 I know what my competitors' unique weaknesses are	23.5%	54.3%	16.3%	5.9%	0.0%
Q29 I know who their key staff are and what makes them attractive to recruit	13.7%	32.7%	29.4%	22.2%	2.0%

Q30 I know what activities, events and promotions does the competitor get involved in that FNB does not?	16.3%	56.9%	15.0%	11.8%	0.0%
Q31 I know what is FNB's market share in my local market	37.3%	51.0%	9.8%	2.0%	0.0%
Q32 I can describe (or rate) consumer knowledge relating to products (and services) offered by my bank	24.8%	59.5%	13.7%	1.3%	0.7%
Q33 I know the make up (segments) of my customer base	41.2%	51.0%	7.8%	0.0%	0.0%
Q34 My customer base represent (reflect) the market profile and potential of your local market	36.0%	52.9%	9.2%	2.0%	0.0%
Q35 I know what is the dominant segments of the consumers in my local market and what would their banking needs be	35.3%	56.2%	7.8%	0.7%	0.0%
Q36 I know who the key retailers in my local market banks with	34.6%	47.7%	13.1%	3.9%	0.7%
Q37 I know who the professionals in my local market are (doctors, lawyers/ accountants/ engineers/ architects) and how many bank with in my branch	29.4%	47.7%	15.0%	5.9%	2.0%
Q38 I know how many of these customers I have lost to the competitors in recent months	25.5%	40.5%	21.6%	10.5%	2.0%
Q39 My staff take responsibility (and accountability) of the strategic plan's implementation	15.0%	55.6%	18.3%	9.2%	2.0%
Q40 I include staff in putting together strategic (or tactical) plan	29.4%	56.2%	11.8%	2.6%	0.0%
Q41 My staff and I allocate time to discuss and revisit the strategic (or tactical) plan	21.6%	60.8%	11.8%	3.9%	2.0%
Q42 Everyone in my branch has a good idea of the decisions and actions for which he or she is responsible regarding the strategy plan	20.9%	62.1%	12.4%	4.6%	0.0%
Q43 Important information about the competitive environment gets to be shared among all concerned	21.6%	65.4%	9.2%	3.9%	0.0%
Q44 My team usually have the information they need to understand the bottom-line impact of their day-to-day choices	27.5%	54.9%	14.4%	2.6%	0.7%
Q45 I have access to the metrics I need to measure the key drivers of my business (eg. Business Intelligence or BI portal)	42.5%	47.1%	9.2%	1.3%	0.0%
Q46 Support management get involved in operational strategy decisions	26.1%	53.6%	13.1%	6.5%	0.7%
Q47 The individual performance-appraisal process differentiates among high, adequate, and low performers	22.2%	59.5%	9.2%	8.5%	0.7%
Q48 The ability to deliver on performance commitments strongly influences career advancement and compensation	27.5%	45.8%	19.6%	4.6%	2.6%
Q49 The primary role of head office staff here is to support the branches	30.7%	49.7%	12.4%	5.2%	2.0%
Q50 Besides salary, many other things motivate individuals to do a good job	28.1%	47.1%	13.1%	9.2%	2.6%
Q51 Information flows freely across the bank	17.0%	55.6%	18.3%	7.8%	1.3%
Q52 I have adequate staff to execute my plans	11.8%	40.5%	20.9%	20.9%	5.9%
Q53 People are measured or rewarded for executing the plan	15.7%	47.7%	22.9%	11.8%	2.0%

