KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

COLLEGE OF ARTS AND SOCIAL SCIENCES

SCHOOL OF BUSINESS

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

AN ASSESSMENT OF THE IMPACT OF STRATEGIC PLANNING ON THE PERFORMANCE OF SELECTED RURAL AND COMMUNITY BANKS IN THE WESTERN REGION OF GHANA.

BY

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DECLARATION

I hereby declare that except for references to other people's work, which have been duly acknowledged, this thesis is a result of my own work, and that it has neither in whole nor in part been presented else where.

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DEDICATION

This dissertation is dedicated to the Almighty God for seeing me through these difficult times and for bringing this work to a successful conclusion. Also, to my children, Ebenezer Wireko Brobby and Sabina Ampon-Wireko for encouraging me throughout my studies.

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ABSTRACT

The study examined the impact of strategic planning on the performance of Rural and Community Banks in the Western Region of Ghana. Strategic Planning has been unknown to many Rural and Community banks prior to the 1990's. Lack of planning within the Rural banking sector contributed to the abysmal performance of these banks, contributing to the collapse of about 21 of these banks, and about a third of them going into distress. The intervention of the Association of Rural Banks (ARB) in organizing a series of seminars on strategic planning for these banks in 1999, and the implementation of strategic plans by these banks in 2000, led to the rapid improvement in the performance of these banks. The purpose of the study was to ascertain whether or not the introduction of strategic planning in the Rural and Community Banks has had any impact on the performance of these banks. The target population consisted of five rural and community banks selected from eleven rural and community banks in the Western Region, with a staff population of 300. The main instruments employed for data collection were questionnaires and secondary data. The study revealed that Management participation in strategic planning in the selected banks was significant, as the selected banks did not have enough financial resources to hire strategic planners from outside. The study findings also revealed that the introduction of strategic planning in the rural banking sector has improved the performance of the selected banks. The study recommends the use of strategic plans by rural and community banks to help improve the human resource base and the financial performance of their companies.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Strategic planning is a process of formulating and implementing decisions about an organization's future direction. This process is vital to every organization's survival because it is the process by which the organization adapts to its ever-changing environment, and the process is applicable to all management levels and all types of organizations. Strategic planners now assert that strategic planning is value-added component that can be a competitive advantage in the market place as well as a means of helping organizations to be on track. The grand promise of strategic planning has been to increase the efficiency and effectiveness of organizations by improving both current and future operations. Strategic planning provides a framework for management's vision of the future. The process determines how the organization will change to take advantage of new opportunities that help meet the needs of customers and clients. The strategic planning process is used by management to establish objectives, set goals and schedule activities for achieving those goals and includes a method for measuring progress (Kerzner, 2001).

The financial and monetary system in Ghana has operated in a very turbulent environment since the 1980s. The result of this turbulent environment has been a record number of failures of financial institutions during this period . It was in the wake of this turbulence that a number of financial institutions, including 21 rural and community banks, were closed down by the Bank of Ghana in 1999 for poor performance.

Realizing the threat the situation could pose to the rural banking fraternity, the Association of Rural Banks (ARB), the advocacy group for the rural banks in Ghana, decided to organize a series of seminars on the preparation of Strategic/Business plans nationwide for all rural and community banks in Ghana in 1999. Since 2000, when these banks began to prepare and implement their Strategic plans, the performance of these financial institutions has improved significantly. The aspect of strategic planning has been identified as extremely important in determining the growth and success of virtually all these banks. This study was undertaken to examine the relationship of strategic planning on the performance of rural banks.

1.2 Statement of the problem

Planning, organizing, controlling, and directing/leading are four primary management functions as described by Donnelly, Gibson, and Ivancevich (1998, p.7-8), as well as others such as Robbins and Coulter (1999, p.9-11), Slocum (1999, p.9-11). Planning is often cited as the most critical of the management functions in determining the overall long-term survival of the business entity. However, specific relationship of planning function to the profitability and performance of the business entity is uncertain. It is out of this uncertainty that this research project was undertaken. The viability of the monetary and banking system of Ghana is extremely important from an economic, political as well as social perspective. The success or lack of success of these financial institutions in the future may be significant for several reasons. Firstly, they make up a very large proportion of the financial firms in our nation, as indicated by a Bank of

Ghana data. Any structural changes in the industry could have a potential impact economically and socially, as majority of these institutions are in rural areas as opposed to urban areas. Secondly, the financial and banking system is still undergoing the effects of deregulation and policy-makers and regulators are still trying to adapt to this changing environment. Changes by policy-makers and regulators could potentially alter the financial services as it is currently known. A third factor is that rural and community banks have been one primary component of Ghana's dual banking system.

The rural and community banks are a network of independent unit banks in Ghana. They are regulated by the Bank of Ghana, and therefore form part of the regulated financial system. Rural banks are the largest providers of financial services in rural areas, and represent about half of the total banking outlets in Ghana,(IFAD, 2008). In the early days of their establishment, these banks performed very well, but their performance started to decline in the late 1990's due to lack of planning. The rural banks could not stand the competition in the banking industry leading to the collapse of 21 of them, and a majority of them going into distress. The Association of Rural Banks, sensing the threat facing these banks, organized a series of seminars for these banks country-wide, in the preparation of strategic plans, and tasked these banks to prepare strategic plans. Since the implementation of strategic plans by these banks in 2000, the performance of virtually all these banks has improved dramatically. The challenge of this study is to ascertain whether the aspect of strategic planning is important in determining the growth and success of virtually all these banks.

1.3 Objectives of the study

The main objective of this study is to expand the existing knowledge base regarding strategic planning practices in rural banks and assess its impact on corporate performance.

Specifically, the study seeks to

1. Measure the extent of management involvement in Strategic Planning practices in the selected Rural and Community banks.
2. Measure the performance of the selected rural and community banks.
3. Measure the relationship between Strategic Planning and the performance of the selected banks.
4. Determine the difficulties that have occurred during the implementation of Strategic Planning in the selected banks.

1.4 Research Questions

1. What is the extent of Management participation in the Strategic Planning practices of the selected rural and community banks?

2. What has been the performance of the selected banks since the introduction of strategic planning?

3. What is the relationship between strategic planning and performance of the selected rural and community banks.?

4. What difficulties have the selected rural and community banks encountered in the implementation of strategic planning?

1.5 Justification of the study

In defining the purpose of this study, the main objective of this study has been to expand existing knowledge base regarding strategic planning practices in small and mediumsized banks and the impact on the selected rural financial institutions. In order to do this, it is planned that a more up-to-date and complete description of the planning/performance relationship would result by examining the strategic planning practices of a random sample of small and mid-size banks and correlating their performance results. The data gathered by this sample would be used to describe, in a quantifiable manner, the relationship between strategic planning, managerial characteristics and financial performance. This will in the end inform us of how pragmatic strategic planning impact on the performance of rural financial institutions in Ghana .

