

STRATEGY AND PERFORMANCE OF PRIVATE BANKS IN MYANMAR

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Abstract

This study is an attempt to analyze the strategies and performances of private banks in Myanmar. The main objective of this study is to identify the strategies practiced by the private banks in Myanmar to evaluate their performances and to explore the linkages between the strategies and performances. Data are analyzed using both exploratory and descriptive methods in quantitative and qualitative analysis. The study shows that most organizations appreciate the importance of the strategy to achieve business success. The study applied the Miles and Snow's types of strategy: prospector, analyser, defender and reactor. Findings from this study point out that one fourth of the respondent banks practiced prospector strategy, another one fourth practiced defender strategy and the remaining banks used analyzer strategy, but none of the remaining respondents applied reactor strategy. On the whole, the prospector banks appeared to be able to communicate the strategy from the top to bottom more effectively than the analyser and defender banks. From the analysis of financial and non-financial performances, it discovered that the prospector banks (KBZ bank and AYA bank) achieved higher level performance in non-financial performance but could be deduced in terms of financial performance that the defender bank (SMIDB bank) and analyser bank (FPB bank) realized a higher performance level. The study suggested that by using performance for a different period or covering a longer time period will be able to confirm any changes in strategy choices and their results will affect on the performance of the banks.

Key Words: Strategy, Financial Performance, Non-financial Performance.

Introduction

The stability of the financial sector and its development are crucial requirements for the economic development of a country. Although the financial sector covers a wide range of businesses such as banks, insurance companies, credit societies and finance companies, it is the banks that are the major players, posing as the main pillar that supports the stability as well as

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* Best Paper Award winning Paper in Business and Economics, (2017)

the development of the sector. An efficient and dynamic banking system not only promotes the financial sector but also plays a critical role in the allocation and mobilization of the country's resources. A stable and solid banking system is generally considered as an engine for the economic growth. Hence, the health of an economy is closely related to the soundness of the banking sector.

The banking industry likewise is facing the challenges of the complex and dynamic nature of its environment. With the modern technology, global financial liberalizations and innovations, the banking sector has advanced enormously. However, the inevitable environmental changes pose various risks and threats in the operations of individual banks. Hence, the banks need strong and effective strategies to cope with the risks and threats as well as to guide their operations in their pursuit of superior performance within the bounds of the contemporary financial sector.

The bank is able to assess its performance and determine whether it is on track in relation to achieving its strategic goals. Organizational strategy and ensuing objectives are seen as the most important factors determining the choice of performance measures. In particular, organizational strategy can be an important determinant of a company's performance measurement system. Hence this study as an attempt to explore the strategies that are currently being pursued by private banks and their relatedness to performance.

More importantly, there had been no study conducted on the linkage between strategies and performance in Myanmar banking industry. To answer for this limitation in the number of studies, this study endeavors to explore the strategies used in the Myanmar private banks, measure the performance based on both financial and non-financial measures and finally analyze the linkage between strategies and performance of private banks in Myanmar.

Method of the Study

Business strategy defines the manner in which companies compete in a specific industry or market (Walker, Ruekert 1987). The strategy of an organization is the outline of the way it aims to pursue its goal within the constraints of its environment. A strategy is considered to be effective if it

results in sustainable competitive advantage for the organization, resulting in superior performance (Ousthuizen 1997). The essence of formulating strategies is choosing whether the firm will perform different activities than its competitor or will execute similar activities more efficiently than its competitors do.

There are two models for formulating strategies: Porter's Model of competitive strategies and Miles and Snow strategy typology. Each provides a framework for competitive action. Porter's Model introduces a framework describing three competitive strategies: low cost leadership, differentiation and focus. To use this model, decision makers evaluate the competitive advantage and the competitive scope. With respect to advantage, managers determine whether to compete through low cost or whether to offer unique or superior products or services and then command a premium price. The other factor considered scope is whether to compete in a narrow or broad customer segments.

Thus Porter's Model is concerned with a given environment and management's role is to make a choice among alternative strategies. For the banking sector which is being challenged by environmental changes, Porter Model is obviously not a suitable model for strategy formulation.

The other business strategy model developed by Miles and Snow is a typology based on the idea that managers seek to formulate strategies that will be congruent with the external environment. In this model, the organization seeks to find a fit among internal organizational characteristics, strategy and the external environment. The four strategies developed by Miles and Snow are the prospector, the defender, the analyser, and the reactor.

A careful analysis of the two models reveals that Miles and Snow's Model which considers the strategic fit with the firm operating environment is more compatible with the realities of the banking sector. Thus, this study has adopted the Miles and Snow Model in the analysis of firm strategies and the related performance.