Q54 Senior management explains reasons behind changes in priorities	18.3%	52.9%	19.0%	6.5%	3.3%
Q55 Senior management confront difficult performance problems and hold people accountable	24.8%	52.9%	16.3%	4.6%	1.3%
Q56 Senior management effectively delegate and coach	17.7%	51.6%	20.3%	7.8%	2.6%
Q57 Meetings I attend are efficient, with clear agendas and appropriate attendees	22.2%	56.9%	15.7%	4.6%	0.7%
Q58 Senior management spend at least 30% of their time helping employees remove barriers to strategy execution	9.8%	34.6%	34.6%	16.3%	4.6%
Q59 Senior management provides recognition for performance	17.7%	45.1%	22.9%	12.4%	2.0%
Q60 Our performance measurement and review system is simple and effective	13.7%	43.8%	23.5%	14.4%	4.6%
Q61 We have good communication, cooperation and healthy conflict across functions	14.4%	54.9%	21.6%	7.2%	2.0%
Q62 My current salespeople are effective	11.8%	37.9%	19.6%	29.4%	1.3%
Q63 We hire and promote talented salespeople, meeting their targets	11.8%	36.6%	28.1%	22.2%	1.3%
Q64 Our sales managers are professional and effective	14.4%	48.4%	26.1%	9.2%	2.0%
Q65 I am aware of the perceptions my leadership and staff have about the bank's culture and whether it is supportive in the areas of collaboration, commitment, and creativity	20.9%	64.1%	13.1%	1.3%	0.7%
Q66 I am aware of the internal and external environments that may pose future growth opportunities or threats to my branch	26.8%	60.1%	12.4%	0.7%	0.0%
Q67 I feel that my management team shares the same level of awareness as I do in both the areas mentioned above	22.2%	54.9%	15.7%	5.2%	2.0%
Q68 I have a formal strategic planning process that is continually implemented each year? (Please do not consider formal budgeting processes when answering this question)	22.9%	58.8%	16.3%	2.0%	0.0%
Q69 I have a clear vision of the future and a path to get there that is shared by all in my branch	26.8%	58.8%	13.1%	1.3%	0.0%
Q70 I feel that my current vision and plan for the future represents the "best thinking" from all of the members of my management team	20.9%	60.8%	17.0%	1.3%	0.0%
Q71 My organisation is focused on results	53.6%	34.0%	12.4%	0.0%	0.0%
Q72 I know on a day-by-day basis how I am progressing toward your future vision	32.7%	48.4%	15.7%	3.3%	0.0%
Q73 My support management conducts regular results management meetings	22.9%	52.3%	16.3%	6.5%	2.0%
Q74 The bank encourages individual growth through training and development programs	38.6%	47.1%	11.8%	2.6%	0.0%
Q75 Individuals at all levels of the bank are appropriately involved in the development and achievement of the bank's goals	22.9%	49.7%	17.7%	9.2%	0.7%
Q76 Employees see a personal opportunity to satisfy their own needs by contributing to the achievement of the branch and the bank's goals	17.0%	52.3%	21.6%	8.5%	0.7%