The research finding from this study will serve as the basis for future research work on strategic planning, and will be useful for Government and policy makers in the financial sector. Furthermore, knowledge of Strategic planning and performance database could be enhanced. Finally, the study will bring to limelight the enormous contributions the rural and community banks make to the national economy.

1.6 Scope of the study

The study is specifically limited to rural financial institutions within the banking sector of the economy. The study did not include financial institutions which are classified as savings and loan associations/credit unions. These categories of financial institutions were not included in the study due to economic and practical considerations of the research design as it relates to the available data base for the study. Also convenience was factored in this respect. Along with identifying management characteristics which may be important to the planning process in the financial institutions, the study is limited by the subject population.

Again only five(5) rural financial banks in the commercial banking sector were analyzed to try and control various extraneous environmental factors, as all financial institutions operate in similar environment relative to regulations and operating practices.

1.7 Limitation of the study.

One limitation of the study is that some of the Institutions may be unwilling to release certain information for security reasons and for fear of competition. This could affect the questionnaire administration.

Secondly, the research was limited to only the data on the last five years before strategic planning and five years after strategic planning, and this could narrow the scope of the findings.

Thirdly, there was limited time for the study as it was carried out alongside studies and work. This caused the study to be limited to only a few rural and community banks.

The last constraint was financial. Due to lack of financial support, the study could not be extended to cover many rural and community banks.

1.8 Methodology

The study made use of questionnaires and secondary data from the selected banks. A random sample of the population of the study area was selected, and questionnaire administered to them, using face to face interviews. Secondary data was also obtained from the selected banks for a period of ten years, that is, five years before the introduction of strategic planning!(1996-2000), and five years after the introduction of strategic planning in the rural banking sector,(2001-2005).The data from the selected banks, together with the responses from the questionnaires were analyzed, using

correlation.

1.9 Organization of the study

The study would be divided into five chapters. The first chapter covers the introduction, background to the study, statement of the problem, objectives of the study, justification of the study, methodology, scope of the research, limitation and organization of the study. Chapter Two would deal with a review of previous literature work. Chapter Three presents the methodology of the study, it describes the study type and population chosen and the general procedure that the study followed. Chapter Four essentially draws the empirical results of the survey findings, discusses and interprets the results. Chapter five concludes the study with recommendations and suggestions.

CHAPTER TWO

LITERATURE REVIEW

The Chapter deals with the review of the relevant literature to the study.

2.1 Overview of Rural Banking in Ghana

Rural and community Banks are limited liability companies with shares owned by residents of the communities in which they operate. Rural and community banks are a network of independent unit banks in Ghana. They are regulated by bank of Ghana and thereby form part of the regulated financial sector in Ghana. These banks are the largest providers of financial services in rural areas, and also represent about half of the total banking outlet in Ghana (IFAD, 2008). By the end of the year 2008, these banks had 421 branches. Including head offices, there were about 548 service locations spread throughout the country.

Rural banking in Ghana takes its origin from the early 1970s. Prior to that period, the main operators of the financial market comprised of branches of commercial banks, credit unions, as well as other entities in the informal sector such as “susu” collectors and money lenders (Aseidu- Mante, 2011).

Financial intermediation in rural Ghana was at a very low level compared to the situation in urban areas. Before the establishment of the rural banks in the 1970s and the subsequent expansion of other services providers in the areas, access to credit was scarce (Ajai Nair and Azeb Fissha, 2010). In many rural areas secure and convenient savings and payment facilities did not exist. Many rural dwellers had to travel long distances to receive payment, transfer funds, and cash cheques for their produce.

2.1.1 Emergence and Growth of Rural and Community Banks (RCBs) (1976-1990)

The first rural bank was established in Agona Nyarkrom in the central Region of Ghana in 1976, and a second was opened the following year at Biriwa, a fishing community also in the central Region. By 1980, the number of rural banks had reached 20 (Ajai Nair and Azeb Fissha 2010).

Between 1980 and 1984, the number of rural banks rose rapidly and reached 106. This growth was stimulated by the increasing interest among rural communities to establish their own banks and by the introduction of the “Akuafo” cheques system in cocoa growing areas in 1982. With the increase in the number of rural banks, the number of people with bank accounts also increased. Salary and pension deposits for civil servants were transferred using rural banks networks. With the addition of credit lines, the consolidated loan portfolio of these banks grew. The repayment performance of these loans however, worsened, with non-performing loans increasing from 5% in 1982 to 70% in 1986. The capital available in most banks was not sufficient to cover the cost of bad debts (Ajair Nair and Azeb Fissha, 2010). This contributed to the deteriorating state of these banks.

2.1.2 The Association of Rural and Community Banks.

In an attempt to address these and other problems that were hampering the smooth operation of rural banks, a suggestion was made by the bank of Ghana to the rural banks to form an Association.

In 1981, the 31 rural banks came together to form the Rural Banks Association. The name was later changed to the Association of Rural Banks, Ghana. It was registered under the Companies Code, 1963,(Act, 179), as a non-profit, non-governmental organization limited by guarantee (Asiedu- Mante, 2011).

The aims and objectives of the Association of rural banks as enshrined in its Regulations were as follows:

- To provide and exchange information on rural banking services in Ghana, to serve as a forum for the discussion of common problems of rural banks and their possible solutions
- To promote and strengthen cordial relationship among rural banks in Ghana, and achieve the objectives of the rural banking system.
- To undertake the education of rural communities on the purpose and work of rural banks.
- To serve as an advocate for the well being of all rural banks in Ghana.
- To place the services of the Association at the disposal of the bank of Ghana and other organizations both inside and outside Ghana in pursuance of matters relating to rural banking and rural development.
- To ensure that rural banks are generally seen as instrument of national development in rural areas.

The Association therefore acts as a representative of all rural banks at all levels and in all matters relating to rural banking and the wellbeing of all rural banks. (Asiedu-Mante, 2011).

2.1.3 Consolidation of Rural and Community Banks

In an attempt to respond to the worsening financial performance of the rural and community banks (RCBs), the Bank of Ghana introduced some financial reforms. These included a review of the sector specific credit quotas and a reduction in agricultural loan; increase in the primary and secondary reserve requirement; closure of distressed banks and stronger role of the Bank of Ghana in examination and control of the banks (Andah and Steel, 2003). At the end of the 1990's, two major decisions were made to strengthen the supervision of the rural and community banks. One was to support the establishment of an Apex Bank which would provide support services to the rural banks and the second was to merge the Rural Financial Inspection Department (RFID) of the Bank of Ghana with the Banking Supervision Department (BSD) (Ajair Nair and Azeb Fissha 2010).