Differences in strategy can be expected to result in differences in focus on key performance indicators according to the type of strategy adopted. This leads to the following research questions to be explored in this study.

- (1) What are the type of strategies that are being adopted by individual private banks in Myanmar?
- (2) Are there any significant differences among the performance of private banks?
- (3) Are there any linkages between strategies and performances of private banks in Myanmar?

Therefore, The objectives of this study are as follows:

- (1) To identify the strategies adopted by private banks in Myanmar.
- (2) To analyse the performance of private banks in Myanmar.
- (3) To establish the linkages between strategies and performance of private banks in Myanmar.

Traditionally, performance measures were focused solely on financial accounting measures basing on past performance and favoring a short-term view and failing to provide long-term strategic perspective. The current trend however, is the endeavoring by companies to achieve financial goals through innovations and satisfaction of employees and customers. Hence, to appraise the achievement of a bank, a good measure of its performance in terms of customer satisfaction and employee satisfaction is required. Therefore, this study intends to analyze strategies and then influences on performance of private banks in Myanmar.

The conceptual framework

From the above discussions, the study has developed the conceptual framework as shown in Figure 1.

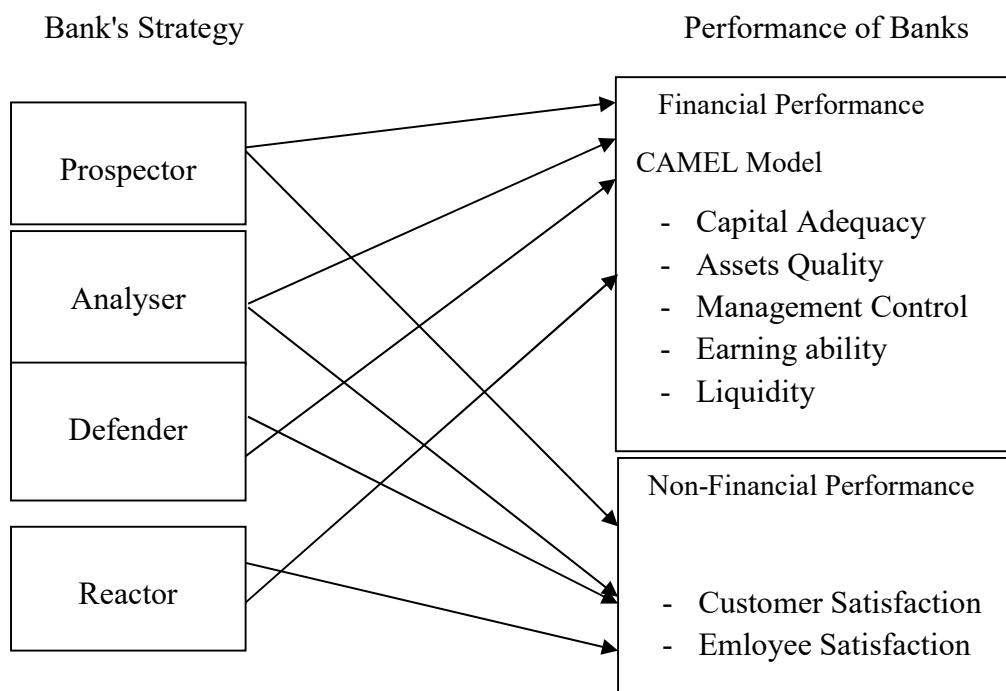


Figure 1. Conceptual Framework of the Study

As presented in this figure, this study uses defenders, prospectors, analyzers and reactor strategies to measure business performance strategies according to Miles and Snow's typology. The criteria for performance measures are financial and non-financial performance measures. To measure financial performance, five variables are used; capital adequacy ratio, asset quality, management control, earning ability and liquidity. To measure non-financial performance measure, two variables are used; customer satisfaction and employee satisfaction. Employee satisfaction is generally considered as the driver of the employee retention and employee productivity. Satisfied employees are a prerequisite for increasing productivity, responsiveness, and quality and customer service (Kaplan 1996). Employee satisfaction means how satisfied employees are with their jobs. In general, employees want to be treated fairly and be respectable to them. If they are treated better they are satisfied and put their effort into organizational functioning. This is one of the reasons why organizations are concerned with employee job satisfaction. The result achieved from organization performance tends to focus organization's human resource policy.

There are seven elements of criteria that determines employee satisfaction; job content, relationship with supervisor, relationship with co-workers, training and development, salaries and incentives, promotion and career development.

The customer's satisfaction in the selected private banks is measured according to these eight criteria. They are customer expectation, bank appearance, and bank service, concern for mistake, trust, staff appearance and staff responsiveness.