Table B2 Correlation matrix – Questionnaire Items

Correlation Matrix ^a													
	Q5	Q6	Q7	Q8	Q9	Q10	Q70	Q71	Q72	Q73	Q74	Q75	Q76
Correlation Q5	1.000	.612	.505	.565	.200	.231	.397	.340	.389	.305	.380	.256	.304
Q6	.612	1.000	.578	.520	.357	.341	.408	.317	.289	.191	.324	.296	.331
Q7	.505	.578	1.000	.520	.285	.473	.353	.270	.362	.268	.369	.357	.326
Q8	.565	.520	.520	1.000	.465	.520	.367	.307	.411	.373	.340	.389	.370
Q9	.200	.357	.285	.465	1.000	.551	.344	.141	.268	.320	.277	.412	.427
Q10	.231	.341	.473	.520	.551	1.000	.279	.149	.337	.386	.291	.446	.378
Q11	.249	.336	.327	.330	.450	.522	.240	.083	.240	.239	.329	.406	.411
Q12	.372	.226	.399	.459	.452	.573	.290	.151	.311	.510	.333	.582	.489
Q13	.366	.332	.456	.528	.390	.517	.223	.162	.224	.375	.217	.482	.393
Q14	.203	.153	.362	.259	.360	.454	.164	.084	.236	.408	.217	.355	.302
Q15	.278	.253	.297	.265	.446	.377	.198	.071	.221	.342	.241	.423	.424
Q16	.439	.446	.411	.412	.228	.312	.358	.366	.356	.338	.406	.348	.289
Q17	.275	.326	.332	.277	.187	.160	.439	.365	.289	.262	.336	.206	.191
Q18	.470	.520	.410	.457	.183	.259	.375	.372	.336	.281	.304	.209	.222
Q19	.337	.406	.270	.334	.259	.135	.420	.314	.293	.258	.245	.248	.236
Q20	.487	.441	.372	.478	.309	.184	.483	.291	.322	.402	.285	.321	.360
Q21	.363	.506	.415	.433	.265	.263	.420	.403	.347	.295	.301	.310	.319
Q22	.383	.418	.398	.345	.124	.223	.336	.350	.309	.300	.296	.215	.189
Q23	.308	.441	.370	.369	.198	.322	.327	.415	.347	.302	.264	.169	.200
Q24	.234	.353	.344	.319	.151	.295	.330	.381	.344	.259	.239	.260	.202
Q25	.317	.319	.250	.358	.145	.217	.357	.344	.360	.227	.296	.217	.207
Q26	.308	.362	.298	.304	.130	.318	.386	.272	.354	.320	.154	.203	.117
Q27	.337	.390	.345	.380	.278	.396	.318	.218	.308	.181	.206	.213	.147
Q28	.260	.295	.271	.351	.319	.351	.314	.163	.262	.174	.170	.219	.167
Q29	.156	.192	.145	.188	.205	.229	.196	-.085	.111	.045	.049	.091	.188
Q30	.178	.220	.145	.139	.037	.193	.191	.011	.113	-.019	.064	.041	.089
Q31	.370	.432	.377	.430	.141	.261	.291	.308	.350	.283	.202	.201	.147
Q32	.255	.421	.375	.252	.244	.224	.395	.278	.395	.219	.247	.316	.222
Q33	.498	.537	.435	.396	.237	.241	.393	.455	.419	.274	.340	.315	.199
Q34	.414	.415	.359	.346	.159	.202	.339	.359	.418	.192	.385	.298	.235
Q35	.334	.423	.382	.311	.181	.224	.359	.397	.389	.232	.327	.268	.226
Q36	.250	.326	.332	.183	.087	.148	.360	.244	.267	.204	.139	.165	.132
Q37	.202	.244	.225	.233	.224	.273	.442	.192	.423	.363	.161	.175	.288
Q38	.114	.181	.200	.150	.106	.191	.351	.217	.290	.192	.152	.157	.181
Q39	.383	.359	.221	.322	.296	.205	.362	.170	.229	.290	.176	.323	.343