The government of Ghana decided to borrow from the World Bank and other donors to establish the ARB Apex Bank and for other activities to strengthen the rural financial sector. The Rural Financial Services Project (RFSP) co-financed by the World Bank, the International Fund for Agriculture Development (IFAD), and the African Development Bank (ADB) was approved by their respective Boards in 2000.

The Rural Financial Service Project (RFSP) became effective in 2001, and the ARB Apex Bank created by the rural and community banks commenced business in 2002 with financial support provided under the Rural Financial Services Project (RFSP).

Several key regulatory changes were made during this period. The secondary liquidity reserve requirement was reduced from 52% to 30% in 2006. The capital adequacy ratio was also increase from 6% to 10% and the paid up capital for existing rural banks was raised to GH150,000 and that for the establishing a new rural bank was raised to GH500,000 (Bank of Ghana, 2006).The Bank of Ghana delegated part of its supervisory function to the ARB Apex Bank Ltd and launched an electronic reporting system to ensure efficient supervision.

Moreover, some rural and community banks adopted a more commercial business model, and introduced innovative products such as micro finance, savings, and loans products. Many rural banks also started to use new techniques namely, group savings with credit and credit with education (CWE) to improve their performance (Andah and Steel, 2003).

2.2.0 The Strategic Planning Process

Strategic Planning is a management tool that helps an organization to focus its energy to ensure that members of the organization are working toward the same goals, and to assess and adjust the organization's direction in response to a changing environment. In short, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.

2.2.1 Strategic planning in Small firms

Berry (1998) argued that whether formal or informal strategic planning is carried **out,** managers should emphasize the substantive analytical elements of the process: scanning the environment, analyzing competitive activity, assessing strengths and weaknesses, identifying and evaluating alternative courses of action, reviewing and revising plans. Welsh and White (1981) argued that small businesses should use the same management techniques as their larger counterparts. Indeed, studies indicate that increasing numbers of small businesses are adopting strategic planning because of it benefits (Baker et al, 1993). For instance, Peel and Bridge (1998) found that strategic planning is crucially important for performance enhancement in small and medium size British manufacturing companies.

Shuman and Sussman (1985) studied the practice of strategic planning in small rapid growth companies in USA. The study found that, as the company grew, planning became more formal and structured. However, the general findings resulting from this study were that the involvement of CEOs in the strategic planning process was more than the other managers' involvement, and absence of perceived benefits from strategic planning to the company influenced negatively the CEOs' attitudes toward planning.

2.2.2 Effects of organizational Environment

The primary role of planning is to enhance the organizations' abilities to adapt to changing environmental conditions, to allow organizations to respond proactively to threats and opportunities presented by their environments, and to provide a mechanism for reducing environmental uncertainties (Ansoff, 1979). Planning researchers have suggested that the need for adaptation to environmental conditions depends on the nature of organizations' environments and that such needs are in turn reflected in the design of the strategic planning processes. Given the critical role of the environment, the majority of empirical research on the design of strategic planning processes has centered on the environmental effects of organizational planning.

The empirical literature on the effects of environment on the design of the planning processes has primarily focused on the impact of environmental uncertainty (Daft et al, 1988). Environmental uncertainty has been defined as the absence of information about environmental trends and events (Daft et al, 1988) and operationalised through constructs that tap the extent of environmental complexity and turbulence, (Duncan,1972). Other planning processes design studies (Grinyer et al, 1986) and studies focusing on environmental scanning processes have examined the effects of environmental change, volatility and complexity (Daft et al, 1988). Thus, researchers have focused on capturing the effects of organization environments through measures of perceived environmental uncertainty or its constituent elements of turbulence and complexity.

Competitive environments generate a need for pro-activeness and speed of adjustment to competitive conditions. In highly competitive environments, advance detection of environmental signals, transmission of environmental information to key decision makers are a timely fashion, and speed of decision making and implementation of strategic decisions become critical to the attainment of organization-environment alignment. Thus, organizations that operate in highly competitive environments will tend to develop planning processes that emphasize greater flexibility in their structures. High levels of competitive pressure may render inappropriate the formalized structuring of planning processes (i.e. extensive use of documentation, planning review schedules, and timetables as guiding mechanisms for development of strategies and evaluation and control of strategy implementation). Such bureaucratic structures may be more suited to organizations that operate in non-competitive, benign environmental conditions (Grinyer et al., 1981).

Competitive pressures place a premium on anticipation of rivals' action and reactions and thus increase the need for continuous surveillance of competitive conditions. Organizations that operate in highly competitive environments are, therefore, more likely to engage in a broader, more systematic scanning of their environments. Such organizations would also be expected to rely on a wider range of forecasting and analytical techniques for assessment of competitive conditions and for evaluation of strategic alternatives in conditions of high competitive pressure (Grinyer et al., 1986).

Process sophistication will be greater for organizations that operate in competitive environments than for organizations that operate in benign environments

Size of planning effort will be greater for organizations that operate in competitive environments than for organizations that operate in benign environments.

2.2.4 Effects of organizational complexity

In addition to its adaptive role, strategic planning fulfils an integrative role in functioning of an organization (Chakravarthy, 1987; Grinyer et al., 1986; Hax and Majluf, 1990; Lorange, 1980). Organizational complexity as reflected by large size, diversification, and divisionalization, increases the need for co-ordination and control of organizational activities (Vancil and Lorange, 1975). Such needs are manifested in the designs of strategic planning processes.

The complexity induced problems of co-ordination and control are further compounded as larger size, diversification and divisionalization tend to come together (Grinyer and Yasai-Ardekani, 1981; Grinyer et al., 1980). Researchers have further shown that larger, more diversified and divisionalized organizations are more bureaucratic in their structures (Grinyer and Yasai-Ardekani, 1980, 1981). In the more complex organizations, effective co-ordination and control of decentralized operations are attained through greater formalization of procedures (Grinyer and Yasai-Ardekani, 1980). This tendency towards greater bureaucratization in the more complex organizations is reflected in the design of planning processes. In such organizations, therefore, the formality of planning processes will tend to be higher.

2.2.5 Effects of Technology

Grinyer et al. (1986) argued that technological inflexibility increases the need for protection of core technology from environmental perturbations. Thus, organizations with more inflexible technologies will tend to develop planning processes that enable anticipation of long-term environmental trends and facilitate organizational adaptation to the environmental conditions. Organizations with more inflexible core technologies are therefore likely to expend more effort to protect their core technologies from environmental perturbations.