Sample and data collection

Primary as well as secondary data were applied in this study. Primary data was collected by using questionnaires with five-point Lickert scales, ranging from 1= 'strongly disagree' to 5= 'strongly agree'. Secondary data were collected from published reports, documents, newspapers, journals, magazines, the web sites of banks, other internet sources.

There are 23 domestic private banks which are currently operating in Myanmar. From these, eight private banks were selected by using simple random sampling method. Eight selected private banks are Myanmar Oriental Bank Ltd, First Private Bank Ltd, Kanbawza Bank Ltd, Small and Medium Industrial Development Bank, Ayeyarwady Bank Ltd, Myanmar Apex Bank Ltd, Asia Green Development Bank Ltd and United Amara Bank Ltd.

In all, (240) bank's officials and specialists were selected in equal number (30 each) from the selected private banks based on simple random sampling method. Specifically, in order to ascertain whether the strategy orientation adopted by CEOs had been successfully communicated throughout the management ranks of each bank, senior and middle managers were asked to identify their banks' strategy type. This was further investigated through interviews with fifteen middle managers and fifteen senior managers in each of the selected private banks. The selected bank's official and specialists were then interviewed with the help of pre-tested questionnaire at their head offices.

This analysis determined financial soundness indicators of all private banks in fiscal year 2012-13 and 2013-14 were used. (50) customers were randomly selected from each selected private bank and, structured

questionnaires were given to measure their satisfaction. And then, (50) bank staffs of each bank were randomly selected to analyse their satisfaction level.

Measures and Methodology

Exploratory and descriptive methods were used in this study. Both quantitative and qualitative analysis were applied in this study.

Data collected were analyzed using descriptive statistics such as mode, mean and frequencies. Tabular analysis using average was used to identify the dominant strategy types.

The study analysed, both financial and non-financial performance (had been analyzed). Financial performance of the selected private banks were analyzed for the year 2012-2013 to 2013-2014 using CAMEL rating system. The Financial Soundness Indicators used to measure financial performance were calculated in terms of capital adequacy, assets quality, management control, earning ability and Liquidity ratios.

Financial ratios were measured by scores ranging from 1 to 5. If financial ratio is shown as percentage bad (or) worse as norms in critical value it will be regarded as score 5. If financial ratios shows percentage good (or) percentage best as per norms in critical value it will be regarded as score 1. If financial ratios show between percentage bad and good, the formula given below is used as inputs for calculating.

$$\text{Estimated score} = 5 - [(\text{FSIs\%} - \text{Bad\%}) / ((\text{Good\%} - \text{Bad\%}) / 4)]$$

The non-financial performance was analyzed based on customer satisfaction and employee satisfaction. In order to get the comprehensive understanding of the performance of private bank, in examining the quantitative data, the Statistical Package for Social Sciences (SPSS) software (version 16 for window) is applied to analyze the data in this phase.

Results/ Finding

Strategic Orientation in Selected Private Banks

The terms "defender", "prospector", "analyser", and "reactor" were not mentioned in the questionnaire. These terms were substituted by generic categories of "type 1", "type 2", "type 3" and "type 4", corresponding to the appropriate strategic type. Table 1 presents the responses to questions given to the personnel of the eight selected private banks.

Table 1: Strategic Orientation of Selected Private Banks

Bank	CEO Response	Senior Managers Response (%)	Middle managers Response (%)	Chi-Square tests
BHJJ KBZ	Prospector	Prospector (80%)	Prospector (73.33%)	.666
AYA	Prospector	Prospector (80%)	Prospector (53.33%)	.121
AGD	Analyser	Analyser (66.67%)	Analyser (86.67%)	.195
MAB	Analyser	Analyser (73.33%)	Analyser (60%)	.439
UAB	Analyser	Analyser (60%)	Analyser (60.67%)	.705
FPB	Analyser	Analyser (73.33%)	Analyser (60%)	.439
MOB	Defender	Defender (60%)	Defender (73.33%)	.439
SMIDB	Defender	Defender (73.33%)	Defender (66.67%)	.690

Source: Survey data (2014)

Table 1 reveals that out of the eight CEOs from the chosen private banks, two from KBZ and AYA banks responded that their banks adopt the prospector strategy, while four CEOs from AGD, MAB, UAB and FPB banks answered that their banks use the analyser strategy and the CEO's for the two remaining bank MOB and SMIDB gave the defender strategy as their strategy used in their banks. The researcher considered the averages of the responses to the questions under each strategy. The category with the highest mean value is taken to represent the dominant strategy type within the bank. The results are given in Table 2.

