ENVIRONMENTAL DETERMINISM AND STRATEGIC CHOICE AMONG SELECTED COMMERCIAL BANKS IN SOUTH SUDAN

BY:

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DECLARATION

I declare that this is my original work and has not been submitted to any other academic institutions apart The University of Nairobi in Kenya for academic credit.

Signed…………… Date…………………….

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REG. NO: D61/P/8560/2005

This project has been presented for examination with my approval as the University of Nairobi

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DEDICATION

This project is dedicated to my mother Guray Adan Ali, my father Sheikh Takoy Mohamed and to my brother Eng Abdinoor Sheikh Takoy

ABSTRACT

The purpose of the study was to assess the influence of external environmental on the strategic choice of commercial banks operating in unstable economic context. The specific objectives include to establish the environmental determinism factors in South Sudan, to explore the usefulness and flexibility of existing strategic plans and processes in adopting to disruptive business environment, to analyze changes in structure and operational model due to external environmental changes and to establish the performance of banks through their resilience in management of niche market in a disruptive business environment. The study adopted multi-case approach where Managing Directors (MDs) were directly interviewed. There are 29 licensed commercial banks in republic of South Sudan. However, interviewees under research consisted of seven MDs of Commercial Banks that have different ownership structures market size and network, age of the bank. The analysis was carried out through cross-case and intracase content analysis of the KIIs from the field survey using bank managers from selected banks. Findings are indicative that environmental determinants are hard to predict and can render formal strategic plans irrelevant. Another key finding was that restructuring and remodelling emerged as the key to surviving through the turbulent times of environmental determinism. In terms of performance, only two banks survived the environmental factors to make profits while the rest made heavy losses. In conclusion, the study noted that banks that failed to adjust their strategies could not survive the environmental determinants and hence endured heavy losses. Another conclusion was that niche market and brand image could not be sustained if entrepreneurial adaptation was not embraced through restructuring and remodelling of banks. It was also concluded that performance was dependent on how environmental factors were handled through risk of entrepreneurial skills approach. In its recommendations, the study points out that environmental determinants should be studied with respect to entrepreneurial approach. Banks to study their structures and models for unexpected circumstances. It is also recommends that performance should not be strictly based on strategic plans. Finally, the study recommends carrying out similar studies outside South Sudan to determine how strategy requires entrepreneurial approach during turbulent times and if the turbulent affects in a similar intensities. Studying areas of environmental turbulence is complex with security and trust issues a limiting factor.

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ABBREVIATIONS AND ACRONYMS

BCB	Buffalo Commercial Bank
DRC	Democratic Republic of Congo
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
KBC	Kenya Commercial Bank
PEST	Political, Economic, Social and Technological analysis
RBV	Resource Based View theory
SMEs	Small and Medium Scale Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Strengths
USD	United States Dollar
SSP	South Sudanese pound

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

It can be argued that construction of strategic plans, reliance on uni-directional causation, and focusing on origins and terminations of variables are problematic and distorting for management practice. Whenever a relationship between two sets of variables unfolds, chances are that some unpredictable results could unfold (Hill, 2015). The issue is how choice is both a cause and a consequence of environmental influences, as cause and consequence interact and conflict to result in noticeable organizational adaptations. The implicit model is one of influence and countervailing power, and the relative power of organization and environment. This means that planned and unplanned strategic plans will be at the mercy of environmental determinants (Tsolas & Charles, 2016).

The environmental variables change rapidly and uncontrollably (Greenwood, 2005) and these rapidly changing environmental in South Sudan environment overtook responsive and realignments abilities of banking institutions as well as adoption of rational and systematic organization strategic management. In fact in some cases, the established strategic planning process and management hampered managers to take timely decision that can save the organizations (Singh & Thaker, 2016). Therefore most cases the role of a managers are limited to managing multiples of waves of external factors that necessitate continuously internal re-alignments of the organizations and judgmental on the evolving realities on the opportunity and risk. The reactions and decisions of managers more often are guided by past experiences, personal perception and interpretation of opportunities and risks and not so much the existing strategic management process and plan (Nuguer, 2015). Even when the external variables are same to these organizations, managers make different strategic choices and often do not conform to the existing organizational strategic management framework but rather entrepreneurial and biased by personal perception of the external stimulus. Corporate world has been shifting more to entrepreneurial decisions making and acceptance than adhering to rational strategic management (Albright, 2004).