The greater vulnerability of organizations with inflexible technologies to environmentally induced disruptions suggests a broader and more intense monitoring of environments to enable early detection of warning signals (Grinyer et al,1986). Furthermore, inflexible, capital-intensive technologies with long investment gestation periods may necessitate careful forecasting and analysis of the long-term conditions in order to reduce the probability of errors before substantial commitment of funds (Grinyer et al 1986; Kukalis, 1991). Organizations with more inflexible technologies, therefore, would be expected to scan their environments more broadly and to rely on a wider range of sophisticated forecasting and analytical techniques to discern longer-term environmental trends and evaluate the impact of environmental changes and resource commitments on the organization's future operations (Grinyer et al., 1986).

2.3.0 Measurement of performance in the Rural banking industry

The Chartered Institute of Management Accountants (CIMA) official Terminology, (2005, page 16) defines performance measurement as "the process of assessing the proficiency with which a reporting entity succeeds by the economic acquisition of resources and their efficient and effective deployment in achieving its objective .Performance measures may be based on non-financial as well as on financial information. Performance measurement is pertinent to all industry sectors, types and size of organizations. Performance measures communicate the firm's objectives, and goals to the employees, monitor their progress and provide feedback on their efforts to senior management"

The above definition suggests that performance management is a process of ensuring that action is being taken towards achieving predetermined goals, and ensuring that the processes and targets are communicated within the organization.

According to Merchant and Van der Stede (2007), organizations need to measure performance not only to ensure that they are meeting their organizational goals but also to encourage new ideas and innovations, to promote change and to better understand best practices. Organizations need to control their expenses and performance measurement can help in doing that. Performance evaluation is important in motivating employees to enhance performance, and is an essential element of an organization's control system. Feedback is important in the financial services industry as in other types of business organizations, and a major part of this feedback is provided by performance evaluation.

Similarly, Lawson, Stratton and Hatch (2003), states that the use of performance measurement and management systems as a management control tool reduces organization’s overhead costs by 25% and increases organizational sales and profit.

2.3.1 Methods of performance measurement

Management accounting theory suggests that two different measures of branch performance should be computed. One is to evaluate the economic or financial performance of each branch and the other is to evaluate the performance of branch managers (managerial performance) (Drury, 2005; Merchant K. and Vander Stede W. 2007; Burksaitiene D. 2008).

According to Drury, C., and El-Shishini, H., (2005,p.25) “the need to distinguish between divisional managerial and economic performance leads to three different profit measuresdivisional controllable profit, divisional contribution to corporate sustaining costs and profits, and divisional net income.

Despite this suggestion, the literature reviewed showed that only a few studies (e.g. Drury, 2005; Burksatiene D. 2008) have examined whether divisionalized companies used different performance measures for measuring the performance of their division and the performance of their divisional managers. Studies by Lorenzo (2008) have employed the need to use multidimensional performance measures in the service sector such as the banking sector.

Moreover, only a few of the literature reviewed studied the application of performance in the financial sector (e.g. Franklin, G., Menaccre K. and Pegum R.,(2009).

However, taking into consideration the important role that the rural banks play in saving mobilization in the rural areas, and their contribution to the national economy, there is the need to research into how the performance of the banks are measured (Agyei-Mensah, 2010).

2.3.2 Financial performance measurement

Many organizations evaluate their performance and also control the behavior of their managers and employees through the use of financial measures.

Common financial performance measures used include profitability, return on capital employed, economic value –added, revenue growth, cost reduction and cash flow. These financial measures show where a company should focus its efforts, what business processes need to be improved and identify weaknesses of that organization. Despite all these platitudes, Chaudron, (2003), cautions that if senior management focuses only on the financial health of the organization, several consequences may arise.

Among the most common profitability indicators are the Return on Investment (ROI), Return on Equity (ROE), Return on Capital Employed (ROCE) and Return on Assets (ROA).

Relying heavily on return on investment (ROI) measures in a results-control system can cause some problems. One major limitation of the return on investment (ROI) measures is that of inducing sub-optimization. As stated by Merchant and Van der Stede (2007 p.420), “ROI measures can create a sub-optimization problem by encouraging managers to make investments that make their divisions look good even though those investments are not in the best interest of the corporation".

Perhaps the greatest criticisms of the financial performance measures have come from Merchant and Van der Stede (2007. PP.413-414). They have identified several reasons why accounting profit measures do not reflect economic income perfectly as follows:

- Accounting systems are transactions oriented. Accounting profit is primarily a summation of the effects of the transactions that took place during a given period. Thus most changes in value that do not result in a transaction are not recognized in the income statement.
- Accounting profit is highly dependent on the choice of measurement method. Multiple measurement methods are often available to account for identical economic events. The typical examples frequently cited are the various methods of depreciation and stock valuations where depending on the method used different amounts of profit can be computed.

- Accounting profit is derived from measurement rules that are often conservatively biased. Accounting conventions require slow recognition of gains and revenues but quick recognition of expenses and losses. This is what is termed as the prudence concept in financial accounting.
- Profit calculations ignore some economic values and value changes that accountants feel cannot be measured accurately and objectively.

In spite of the criticisms of the use of financial performance measures, organizations continue to use it as the main control measure. Several reasons, according to Merchant and Van der Stede (2007, pp 253-254), account for the wide use of financial measures among which are:

- First, profits and cash flows ensure the organizations' survival. They also provide returns to investors and are among the primary measures outsiders use to evaluate the organizations' performance.
- Second, financial measures provide a comprehensive, summary measure of performance. They aggregate the effects of a broad range of operating initiatives into a single measure, thus reducing the possibility of conflicting signals about the importance of various operating indicators.
- Third, most financial measures are relatively precise and objective. They generally provide significant measurement advantages over qualitative and subjective information.

It was due to the criticisms of the financial performance measures that some have argued for the inclusion of non-financial performance measures.

2.3.3 Non-financial performance measurement

CIMA official Terminology (2005) defines non financial performance measures as measures of performance based on non financial information which may originate in and be used by operating departments to monitor and control their activities without any accounting input.

Sims and Smith, (2004) quotes Sheridan, that U.K companies by 1994 were discovering the usefulness of non-financial indices such as:

- Quality
- Number of customer complaints and warranty claims
- Lead time
- Delivery to time
- Non-productive hours

Measures such as these can be provided quickly for managers, on a daily or even hourly basis.

Researchers started to agitate for the use of a combination of both measures when it was realized that it was not conducive to evaluate the performance of an organizations using either financial or non-financial measures

2.3.4 Integration of financial and Non-financial performance measurements (The Balanced Scorecard Method.)

Financial performance measures are frequently criticized on the ground that they can lead to many behavioral problems including behavioral displacement, myopia (i.e. focusing on achieving results in the short term) and dysfunctional behavior in terms of budgetary slack and data manipulation, Merchant and Van der Stede (2007).