Table 2: Strategy Types

Banks	Types of Strategy				Dominant Strategy
	Prospector	Defender	Analysers	Reactor	
KBZ	3.98	3.41	3.46	2.11	Prospector
AYA	3.89	3.43	3.89	1.93	Prospector
AGD	3.65	3.46	4.03	2.38	Analyzer
UAB	3.80	4.04	4.13	2.11	Analyzer
MAB	3.58	3.49	3.79	3.33	Analyzer
FPB	3.65	4.09	4.15	2.17	Analyzer
MOB	3.28	3.59	3.39	3.05	Defender
SMIDB	2.81	4.29	2.90	3.60	Defender

Source : Survey Data (2014)

Table 2 clearly indicates the dominant strategies adopted by the eight selected banks. There are four banks that have adopted the analyzer strategy and two each of the prospector strategy and defender strategy. However, incase of AYA, there is the question of the averages for the prospector and analyser strategies happen to be the same on the choice of dominant strategy would be doubtful. To overcome this point, the study has made use of the mode value rather than the average to decide the dominant strategy. Hence the prospector strategy a higher mode value is chosen as the dominant strategy for AYA bank.

Analysis on Financial Performance of Selected Private Banks

Table 3: Overall Performance Ranking of Selected Private Banks

Bank	C		A		M		E		L		Group Rank		Composite Score
	Ave	Score	Ave	Score	Ave	Score	Ave	Score	Ave	Score	Ave	Rank	
KBZ	8.00	4.6	2.67	1.0	4.67	2.7	2.00	1.5	6.00	3.5	4.67	5	2.7
AYA	4.33	2.3	7.66	2.7	5.58	3.0	5.67	3.7	4.67	3.4	5.58	6	3.0
AGD	5.67	2.5	7.33	2.6	6.17	3.2	6.67	4.0	5.67	3.6	6.17	8	3.2
MAB	7.00	3.4	6.00	2.0	5.99	3.2	5.33	3.6	6.33	3.6	5.99	7	3.2
UAB	3.00	1.8	2.00	1.0	3.83	2.5	8.00	4.2	2.33	2.8	3.83	3	2.5
FPB	1.67	1.0	1.67	1.0	2.33	1.7	2.00	1.3	4.00	3.3	2.33	1	1.7
SMIDB	1.33	1.0	4.67	1.3	2.50	1.6	2.33	1.9	1.67	2.0	2.50	2	1.6
MOB	5.00	2.3	4.00	1.1	4.58	2.5	4.00	3.0	5.33	3.5	4.58	4	2.5

Source: Survey Data(2014)

Table 3 shows overall performance ranking for the period 2012/13-2013/14 of the selected private banks' as analyzed by CAMELS Rating System, FPB bank scored 1.7 and ranked first. SMIDB Bank score 1.6 and was ranked second respectively.

According to the CAMEL framework composite scores of one or less means the bank is in strong condition. None of the selected private banks managed to achieve this condition. However FPB bank, SMIDB bank and MOB bank have scores greater than one but less than two so that they achieve satisfactory overall performance, and the remaining bank with scores greater than two merely obtain average but satisfactory performance overall. All the banks are within the range of satisfactory performance so that they could cope with any changes in the banking sector and withhold any crisis and remain liquid and earn satisfactory returns.

Analysis on Non-Financial Performance of Selected Private Banks

Non-financial measures also are important indicators of the performance of the banks. However, the bank pays limited attention to non-financial measures despite the fact these measure mean are to retain their strong customer base and large market share. Non-financial performance includes measure of employee satisfaction and customer satisfaction.

Table 4: Employee Satisfaction of Selected Private Banks

Items	Mean Value							
	KBZ	MAB	AYA	AGD	UAB	SMIDB	MOB	FPB
Job Content	4.12	3.95	4.03	3.78	3.89	3.51	3.70	3.82
Relationship with Supervisor	3.88	3.76	3.92	3.56	3.69	3.27	3.48	3.42
Relationship with Co- Workers	3.88	3.96	3.95	3.63	3.79	3.49	3.86	3.83
Training & Development	3.93	3.60	3.70	3.28	3.51	2.47	3.24	3.23
Salaries and Incentives	4.13	3.56	3.85	3.51	3.48	2.97	2.94	3.02
Promotion	3.80	3.18	3.48	3.20	3.20	2.76	3.10	3.58
Career Development	4.21	3.76	4.00	3.50	3.80	3.00	3.32	3.49
Overall Employee's Satisfaction	4.01	3.67	3.85	3.5	3.67	3.05	3.32	3.42

Source : Survey data (2014)

Analysis of Table 4 reveals that KBZ bank received the top position overall employee satisfaction as well as all other measures except for relationship with supervisors where it is behind MAB bank and AYA bank. In contrast the SMIDB occupies the lowest position on all counts except in the case of salaries and incentives where it is slightly higher than MOB.