Q40	.376	.389	.336	.343	.320	.172	.573	.319	.392	.300	.295	.297	.286
Q41	.407	.347	.285	.269	.306	.203	.538	.154	.233	.251	.335	.295	.400
Q42	.444	.362	.340	.296	.254	.194	.499	.343	.399	.311	.330	.322	.424
Q43	.333	.298	.205	.386	.150	.231	.423	.290	.313	.222	.224	.129	.187
Q44	.413	.408	.296	.387	.256	.275	.496	.359	.421	.430	.345	.348	.424
Q45	.442	.398	.412	.442	.294	.329	.439	.483	.551	.408	.581	.434	.301
Q46	.351	.218	.323	.349	.347	.393	.354	.290	.302	.503	.400	.591	.483
Q47	.399	.353	.303	.497	.388	.373	.368	.207	.319	.472	.393	.533	.499
Q48	.279	.284	.337	.312	.351	.483	.479	.276	.318	.365	.493	.488	.495
Q49	.355	.291	.368	.294	.182	.212	.308	.287	.276	.380	.361	.414	.353
Q50	.233	.163	.213	.311	.248	.357	.231	.205	.234	.347	.320	.454	.298
Q51	.191	.134	.183	.275	.226	.324	.213	.154	.170	.370	.313	.543	.378
Q52	.114	.138	.093	.255	.369	.276	.237	-.032	.076	.347	.250	.344	.390
Q53	.273	.317	.267	.411	.419	.368	.291	.079	.274	.382	.396	.442	.483
Q54	.324	.314	.342	.318	.357	.327	.282	.278	.340	.531	.474	.487	.537
Q55	.335	.241	.305	.422	.324	.393	.355	.298	.516	.671	.502	.630	.503
Q56	.313	.256	.339	.437	.399	.442	.403	.196	.410	.648	.458	.651	.541
Q57	.442	.393	.354	.343	.412	.399	.381	.295	.382	.415	.593	.480	.451
Q58	.232	.181	.285	.276	.336	.418	.243	.101	.323	.423	.266	.528	.393
Q59	.305	.205	.363	.368	.358	.492	.283	.179	.430	.566	.455	.603	.503
Q60	.286	.210	.304	.421	.399	.460	.344	.062	.334	.417	.421	.565	.515
Q61	.321	.334	.325	.355	.380	.494	.478	.208	.325	.450	.535	.586	.594
Q62	.185	.117	.108	.232	.327	.372	.297	.093	.226	.313	.243	.309	.440
Q63	.185	.169	.111	.131	.255	.290	.294	.101	.308	.399	.275	.323	.476
Q64	.221	.197	.229	.291	.273	.318	.415	.172	.398	.522	.278	.416	.424
Q65	.513	.379	.391	.401	.232	.299	.518	.375	.458	.536	.467	.431	.413
Q66	.566	.511	.386	.423	.250	.261	.624	.571	.557	.474	.491	.390	.407
Q67	.444	.423	.333	.461	.399	.371	.552	.303	.402	.468	.364	.467	.533
Q68	.335	.346	.388	.314	.280	.280	.609	.440	.523	.417	.422	.357	.435
Q69	.400	.365	.277	.319	.298	.263	.688	.549	.562	.504	.413	.434	.532
Q70	.397	.408	.353	.367	.344	.279	1.000	.457	.523	.433	.446	.424	.588
Q71	.340	.317	.270	.307	.141	.149	.457	1.000	.582	.401	.516	.296	.217
Q72	.389	.289	.362	.411	.268	.337	.523	.582	1.000	.606	.500	.388	.402
Q73	.305	.191	.268	.373	.320	.386	.433	.401	.606	1.000	.417	.533	.513
Q74	.380	.324	.369	.340	.277	.291	.446	.516	.500	.417	1.000	.534	.468
Q75	.256	.296	.357	.389	.412	.446	.424	.296	.388	.533	.534	1.000	.704
Q76	.304	.331	.326	.370	.427	.378	.588	.217	.402	.513	.468	.704	1.000