With the traditional performance measurement systems based on financial measures failing to integrate all those factors critical in contributing to the rapid development of business

excellence, people started agitating for a multi-dimensional performance measure. The balanced scorecard was developed as one of the measures that meet the
criteria.

The Balanced Scorecard Institute (2008), describes the balanced scorecard as a strategic planning and management system, which is being used extensively in business and industry as well as in government and non-profit organizations worldwide to align business activities to the vision and strategy of the organization and to improve communication (external and internal) and monitor the performance of the organization against its goals.

The balanced scorecard originated as "a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of the organizations performance" (The Balanced Scorecard Institute,2008).

According to Drury, (2007, p1001) "the aim of the (balanced) scorecard is to provide a comprehensive framework for translating a company's strategic objectives into a coherent set of performance measure…… A critical assumption of the balanced scorecard is that each performance measure is part of a cause-effect relationship involving a linkage from strategy formulation to financial outcomes"

2.3.5. The measure of performance used in the Study

The study will combine the financial performance measures such as Profitability, Total Investments, Total Deposits, Total Advances, Total Assets, and Net worth or Shareholders' funds ,with the other non- financial measures such as quality, and speed of customer service delivery, increased staff performance, and reduction in customer complaints and warranty claims. The above financial performance measures were used because they constitute the measure of performance used for the rural banks by the ARB Apex Bank. (E.M.U.,ARB Apex Bank)

Profitability is expressed as total income less total expenses. Increase in profit indicates improved performance because increased profits reflects on return on assets, (ROA), return on investment, (ROI), and return on equity, (ROE).

Investments are in the area of Government securities and Shares in other institutions .Changes in investments also affect earnings and thereby affect the profitability ratios.

Changes in deposits also affect changes in the Institution's ability to invest in Government securities as well as its ability to grant advances to earn more income.
Total assets include both current and fixed assets, but high performing firms are those with more liquid and earning assets such as cash, investments, and advances.

The Net worth of an organization comprises the stated capital (owner's equity) plus accumulated reserves. Changes in the Institution's net worth reflect on changes in the reward shareholders receive from their investment.

2.4.0 The effects of Strategic Planning on Performance

According to Berry (1997) Strategic planning is a tool for finding the best future for an organization and the best path to reach that destination. Quite often, an organization's strategic planners already know much of what will go into a strategic plan. However, development of the strategic plan greatly helps to clarify the organization's plans and ensure that key leaders are all on the same script, but far more important than the strategic plan document is the strategic planning process itself. The strategic planning process begins with an assessment of the current economic situation. Firstly, examining factors outside of the company, that can affect the company's performance.

In most cases, it makes sense to focus on the national, local or regional and industry economic forecasts. This part of the analysis should begin early, at least a quarter or so before the formal planning process begins. Hence, it's been concluded that, strategic planning positively affects organizations' performance, or more specifically, the amount of strategic planning an organization conducts positively affects it's financial performance.

The result from past researches suggested that the intensity with which banks engage in the strategic planning process has a direct positive effect on banks' financial performance and mediates the effect of managerial and organizational factors on bank's performance. Results also indicated a reciprocal relationship between strategic planning intensity and performance. That is, strategic planning intensity causes better performance and in turn, better performance causes greater strategic planning intensity (Hopkins and Hopkins, 1997).

There is a constant need for organizations, especially financial institutions like banks to think strategically about what is going on (Schmenner, 1995). This appears to be precisely what banks, in particular have begun to do in recent years. In response to increasing complexity and change in the financial services industry, banks have turned to strategic planning. The relatively new trend towards strategic planning in banks is viewed as a move designed not only to help them negotiate their environment more effectively, but to improve their financial performance as well (Bettinger, 1996; Bird, 1991; Prasad, 1999). In consistent results of bank-related research, however, have not fully resolved the issue of whether strategic planning leads to improvements in banks financial performance.

The intensity with which managers engage in strategic planning depends on Managerial (e.g., strategic planning expertise and beliefs about planning-performance relationships), Environmental (e.g., complexity and change) and Organizational (e.g., size and structural complexity) factors. The effects of these factors on strategic planning intensity have been suggested by several studies (Kallman and Shapiro, 1990; Unni, 1990; Robinson and Pearce, 1998; Robinson *et al*., 1998; Watts and Ormsby, 1990b).

Studies that have analyzed the relationship between strategic planning and financial performance proved that the intensity with which banks engage in the strategic planning process intervene-that is cause an indirectness and lack of one-to-one correspondencebetween factors such as strategic planning expertise and beliefs about planning performance relationships (managerial factors), environmental complexity and change (environmental factors), bank size and structural complexity (organizational factors) and bank's financial performance. As suggested by the inconsistent research findings, past studies have misspecified the relationship between strategic planning and financial performance in banks. Misspecification of this relationship might be attributed to past studies' lack of attention to the relationship among these managerial, environmental, organizational factors and their potential impact on planning intensity and performance (Hopkins and Hopkins, 1997).

Subsequently, the consideration of such factors in the present study is viewed as a significant issue that holds implications for future research as well as for planning practices.

2.5.0 Problems with the implementation of strategic planning.

Strategy implementation is defined as 'the translation of strategy into organizational action through organizational structure and design, resource planning and the management of strategic change' (http://community.businessballs.com)

Analyzing the definition, it becomes obvious that strategy implementation is somewhat complex. Therefore, the successful implementation of strategy would be how well the various components in carrying it out are successfully integrated and interact.

To identify significant problems encountered in implementing a new strategy in a business, a critical look at the components to be applied in implementing the strategy would be a good pointer. These are considered below:

- Organization structure and design
- Strategy implementation

The organizational structure and design aspect of strategy implementation deals with how the human resources in organization are mobilized and organized to bring about the corporate strategy.

Another problem encountered here is the way and manner information is passed down or up the ranks. If there is a blockage which impedes the flow of information processes, it means that decisions would be made, based on outdated or obsolete information. This can be solved by devolving the central command for easy flow of information among all rank and files, especially in implementing a new strategy in a business. Recognition must be given to organizational structure and designs set up where operational and strategic decisions are made, there should be compromise if implementing a new strategy will succeed in any business.

The next aspect in strategy implementation-resource planning sets out resources and competences that need to be created. It deals with the identification of resources needed and how those resources will be deployed and controlled to create the competences needed to implement the strategies successfully.

One major problem of strategy implementation is a failure to translate statements of strategic purpose, such as gaining market share into critical factors that will make the purpose achievable and ultimately achieved. Thus a critical success factor analysis can be pursued as a start in resource planning. A detailed examination of the timing has to be done if production and its marketing would be a success; as well as allocation of funds for this undertaking. The problem here is that due to non-uniformity in the times needed for the various activities, it is difficult to know where to start.