Table 5: Customer Satisfaction of Selected Private Banks

Items	Mean Value							
	KBZ	MAB	AYA	AGD	UAB	SMIDB	MOB	FPB
Customer Expectation	3.76	3.68	3.78	3.65	3.70	3.23	3.59	3.41
Bank Appearance	4.44	3.89	4.48	3.97	3.89	3.18	3.38	3.64
Reliability of Bank Service	3.98	3.74	4.07	3.66	3.59	3.11	3.49	3.87
Concern for Mistake	3.56	3.46	3.44	3.32	3.42	3.30	3.60	3.92
Willingness to help Customer	4.14	3.58	4.22	3.68	3.46	3.28	3.46	3.84
Trust	3.78	3.86	4.04	4.00	3.90	3.66	3.68	4.02
Staff Appearance	4.21	3.82	4.18	3.82	3.72	3.41	3.44	3.89
Staff Responsiveness	3.54	3.60	3.92	3.57	3.45	3.29	3.44	3.67
Overall Customer 's Satisfaction	3.93	3.71	4.02	3.70	3.64	3.29	3.51	3.85

Source : survey data (2014)

Table 5 indicates the measure of the banks' services. Hence also there is consistency in the results as AYA bank earned the highest customer satisfaction and the SMIDB bank got the lowest in almost all counts. The only exception is in the measure of the concern for mistakes where FPB bank performed better than AYA bank. Again, the variance between the scores for the banks in every count is quite small. Hence it could be deduced that all the selected banks enjoy comparable measures of customer satisfaction.

Analysis on relationship between strategy and performance of private banks

The differing strategic orientations suggest that measurement of performance in the banks may also differ. This study examines whether the adoption of specific strategic orientation influences the type and number of performance measure in selected private banks. Moreover, this study examines the relative influence of financial and non-financial performance measures on short-term and long- term decision-making.

Relationship between Strategy and Financial Performance

This study applies the CAMEL framework to analyze the selected private banks to identify the strengths and weaknesses of the performance. Table (Appendix 1) shows analysis of capital adequacy component ratios of selected private banks for the period 2012/2013 and 2013/2014 given by strategy types.

The reason why the prospector banks (KBZ bank and AYA bank), achieved a lower core capital to total deposit ratio is because they have not only extended a large number of branches but also have raised large amounts of total deposit. However, for the defender banks have only limited number of branches and thus lesser deposits are able to maintain a high ratio of core capital to total deposit.

The results indicate that the prospector banks have made extensive use of their core capital in investments in risk weighted assets. Thus they could improve their performance by investing their core capital to make loans interest earning. The other two types viz, analyser and defender banks more continuously use their core capital in making loans. Due to the limited number of branches they can also make less NPLs.

This study shows that the defender banks achieved score of 1.7 with ranking first. The analyser banks obtained score of 2.2 with ranking second and the prospector banks achieved score of 3.4 with ranking third. The composite of capital adequacy components reveals that the prospector banks with many branches, are high in both capital and deposits. However, to make profits, loans need to be implemented, acquisitions of fixed assets and other assets need to be done, which are risk weighted assets.

Table (Appendix 2) shows the analysis of selected private bank's assets quality component ratios from 2012/13 to 2013/14.

The composite of assets quality components for the financial year 2012-13 and 2013-14 reveals that the defender banks with average 1.67 %, score 1.8 and ranked first. The analyser banks with average 2 % score 1.7 and the prospector banks with average 2.33 % score 2.8 were ranked second and third respectively.

For asset quality component as a whole the defender banks have low non-performing loans. This is an indication that the defender banks are in good condition and are able to pressure their capital against NPLs.

Table (Appendix 3) shows the analysis of selected private bank's management control component ratios from 2012/13 - 2013/14.

The rating and ranking of the composite management control component shows that the defender banks scored 2.2 and ranked first followed by the analyser banks with the score of 2.6 and the prospector banks with score of 3.1.

Table (Appendix 4) shows analysis of selected private bank's earning ability component ratios for financial years 2012/13-2013/14.

The rating and ranking of the earning ability component ratios shows that the defender banks with the average ratio of 1.33 % and score 2.5, was ranked first followed by the prospector banks achieved the average ratio of 1.67 % and score 2.6 and the analyser banks with average ratio of 3 % score 3.1 were ranked second and third respectively.

The highest ranking achieved by defender banks was the result of adequate and proper control practised by these banks. The banks could manage to take full opportunity to earn full interest on their loans, as well as to reduce the number of NPLs. The low ranking of the analyser banks can be explained by the fact that they are recent comers into the banking industry and thus have not been able to attract enough clientele for earning income.