While some banks' SWOT analysis of their strategic plan gives an indications of possible emergent variables, the intensity of these external factors influences and their consequences to the market structure, business performance and profitability and strategic choice are more dictated by environments (World Bank, South Sudan Economic Update, 2017)

Survival in such a chaotic environment required banks' management to adopt situational and judgmental management with a flexible mechanism of resource allocations and strategic choice which in most cases deviate from existing formal strategic plans and management. This raise fundamental concerns on the validity of rational strategic management in a disruptive context and how business entities react with a homogenous external stimulus.

The study is anchored on chaos theory by Bechtold (1997), open system theory developed by Bertanlanffy (1956), contingency theory by Fiedler (1964**)**. The theories relate themselves and the context of the selected commercial banks in South Sudan in aspect of market structure and sustain performance amidst changing external environment and continuous re-alignments of the organizations.

1.1.1 Concept of Environmental Determinism

Environmental determinism is defined as a doctrine based on the occurrences in nature, or social or psychological phenomena causally determined by preceding events or natural laws (Doyle, 2011). According to Andrew *et al*. (2003) environmental determinists consist of aspects of physical climate, livelihood of human being such as economic activity like trade, employment and agriculture, culture, civilization, resource, anatomy, behavior, political and knowledge or intellect, health and religion. Environmental determinism means that features of the actual environment, such as the clear existence of various niches, cannot be controlled by the organization and choice by individuals and organizations through decision making are capable of exhibiting control on features of their turbulent environment (Onguso, 2008). The external environment of the company is made up of several economic, social, demographical, management and ecologic factors. It can directly or indirectly influence the strategic choice and the performance of an organization.

Environmental determinism postulates that response to environmental change and strategic choice adopted influence continuous performance in organization (Mintzberg & Walters, 2003). The application of framework such as Political, Economic, Social, and Technological (PEST) analysis informs the strategic choice best suited to respond to macro environmental forces such as political, economical, social, and technological factors (Jeff, 2007). This theory guide this study as an analysis of these factors on the country or region level would give a firm the chance to choose the best strategic options in the environments through enhanced awareness and adaptation for to achieve performance.

1.1.2 Strategic Choice

A strategy is defined as the direction and scope of firm over the long term to perform better and gain competitive advantage through adopting strategies that will make the company survive in the uncertainty of the market (Johnson & Scholes, 2005). Strategic choice is therefore the decision or action or path considered appropriate and that will lead to the desired results in the presence or even in the future. While strategic planning assist firms in establishing priorities and better serve the needs of its constituency (Haines, 2004), strategic choice is that deliberate point or decision by the management in selecting best course of actions to achieve organizations goal. A firm's strategy is managements' action plan for running the business and conducting operations (Thompson *et al*, 2007).

Strategic choice is recognized and realized through a process whereby those with the power to make decisions for the organizations interact among themselves with other organizational members timely and with external parties. Jauch, Orborn and Gluek (1980) considered strategic decisions in the light of mission, market development, market penetration, market extension, production efficiency, goal emphasis, merger and financial restructuring. Kariuki, Owino and Ogutu (2011) advanced strategic choice analysis to incorporate both subjectivist and objectivist perspectives on organizational environment. This can be further extended to survival tactics in highly conflict context of the business.