Scholes et al, (1999) writes that the circularity of the problem is quite usual in developing a plan of action, and raises the question of where to start-with a market forecast and an available level of funds, a production-level constraint, or what? The answer is that it may not matter too much where the starting point is, since the plan will have to be re-worked and re-adjusted several times. A useful guideline is to enter the problem through what appears to be the major change area. An organization planning new strategies of growth may well start with an assessment of market opportunity. Someone starting a new business may begin with a realistic assessment of how much capital they might have available.

Critical path analysis is recommended for strategies which have detailed planning of implementation. Another problem envisaged is the conflict arising among departments on the allocation of funds especially where money is involved in implementing the new strategy.

The next component in the implementation stage of the strategy is the management of strategic change. It is widely accepted that strategic change builds on four underlying premises

- There is a clear view within an organization of the strategy to be followed.
- Change will not occur unless there is a commitment to change.
- The approach to managing strategic change is likely to be context dependent.
- Change must address the powerful influence of the paradigm and cultural web on the strategy being followed by the organization.

To effect a successful strategy implementation, management must also adopt appropriate styles to manage the change processes. For instance, if there is a problem in managing change based on misinformation, or lack of information, education and communication style will be used. This involves the explanation of the reasons for and means of strategic change, collaboration or participation involving those who will be affected by strategic changes in the identification of strategic issues; intervention; direction and coercion styles.

Associated with management of strategic change is the problem of change management. It becomes absolutely difficult to manage the change which comes about as a result of the implementation. For instance some managers will lose their position as a result of change (delayering), others might be made redundant as a result of upsizing, others might still lose their job tittles or position which they cherished most as a result of business process re-engineering. This will de-motivate the staff and the organization may lose some competent staff. Others may have to be retrained to take up new positions or demoted if they are to remain in the organization. This kind of problem can be avoided if management adopts a participatory style of leadership and get the staff involved from the formulation to the implementation stages of the strategy.

CHAPTER THREE

METHODOLOGY

This chapter discusses the methodology and elaborates the research approach and strategy used for data collection. Further, this chapter describes the sample population and sampling procedures, and sources of data collection, and data collection tools, and how data was analysed to arrive at the results.

3.1 Research design

A descriptive cross sectional study was conducted to collect both qualitative and quantitative data in 15 out of the 30 branches of the selected banks. Apart from the head offices, the other branches were selected using simple random sampling. These were visited on days and times when there was less activity in the selected banks, and outside working hours.

3.2 Population of the study

The target population was made up of five (5) rural and community banks (RCBs) that operate in the western region of Ghana with a staff population of about 300. The staff population is made up of 100 management staff and 200 junior staff.

The five (5) rural and community banks were randomly selected from the twelve banks that operate in the northern zone of the western region.

3.3 Sample and sampling procedures

Five (5) rural and community banks (RCBs) were selected from twelve (12) banks in the Western Region, using simple random sampling. The names of the twelve (12) rural and community banks were folded and put into a box and without looking into the box, five (5) out of them were picked. The 5 rural and community banks selected were Amefiman Rural Bank at

Wassa Akropong, Upper Amenfi Rural Bank at Ankwaso, Asawinso Rural Bank Limitted at Asawinso, Bia Torya Community Bank at Bonsu Nkwanta, and Kaaseman Rural Bank Limited at Sefwi Kaase.

Also, the sample population for the selected banks was put at 300 members of staff, made up of 100 management staff and 200 other staff. Out of the 300 members of staff, 100 were randomly selected, made up of 20 management staff and 80 other staff using the following procedure:

First, the 300 staff members were divided among the 5 banks giving an average staff strength of 60, (made up of 20 management staff and 40 other staff). In each bank, 4 management staff and 16 other staff were selected using simple random sampling method.

The four (4) management staff in each bank were selected by listing the 20 management staff in each bank on a separate piece of paper and putting them into a box. Four (4) names were then randomly selected and interviewed .This gave a total of 20 management staff for the 5 banks. Secondly, the names of the 40 other staff in each bank were listed and using the same procedures 16 staff in each bank were selected and interviewed. The sample size for the (5) banks thus resulted in 80 for the other staff. Together with the management staff of 20, the total sample size was 100.

3.4 Sources of data collection

A structured questionnaire was used for the data collection. Four (4) management and sixteen (16) other staff were selected in each bank and interviewed separately using face to face approach. The questionnaire was made up of closed questions using the likert scale.

Data was also collected by obtaining secondary data from the selected banks. The secondary data compared the annual financial records of the selected banks for the last five years before the implementation of strategic planning and five years after strategic planning.

3.5 Data collection tools

The data collection tool for this study is a well-designed questionnaire consisting of four parts. The first part is related to the institutionalization of strategic planning in the selected banks consisting of 5 questions based on 5 likert scale questions ranging from strongly agree to strongly disagree.

The second part consists of questionnaires on the performance of the selected banks. The third part is on the effects of strategic planning on the performance of the selected banks whiles the last part centered on the procedures of implementing strategic planning. Secondary data was also obtained from the selected banks and analysed.

3.6 Data analysis

Data was analyzed by using the SPSS 16.0 for windows computer software. Data was analyzed using tables, mean, standard deviation and correlation.

Respondents were asked 5 questions on matters concerning the institutionalization of strategic planning in their respective banks. The questions were based on how management undertook strategic planning within their organisations and the procedures followed in implementation of strategic planning

A series of questions were also asked on the impact of strategic planning on performance. Questions were asked on the performance of the rural banks prior to the implementation of strategic planning and five years after its implementation. Finally, respondents were interviewed about the difficulties confronting their banks in the implementation of strategic planning.

Questions were asked based on the likert scale and the answers analysed

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter deals with the results and discussion of the research findings. The results were computed into mean and standard deviation, correlation and financial statements of the selected banks and analyzed, based on the objectives.

4.1 Presentation of results

Table 1 Descriptive statistics for strategic planning characteristic

Strategic planning characteristics	**Mean**	**SD**
Management participation in choosing strategic planning		
Issues of strategic planning	4.59	.494
Generation of strategic proposals	4.52	.502
Evaluation of strategic proposals	4.80	.402
Choosing strategic proposals	4.98	4.977
Impact of strategic planning		
Increase in profits, assets, etc	4.63	.485
Improved client/customer satisfaction	4.43	.498
Reduced cost to client and expand the use of competitive resource	4.37	.483
Improved and leveraged quality and encouraged innovation	4.65	.539
Enhanced employees competence, ability to retain, etc	4.34	.590
Difficulties encountered in implementing strategic planning		
Financial resources	2.78	1.088
Provision of right information for strategic planners	4.21	.808
Collecting data from competitors for comparison	4.28	.933
Employs hid information from strategic planners	3.87	.812
Considerable time to develop, implement, continually monitor and adjust	3.50	1.000

Table 1 shows that the strongest participation by management is in choosing strategic proposal, and in the generation of strategic proposals, followed by management participation in issues on strategic planning, and lastly, their participation in the evaluation of strategic proposals. However, the results indicate that the mean for all items is over 4 which indicates a relatively high level of participation by management in
strategic planning process.