Table (Appendix 5) shows the analysis of the selected private bank's liquidity component ratios for the financial years 2012/13 - 2013/14.

The rating and ranking analysed by the liquidity component shows that the defender banks average ratio of 1.33 % and score 2.8 was ranked first. The analyser banks with average ratio of 2.33 % and score 3.7 and the prospector banks average ratio of 2.33% score 3.4 were ranked second and third respectively. The defender banks' small ratio indicated that they were subjected to lesser risks. They also maintained the most liquid assets. Therefore, they obtained the best position in liquidity component. The prospector banks on the other hand managed the highest deposits and highest

loans so that they were open to high risk. The prospector banks, with the lowest liquidity ratios, received the last position among all banks in liquidity component.

To assess the overall financial performance of the selected private banks, the study calculated the composite ranking and the results are conferred in Table 6.

Table 6: Relationship between Strategy and Overall Financial Performance Ranking

Bank's Strategy	Capital Adequacy	Asset Quality	Management Control	Earning Quality	Liquidity Quality	Component Score (Average)	Rank
Prospector	3.4	2.8	3.1	2.6	3.4	3.1	3
Analysar	2.2	1.7	2.6	3.1	3.7	2.6	2
Defender	1.7	1.8	2.2	2.5	2.8	2.2	1

Source: Survey Data (2014)

Table 6 shows the overall financial performance ranking for the financial years 2012/13 and 2013/14 from all selected private banks. The table reveals that by the CAMELS rating system, defender banks scored 2.2 and ranked first. The analyser bank scored 2.6 and ranked second while the prospector bank scored 3.1 and ranked third respectively.

The defender banks with overall top rank of one earned the top position in all components of the CAMELS framework except in the case of earning quality and liquidity quality. As these banks' composite ranking score is close to 2, they can be considered as satisfactory.

The analyser banks are basically strong. However as their rating score is 3, these are susceptible to extend shocks and easily fall under are thus as "Fair". These banks have suffered from some moderate weakness in management control and need to improve supervisory capacity of Board of Director and management team. These banks have manageable size and the capacity to cope with difficult situations, able to follow the rules and regulations, and acceptable risk profiles but analysed as lacking in supervisory concern.

The prospector banks with score of 3.1, and lowest rating but the composite rating is above 3 so that banks are analysed as in "average condition". These banks need to monitor and check in one (or) more than one component area. There are weakness in management supervision and cannot withstand fluctuations in the economy. Banks with composite score of (3) need to face external effects more than the other two type banks which have composite scores of (1) and (2). In addition as these institutions do not follow rules and regulations, have mixed manageable sizes and having capacity with risky profile and inadequate management control are termed as unacceptable. This kind of financial institutions needed to be monitored and checked with formal and informal enforcement actions.

The Relationship between Strategy and Non-Financial Performance

Generally, the banks do not pay much attention to non-financial measures as a means to retain their critical performance management system. Non-financial performance measures undertaken by banks are explained in two sections: employee satisfaction and customer satisfaction.

Relationship between Strategy and Employee Satisfaction

Table 7: Analysis on Employees Satisfaction by Type of Strategy

Items	Mean Score (M)			P-value
	Prospector Banks	Analysers Banks	Defender Banks	
Job Content	4.10	3.68	3.32	.000
Relationship with supervisor	3.90	3.68	3.37	.000
Relationship with Co- Workers	3.91	3.86	3.68	.028
Training & Development	3.82	3.40	2.86	.000
Salaries and Incentives	3.83	3.33	2.96	.000
Promotion	3.64	3.29	2.93	.000
Career Development	4.10	3.64	3.16	.000
Overall Employee Satisfaction	3.90	3.55	3.18	.000

Source : Survey data (2014)

Table 7 reports the summarized results of one-way ANOVA for difference among mean scores of employees satisfaction by each strategy typology. This study indicates that there are significant differences between the three typologies and seven criteria of the employee satisfaction. The study discovered that banks with different strategies have different effects on employee satisfaction. The result indicates that prospector banks relied on more overall employee satisfaction than analyser banks and defender banks. This is confirmed by one - way ANOVA test, which shows that there are significant differences between prospector, analyser and defender in term of the total number of measures used ($p < .05$). It can be found that bank customers at prospector banks and analyser banks also agree with overall satisfaction at their banks. Bank's employee at defender banks disagree with overall satisfaction at their banks. The Table's overall results show that the employees from the prospector banks are the most satisfied with their jobs.