1.1.3 Overview of South Sudan's Banking Sector

The banking sector in South Sudan is regulated by the Bank of South Sudan which was established by the Transitional Constitution of the Republic of South Sudan in 2011 (Bank of South Sudan Act 2011). South Sudan's banking sector is in its early stages of development and access to banking services is limited, with only 2.22% in 2015 (Ajack A. J, May 2015) Financial System in south Sudan and Key Developments and Challenges, Research Paper) of the population accessing. There are 30 commercial banks with 42 branches operating in the country. The banking business is concentrated in Juba, the capital City. International banks command 80% of the market and enjoy a regional network which enable them conveniently move money within the East Africa region and beyond. During 2005-2011, the banking sector has been vibrant with the impressive revenue from the extractive sector, relatively stable exchange rate, higher levels of donor support following independence and increases in Foreign Direct Investment (FDI) from East Africa and China. This vibrant economic situation motivated investors, leading to the licensing of 23 national commercial banks particularly to take advantage of the exchange rate booming business

In 2016 new regulations on minimum capital requirements, tightened banking regulations and compliance, inaccessibility of foreign currency deposits at the Bank of South Sudan (*Laddu J, October 2016*), worsening civil strife, devaluation and liberalized exchange rate regime and hyperinflation all contributed to a rapid and significant downturn in the banking sector. The already existing weak legal framework and environment, non-savings culture, increased poverty among the populations, and the erosion of investment confidence further challenged banking business, making banking services limited to deposit and withdrawal, short-term lending, foreign exchange and remittance services. More so the lack of liquidity and inability to lend in traditional ways hampers the ability of finance its core cost.

This multiple disruptive external environmental factors has been responded with different management decisions, with some banks rationalizing branches networks, others venturing into a new untraditional banking business while others kept status quo predicting adjustment of the situation. These different bath of decisions open a new horizon of study to investigate the validity of rational and traditional strategy management a midst ever-changing environmental context that is beyond the control of the management.

The escalation of violence in December 2013, and inadequate response to external shocks, including the declining oil prices, have jeopardized the country's macroeconomic framework. The heavy dependence on oil led to a growth collapse (over 45 percent GDP contraction) in 2012 following the dispute between South Sudan and Sudan and the subsequent oil shutdown, with exports, imports, investment and household consumption decreasing sharply. Macroeconomic stability has been compromised following each episode of conflict escalation. Lower oil production, loss of assets and livelihood opportunities, and destruction of market infrastructure have contributed to further GDP contractions starting 2014. Declining oil production and prices have put additional pressure on the economy already weakened by the oil shutdown and expansive internal conflicts

1.1 Selected Commercial Bank in South Sudan

KCB is owned by Kenya Commercial Bank in Kenya and but registered in South Sudan as private bank. It's semi-autonomous from the main operation in Kenya but the board of directors' report to group board of directors in Nairobi. It's among the first banks that ventured into South Sudan in early 2005 with the initially focus to serve humanitarian communities, UN agencies and diplomatic missions though later expanded to full banking services for personal and corporates. It commands 21% market shares with 4 branches. In 2016 the management make a decision to close all outlets with exceptional of 4 branches that are considered strategic locations (World Bank, S.Sudan, 2018).

Ecobank South Sudan was founded in 2013 and is based in Juba. It operates as a subsidiary of Ecobank Transnational Incorporated with its headquarter in Lome in Togo. The bank has one branch, located in Juba with growing market share. It provides banking products and services to individuals, SMEs, multinationals, and institutions. The bank main clientele are UN agencies, NGOs and International trading Companies. It's among the few banks that is doing relatively stable (World Bank, S.Sudan, 2018).

Kush Bank is national bank and founded in 2012. The bank has its main office and branch in Juba, branch in Bor the former Jonglei State and Awerial in the former Lake State, Yambio and Agok. The bank commands about 6% of the market share and its customers are business community and individuals, NGOs and quasi-government. The bank is among the few that has grown both in customers' base, deposits and network during the mid of crisis (World Bank, S.Sudan, 2018).

Royal Express Bank started its operations in 2011 and its joint venture between South Sudanese and non-South Sudanese. The bank has one branch in Juba and its market is national South Sudanese individual and enterprises. Its main revenue foreign exchange as it used to receive allocation from Bank of South Sudan. The bank is entirely run by South Sudanese board and management (World Bank, S.Sudan, 2018).

Stanbic Bank is one of the early bank that extended its services to south Sudan before attaining independent in 2011. Stanbic Holdings is a member of the Standard Bank Group, a financial services giant based in South Africa. The South Sudan business is a branch of Kenya and licensed and governed by the Central Bank of Kenya, the national banking regulator (World Bank, S.Sudan , 2018).