Table 1 shows that strategic planning has enhanced employees' competences, and enhanced ability to recruit and develop climate for change. This is followed by improved and leveraged quality, and encouragement of innovation in the company, improvement in client/customer satisfaction, increase in profits, assets etc., and reduced cost and expanded the use of competitive resources as the least to be impacted upon. However, the results indicate that the mean for all item is over 4 which indicate a relatively high impact of strategic planning on the performance of the selected rural and community banks.

Table 1 also shows that the most difficult challenge encountered in the implementation of strategic planning is financial resources. This is followed by the considerable amount of time taken to develop, implement, continually monitor and adjust a strategic plan, difficulties in collecting data from competitors for comparison, low level employees hiding information from strategic planners for fear of losing their jobs, with the company providing the right information for strategic planners to prepare an effective report, as the least difficulty.

Appendixes a, b, c, and d show that selected banks had shown tremendous increases in profit, investments, advances (loans), assets, deposits and shareholders' funds.

Table 3: Spearman correlation between strategic planning and performance of the selected rural and community banks

			Management participation		
Impact of strategic planning			Issues of strategic planning	Choosing strategic proposals	Evaluation of strategic proposals
Spearman's rho	Reduced cost to client and expanded the use of competitive resource	Correlation coefficient	.555**	.570**	.124
		Sig. (1-tailed)	.000	.000	.109
		N	100	100	100
	Improved and leveraged quality and encourage innovation	Correlation coefficient	.242**	.308**	.123
		Sig. (1-tailed)	.008	.001	.112
		N	100	100	100
	Enhance employees competence, ability to retain and develop climate for change	Correlation coefficient	-.174*	-.308**	-.132
		Sig. (1-tailed)	.042	.001	.096
		N	100	100	100

			impact of strategic planning		
Impact of strategic planning			Increase in profits, assets, etc	Improved client/customer satisfaction	Reduced cost to client and expanded resource usage
Spearman's rho	Reduced cost to client and expanded the use of competitive resource	Correlation coefficient	-.743**	-.289[88]	1.000
		Sig. (1-tailed)	.000	.002	
		N	100	100	100
	Improved and leveraged quality and encourage innovation	Correlation coefficient	-.232*	-.198*	-.319**
		Sig. (1-tailed)	.010	.024	.001
		N	100	100	100
	Enhance employees competence, ability to retain and develop climate for change	Correlation coefficient	.503**	.289**	-.462**
		Sig. (1-tailed)	.000	.002	.000
		N	100	100	100

** Correlation is significant at the 0.01 (1-tailed) *Correlation is significant at the 0.05 (1-tailed)

Spearman's correlation was conducted to assess the relationships that exist between strategic planning and the performance of the selected rural and community banks.

Table 2 shows that there is a strong negative relationship between reduction of cost to client/customer and increase in asset and profit in the selected rural and community banks (correlation -.743 at .01) Also, there is a significant relationship between reduction of cost to client/customers service with management participation in generation of strategic proposal (correlation .570 at .01 level); management participation on issues had a significant relationship with reduction of cost to client/customer service, and expanded resources usage (correlation .555 at .01 level): there is a significant relationship between enhancement of employers competence, ability to recruit, retain and develop climate for change with the increase in assets and profit (correlation .503 at level .01)

4.2 Discussion of the research findings.

The research findings indicate a relatively high participation by management in all strategic activities. These results are consistent with the literature, regarding the importance of management's role in the strategic planning process (Aldehayyat, 2006; Koufopoulos and Morgan, 1994; Athiyamen and Robertson, 1995).

The research findings indicates that there was an increase in the performance of the selected banks in the areas of profitability, investments, loans portfolio (advances), total assets, deposits and shareholders' funds between the period 1996 to 2005, that is, five years prior to the introduction of strategic planning (1996 to 2000) and five years after the introduction of strategic planning (2001 to 2005). As stated by Drury, 2007 "the aim of (balanced) score card is to provide a comprehensive framework for translating a company's strategic objectives into a coherent set of performance measure. A critical assumption of the balanced scorecard is that each performance measure is part of a causeeffect relationship involving a linkage from strategy formulation to financial outcome"

"

The research findings support prescriptive strategic management literature which advocates a positive relationship between strategic planning and financial performance (Glaister and Falshaw, 1999). Moreover, these research findings give a new evidence about practice of strategic planning in small business and thus, support the results of empirical research (Baker et al., 1993; Berry, 1998; Peel and Pridge, 1998) which stated that the number of small businesses which have adopted strategic planning is increasing over time because of their belief in its benefits, especially in relation to enhancement of performance.

The research findings indicate that selected banks do not have enough resources to hire strategic planners to undertake the strategic planning process. The results are consistent with the literature regarding the importance of resources (Scholes et al, 1999).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

The study was carried out to assess the impact of strategic planning on the performance of rural and community banks in Ghana, using five rural and community banks in the Western Region as a case study.

The main instruments for data collection were questionnaire and secondary data from the selected rural and community banks. The questionnaires were closed ended type. 100 staff members were randomly selected from the 300 member staff of the selected rural and community banks. 5 rural and community banks were also randomly selected from the 12 banks in the study area. The findings of the study were as follows.

Management involvement in issues of Strategic Planning.

The study reviewed that management participation in issues of strategic planning is extensive and this has helped in improving the performances of the selected rural and community banks.

Performance of Selected Rural Banks.

The implementation of strategic planning in the selected rural and community banks has had a great impact on the performance of the banks in the areas of profitability, investments, loan portfolio, total assets, deposit base, shareholders' fund, and staff performance, as shown in Appendices a, b, c, and d.

Relationship between Strategic Planning and Performance

There is a positive relationship between strategic planning and the performance of the selected banks since the performance of these banks improved remarkably with the introduction of strategic planning.

Difficulties Encountered in Implementing Strategic Planning

The selected banks faced the problem of finance for hiring competent personnel, and this affected their ability to prepare well designed plans on timely basis.

5.2 CONCLUSION

Based on the research findings it can be concluded that the introduction of strategic planning in the rural and community banks contributed to the remarkable improvement in the performance of these banks. The introduction of strategic planning has contributed to increased management involvement in the planning activities of these banks.

The research findings has also shown that before the introduction of strategic planning, the performance of most rural and community banks was abysmally poor, and it was after the introduction of strategic planning that the performance of these banks has improved. This goes to attest to the fact that there is a relationship between strategic planning and the performance of rural and community banks.