Relationship between Strategy and Customer Satisfaction

Table 8: Analysis on Customer Satisfaction by Type of Strategy

Items	Mean Score (M)			P-value
	Prospector Banks	Analyser Banks	Defender Banks	
Customer Expectation	3.77	3.74	3.41	.000
Bank Appearance	4.46	3.85	3.28	.000
Reliability of Bank Service	4.02	3.60	3.23	.000
Concern for Mistake	3.50	3.53	3.45	.732
Willingness to help Customer	4.18	3.64	3.37	.000
Trust on Bank	3.91	3.95	3.67	.004
Staff Appearance	4.19	3.81	3.42	.000
Staff Responsiveness	3.73	3.58	3.37	.001
Overall Customer Satisfaction	3.97	3.71	3.40	.000

Source : Survey data (2014)

Table 8 indicates that there are significant differences between the three typologies and seven criteria of the customer satisfaction. The study discovered that banks with different strategies have different effects on customer satisfaction. The result indicates that prospector banks relied on more overall customer's satisfaction than analyser banks and defender banks. This is confirmed by one - way ANOVA test, which shows that there are significant differences between prospector, analyser and defender in term of the total number of measures used ($p < .05$). It can be found that bank customers at prospector banks and analyser banks also agree with overall satisfaction at their banks. Bank customers at defender banks disagree with overall satisfaction at their banks.

Discussion

From the analyses of employee satisfaction and customer satisfaction, the study found that prospector banks had higher mean value than the other banks on both counts. In addition, as these two banks belonged to the group using the prospector strategy, it would be deduced that prospector banks achievement is of higher level in term of non financial performance, but in terms of financial performance, the defender banks achieved the higher level.

However, the other two banks that were not performing well now right with the experience and exposure they were getting from the business environment improved and raised their performance by changing from defender strategy to either prospector or analyser strategy.

In order to improve the bank's operations and to achieve sustainable growth the following plans should be implemented for the near future:

- (1) Defender banks and analyser banks must open more bank branches in towns and townships where there are potential for business.
- (2) Defender banks and analyser banks providing services to the customer based on modern technology, customize offerings and treating customers based on their interest with some variation in utilizing effectively.
- (3) Prospector banks must reduce to the optimal level of operations and diversify it to increase profitability.

- (4) The private banks promote banking business, in line with advanced technology, for prompt dependable and modernized operations.
- (5) The private banks upgrade the banks human resources systematically in order to develop internal and external banking businesses.
- (6) The private banks should select bright and efficient personnel for the bank and upgrade their capability.
- (7) The private banks should train the staff for the capacity development such as local and international training to be skillful, to be qualified.

Summary

To determine a strategy, it is very important for the company to have a comprehensive assessment of its own capabilities and performances relative to the competitors as well as the company's positioning in the industry. The external analysis assesses the macroeconomics environment of economics growth which includes interest rates, currency exchange, regulations, and general expectations of the organization role in society.

The study highlighted the importance of the banks selection a suitable strategy that simultaneously builds on its strengths and reduces its weaknesses. At the same time, the bank must select performance measure that helps it translate that strategy into action, which will improve its performance. The banks that select the wrong strategy or the wrong performance measurement to drive their strategy to meet the expectations, may not survive, especially in an unstable environment. Therefore, the challenge for banks is to align their internal perception with the external perception, as this in itself may be a signal for managers in their choice of performances.

To be successful in the industry, banks need to be supported by qualified and professional human resources. For the newly established banks to recruit experienced professional in the banking industry will be costly. Thus the human resource departments from the banks should be not only fully qualified but also have adequate understanding and commitment to their jobs. Competition in banking industry is getting stiffer every day. All the players in the banking industry are competing to provide innovative products and services to the customers. To deal with this situation, it is very essential for

banks to keep innovating and maintaining high level of service to give value to their customer. The private banks providing services to the customer based on modern technology, customize offerings and treating customers based on their interest. With competitive products and excellent service quality, can expect to give high customer satisfaction and loyalty, and eventually increase market share.

Limitations and further research

This section attempts to explain the requirements for further study and the limitations of current study. Firstly, this study only focused on strategy and performance of selected private banks in Myanmar. Thus, all private banks should be explored as a further study in order to compare financial performance and non-financial performance. A research using performance for a different period or cover a longer time period be encouraged to confirm any changes in strategy choices and their resulting effect on the performance of the banks. A further study could be done on strategy and the performance of private banks in Myanmar using Porters' competitive strategy and Kaplan and Norton's Balanced Scorecard to evaluate the firms performance. A further research work could also be undertaken in other industries such as manufacturing, retailing, hospitality and health industries and profit and non-profit institutions to help drive the implementation and measurement of their strategies.