a. Determinant = 3.943E-031

Table B2. Item Statistics - Factors

Support_Structure Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q49	1.98	.907	0.88
Q55	2.05	.846	
Q56	2.26	.930	
Q58	2.71	1.004	
Q59	2.36	.977	

Local_Market Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q22	1.71	.666	0.89
Q23	1.62	.679	
Q24	1.76	.741	
Q25	1.76	.686	
Q26	1.90	.771	
Q31	1.76	.705	

Competition Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q27	1.96	.751	0.81
Q28	2.05	.798	
Q29	2.66	1.033	
Q30	2.22	.860	

Staff Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q39	2.27	.898	0.80
Q40	1.88	.710	
Q41	2.04	.818	
Q42	2.01	.721	

Bank_Strategy Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q5	1.56	.606	0.87
Q6	1.57	.615	
Q7	1.62	.628	
Q8	1.66	.690	
Q9	2.29	1.032	
Q10	2.00	.752	
Q53	2.37	.951	
Q65	1.97	.673	
Q66	1.87	.635	
Q67	2.10	.872	

Sales Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q62	2.71	1.057	0.80
Q63	2.65	.997	
Q64	2.36	.908	

Strategy_Implementation Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q11	2.41	1.073	0.85
Q12	2.24	.946	
Q13	2.20	.913	
Q14	1.95	.906	
Q15	2.43	.951	

Plan Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q68	1.97	.688	0.86
Q69	1.89	.664	
Q70	1.99	.659	
Q71	1.59	.703	
Q72	1.90	.779	
Q76	2.24	.857	

Customer Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q32	1.93	.704	0.85
Q33	1.67	.618	
Q34	1.77	.693	
Q35	1.74	.626	
Q36	1.88	.827	

Branch_Location Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q16	1.58	.646	0.91
Q17	1.65	.711	
Q18	1.68	.675	
Q19	1.81	.776	
Q20	1.76	.714	
Q21	1.67	.698	

Performance Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q48	2.09	.941	0.83
Q57	2.05	.789	
Q60	2.52	1.046	
Q61	2.27	.868	

Communication Statistics

	Mean	Std. Deviation	Cronbach Alpha
Q46	2.02	.847	0.82
Q47	2.06	.845	
Q51	2.21	.863	
Q75	2.15	.902	

ANNEXURE C: FACTOR EXTRACTION

Table C1: Factor Extraction

Total Variance Explained							
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	25.314	35.159	35.159	24.960	34.667	34.667	9.592
2	5.975	8.298	43.457	5.624	7.811	42.478	8.824
3	3.022	4.197	47.653	2.651	3.683	46.161	4.291
4	2.546	3.537	51.190	2.193	3.045	49.206	7.352
5	2.065	2.868	54.058	1.688	2.345	51.551	9.988
6	1.961	2.724	56.783	1.627	2.260	53.811	8.799
7	1.843	2.559	59.342	1.485	2.063	55.874	7.479
8	1.631	2.265	61.607	1.253	1.740	57.614	7.861
9	1.334	1.853	63.459	1.003	1.393	59.007	10.217
10	1.272	1.767	65.226	.922	1.281	60.288	7.122
11	1.234	1.714	66.940	.887	1.232	61.520	10.629
12	1.153	1.601	68.541	.800	1.111	62.631	8.288
13	1.047	1.454	69.995	.680	.945	63.576	7.877
14	1.021	1.418	71.413				
15	.967	1.344	72.757				
16	.952	1.322	74.079				
17	.922	1.281	75.360				
18	.877	1.217	76.577				
19	.804	1.117	77.694				
20	.756	1.051	78.745				
21	.746	1.035	79.780				
22	.715	.993	80.773				
23	.715	.993	81.766				
24	.671	.932	82.698				
25	.642	.892	83.590				
26	.622	.864	84.454				
27	.587	.815	85.269				
28	.570	.791	86.060				
29	.551	.766	86.825				
65	.072	.100	99.531				
66	.063	.088	99.619				
67	.060	.083	99.703				
68	.055	.076	99.779				
69	.048	.066	99.845				
70	.044	.061	99.906				
71	.042	.058	99.964				
72	.026	.036	100.000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total

ANNEXURE D: LETTER FROM LANGUAGE EDITOR

November 25, 2012



To whom it may concern

Re: Letter of confirmation of language editing

The dissertation *Identifying success factors of strategy planning in retail branches of a South African bank* by Benjamin Maseko (22591699) was language, technically and typographically edited. The sources and referencing technique applied was checked to comply with the Harvard reference technique. The dissertation is written in English (USA) because it suits Information Technology as topic better.

Antoinette Bisschoff

Officially approved language editor of the NWU
Member of SA Translators Institute (SATI) Member no. 1001891