Finally, from the research findings, it can be concluded that but for the limited financial resources of the banks, which impedes their ability to engage the services of competent strategic planners, the rural and community banks could pose a formidable challenge to the orthodox banks through the implementation of strategic planning.

5.3 RECOMMENDATIONS

Based on the conclusions drawn, the following recommendations and suggestions are made to help improve the performances of rural and community banks.

Rural and community banks must allocate enough resources and funds to hire/employ enough strategic planners to develop strategic plans for the companies. This will introduce innovation, and also infuse in the management of the banks better techniques of strategic plan preparation.

Rural and community banks must include top and line managers in the development of strategic plans for the company to inculcate succession planning in the banks. This will ensure sustainability in plan implementation.

Rural and community banks must have well structured strategic plans to help improve the human resource base of the banks.

In addition to hiring competent strategic planners, rural and community banks should allocate adequate resources towards the preparation and implementation of their strategic plans. This is because strategic planning is a costly exercise and successful implementation requires constant monitoring and review which all requires funding.

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APPENDIXES

Appendix A

The financial performance indicators of Upper Amenfi Rural Bank Ltd for the period 1996 to 2005

Indicators	1996 GHC	1997 GHC	1998 GHC	1999 GHC	2000 GHC	2001 GHC	2002 GHC	2003 GHC	2004 GHC	2005 GHC
Profit before Tax	144	-1,084	-135	-2,872	1,948	9,489	11,244	58,659	65,349	93,946
Investments	1,616	3,570	4,209	5,295	21,881	53,486	152,463	210,607	293,919	412,455
Advances (loans)	5,730	3,478	6,130	7,051	7,384	20,955	59,803	185,808	429,427	559,066
Total Assets	42,095	36,550	99,340	44,042	100,867	182,157	338,817	635,649	1,026,097	1,482,528
Deposits	19,674	31,703	37,823	37,641	66,068	107,919	285,583	487,755	743,147	1,116,684
Shareholders' funds	270	90	385	-2,185	64	10,372	22,826	82,465	142,058	222,716

B

The financial performance indicators of Kaaseman Rural Bank Ltd for the period 1996 to 2005

Appendix

Indicators	1996 GHC	1997 GHC	1998 GHC	1999 GHC	2000 GHC	2001 GHC	2002 GHC	2003 GHC	2004 GHC	2005 GHC
Profit before Tax	3,508	6,912	8,706	12,759	12,176	70,783	80,941	187,332	49,129	88,033
Investments	75,000	65,000	81,328	72,674	99,357	507,827	934,992	1,062,830	503,414	1,107,587
Advances (loans)	37,008	46,950	87,756	119,783	188,131	273,442	408,175	588,957	1,136,483	1,353,474
Total Assets	184,041	241,516	395,446	460,063	489,258	1,129,247	2,358,981	3,464,007	3,300,641	4,160,138
Deposits	148,718	185,178	310,207	392,535	397,387	901,281	2,072,844	2,941,325	2,678,289	3,500,192
Shareholders' funds	12,498	16,340	25,885	35,676	46,486	107,428	162,392	306,100	352,280	419,720

C

The financial performance indicators of Bia Torya community Bank Ltd for the period 1996 to 2005

Indicators	1996 GHC	1997 GHC	1998 GHC	1999 GHC	2000 GHC	2001 GHC	2002 GHC	2003 GHC	2004 GHC	2005 GHC
Profit before Tax	609	5,420	5,684	2,910	2,823	10,164	27,046	64,465	30,847	23,745

Appendix

Investments	23,00	30,000	50,000	31,000	26,000	120,000	450,000	515,000	502,000	531,000
Advances (loans)	2,524	6,285	13,710	15,454	16,426	22,362	42,596	123,381	254,068	361,509
Total Assets	55,354	142,514	131,364	132,064	206,707	333,809	1,024,681	1,702,762	2,287,542	2,411,388
Deposits	46,331	121,035	104,812	106,688	176,197	285,015	920,434	1,270,914	2,030,552	2,129,330
Shareholders' funds	5,626	11,179	17,033	19,955	22,996	33,207	66,403	131,178	159,695	179,358

D

The financial performance indicators of Amenfiman Rural Bank Ltd for the period 1996 to 2005

Indicators	1996 GHC	1997 GHC	1998 GHC	1999 GHC	2000 GHC	2001 GHC	2002 GHC	2003 GHC	2004 GHC	2005 GHC
Profit before Tax	6,147	8,782	9,915	6,584	18,453	46,132	76,117	98,953	100,171	100,789
Investments	38,813	53,084	78,065	120,103	187,000	382,862	450,426	672,038	960,055	2,550,749
Advances (loans)	35,022	53,881	80,925	115,605	164,402	216,151	280,716	374,219	467,862	933,009

Appendix

Total Assets	102,324	148,297	214,923	341,148	550,955	1,629,908	2,037,386	2,716,515	3,622,020	4,009,263
Deposits	81,817	125,873	193,651	286,251	779,011	1,148,941	1,531,922	1,914,902	2,393,628	3,008,125
Shareholders' funds	13,578	19,391	28,547	41,982	57,917	159,320	227,600	284,446	355,558	430,578

APPENDIX E

THE RESEARCH IS BEING CONDUCTED FOR ACADEMIC REASONS, ANY

I NFORMATION GATHERED WILL BE TREATED CONFIDENTIAL

Questionnaire on management participation in strategic planning	Strongly disagree	Disagree	Neutral	Strongly agree	Agree
Statements	1	2	3	4	5
Management of the company participates in consideration and issues on strategic planning.					
Management of the company participates in generation of strategic proposals.					
Management of the company participates in evaluation of strategic proposals.					
Management of the company participates in choosing strategic proposals.					
The organization follows a defined set of procedures in its strategic planning process.					
Questionnaire on impact of strategic planning					

The company has increased its profit, assets etc with the introduction of strategic planning. The introduction of strategic planning has improved the company’s client/ customer satisfaction.					
The introduction of strategic planning has reduced cost to client/ customer and expands the use of competitive source.					
The introduction of strategic planning has improved and leverage quality, encourages innovation in the company					
The introduction of strategic planning has enhance employees competence, enhance ability to recruit and retain staff and develop climate for action					
Questionnaire on the difficulties the has occurred during strategic planning					
The company has enough financial resources to hire strategic planners.					
The company provide the right information for strategic prepare an effective report.					
The company faces problems when collecting data from competitors for comparison.					
Low level employees guard information from strategic planners for fear of admitting to mistakes or losing their jobs.					
It takes the company board and staff considerable time to develop, implement and continually monitor and adjust a strategic plan.					