Acknowledgements

I would like to express my sincere thanks to all of my teachers who have taught me and guided me throughout my study life. I would like to express my respectful thanks to Professor Dr.Tin Tin Htwe, Principal of National Management Degree College, and Professor Dr Thynn Thynn Myint, Head of the Department of Business and Economics for their permission to submit this paper. I would like to thank the responsible persons from the selected private banks in helping data collection and finding any resources which might have been helpful to this paper. I am thankful to those numerous persons from the banks where the surveys were carried out, especially CEOs, senior managers, middle managers and bank staffs who patiently respond to all questions and also customers to participate in response of questions for this paper. I would like to express my deep gratitude to the people who had been very helpful to me during the time that took me to write this paper. Without the support from these people, I would not be able to complete the paper.

Finally, I would like to tender my deep thanks to my parents and my family for their care, continuous support, understanding and encouragement throughout my life.

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Table
Capital Adequacy Component Ratios of Banks by Strategy Type

Bank's Strategy	Capital Adequacy Component Ratios											
	C2			C3			C1			Group Rank		Component Score
	Average	Rank	Score	Average	Rank	Score	Average	Rank	Score	Average	Rank	Score
Prospector	6.94	3	4.7	16.67	3	2.6	18.16	3	3.0	3	3	3.4
Analysar	14.42	2	3.5	34.65	2	1.3	35.20	2	1.7	2	2	2.2
Defender	16.32	1	2.8	44.01	1	1.2	46.04	1	1.1	1	1	1.7

Source: Survey data (2014)

Notes: C1 = Capital Adequacy Ratio

C2 = Core Capital to Total Deposits

C3 = Core Capital to Risk Weight Assets

Appendix 2

Table
Assets Quality Component Ratios of Banks by Strategy Type

Bank's Strategy	Assets Quality Component Ratios											
	A1			A2			A3			Group Rank		Component Score
	Average	Rank	Score	Average	Rank	Score	Average	Rank	Score	Average	Rank	Score
Prospector	0.71	3	1.6	611.98	1	3.0	0.39	3	1	2.33	3	2.8
Analyser	0.58	2	1.5	442.77	2	2.5	0.32	2	1	2.00	2	1.7
Defender	0.24	1	1.2	427.80	3	1.3	0.18	1	1	1.67	1	1.8

Source: Survey data (2014)

Notes: A1 = Non- performing Loans (NPLs) / Total Loans

A2 = Provision / NPLs

A3 = Non- performing Loans (NPLs) / Total Assets

Appendix 3

Table
Management Control Component Ratios of Banks by Strategy Type

Bank's Strategy	Management Control Component Ratios								
	M2		M1		M3		Group Rank		Component Score (Ave; other 4 Component)
	Average	Rank	Average	Rank	Average	Rank	Average	Rank	
Prospector	78.12	1	83.82	1	65.26	2	1.33	3	3.1
Analysar	51.94	2	35.32	2	73.82	1	1.67	2	2.6
Defender	15.91	3	11.93	3	30.59	3	3.00	1	2.2

Source: Survey data (2014)

Notes: M1 = Total assets growth rate
M2 = Loans growth rate
M3 = Total income growth rate

Appendix 4

Table
Earning Ability Component Ratios of Banks by Strategy Type

Bank's Strategy	Earning Ability Component Ratios											
	E1			E2			E3			Group Rank		Component Score
	Average	Rank	Score	Average	Rank	Score	Average	Rank	Score	Average	Rank	
Prospector	2.61	2	2.9	25.29	1	2.9	21.89	2	1.9	1.67	2	2.6
Analysar	1.41	3	4.1	18.99	3	3.6	24.56	3	1.7	3.00	3	3.1
Defender	2.85	1	2.6	22.63	2	3.3	13.49	1	1.5	1.33	1	2.5

Source: Survey data (2014)

Notes: E1 = Return on Assets (ROA)

E2 = Return on Equity (ROE)

E3 = Operating Expenses/ Total Income

Appendix 5

Table
Liquidity Quality Component Ratios of Banks by Strategy Type

Name of Bank	Liquidity Quality Component Ratios											
	L1			L2			L3			Group Rank		Component Score
	Average	Rank	Score	Average	Rank	Score	Average	Rank	Score	Average	Rank	Score
Prospector	24.27	3	4.3	65.66	1	1.0	88.10	3	5.0	2.33	2	3.4
Analysar	27.36	2	3.9	67.94	3	1.7	80.88	2	4.4	2.33	2	3.7
Defender	34.46	1	2.8	66.93	2	1.0	78.45	1	4.5	1.33	1	2.8

Source: Survey data (2014)

Notes: L1 = Liquidity Ratio

L2 = Total Loans / Total Deposit

L3 = Total Deposits/ Total Assets