Buffalo Commercial Bank (BCB) is an indigenous South Sudanese financial institution. It is one of the pioneers in the banking industry in the Republic of South Sudan, commencing its business February 2008. BCB, fully owned by South Sudanese, started its operations from Juba, the capital of the Republic of South Sudan. BCB has 2 branches outside Juba with overall market share of around 1% (World Bank, S.Sudan, 2018).

Ivory Bank was founded in 1994 by a group of South Sudanese business people to serve the banking needs of the people and businesses of South Sudan. The bank originally maintained its headquarters in Khartoum, Sudan. In April 2009, the bank relocated the headquarters to Juba, the capital city of South Sudan. The bank has 11 branches mainly catering for South Sudanese personal banking in the rural areas (World Bank, S.Sudan, 2018).

1.2 Research Problem

Survival or success of an organization occurs when it creates and maintains a match between its strategy and environment and also between its internal capability and its strategy (Grant, 2002). Environmental uncertainty creates some limitations on the banks top managers' ability to make strategic choices. A better understanding of the change in external environment would enable banks top management to make strategic decisions to successfully develop and market new products/services based on environmental trend analysis, establish better brand images to ultimately contribute to firm performance (Kohn, 2005).

Commercial banks operating in South Sudan are experiencing increasingly disruptive environment, leading the banks to find new strategies to increase their capacity and competitiveness.

Environmental dynamism in South Sudan, has influence strategic decision of Commercial Bank operating in the Country. The Country experience chaotic political turmoil, high Inflation rate in South Sudan hit 830 percent in while the value of the South Sudan pound is trading at 123 units against the US dollar compared to 2.95 units until early December 2015 (BSS, 2016). The Country also face scarcity in foreign exchange and high financial regulation with limited regulatory protection, high cost of hiring skilled workers and a political spat between South Sudan and Sudan led to a 15-month shutdown of an oil export pipeline running through Sudan's territory, the flow of dollars dried up (BSS, 2016). The Commercial banks operating in South Sudan have to cope with increased paid up capital to USD 15 million and USD 30 million for National owned and Foreign owned respectively. Despite the growing political risk and disruptive environment in banking market, some bank continue registering modest growth in coverage, profitability while others close branches and continue reporting huge losses.

This raise concerns on extent to which environmental determinism influence strategic choice among commercial banks that is experiencing homogenous external environments. Most empirical evidence examines relationship between choices of strategy on performance of companies. Carrarresi, et. al., (2011) on the relationship between strategic choices and performance in Italian food SME's; Gado (2013) studied on strategic choices and performance in ailing industry in Nigeria. Adeoye and Elegunde (2012) on impacts of external business environment on organizational performance in Nigeria; Ting, Wang and Wang (2012) on the moderating role of environmental dynamism on the influence of innovation strategy and firm performance; Mashhadi and Rehman (2012) on the external environment on the performance of the fast food industry in Islamabad. In Kenya, empirical studies such as Karuiki, Awino and Ogutu (2011) examined effect of firm strategy and business environment on the firm performance. Githinji (2015) examine the influence of strategic choice on performance of audit firm in Kenya. Kitonyi (2008) carried out a study on the response strategies for Postal Corporation of Kenya to changes in the external environment.

Despite these similar studies under to understand environmental changes and organization performance, there have not been sufficient empirical studies that can inform managers of Commercial Banks in South Sudan of pragmatic applicable strategies that will sustain target performance. This study seeks to fill the existing knowledge gap by answering the question how does disruptive environmental factors influence on strategic choice among the commercial banks in South Sudan.

1.3 Objective of the Study

The main objective of the study was to determine the influence of environmental determinism on strategic choice among selected commercial banks in South Sudan. These will be achieved through exploration of environmental determinism factors, structure and remodelling of banks and performance during the turbulent times

1.4 Value of the Study

This research will make a significant contribution to the body of knowledge by identifying and recommending strategic management approaches applicable to banking businesses operating in a turbulent and chaotic environment in developing markets such as South Sudan. The current strategic management prescriptions for organization businesses operating in turbulent environments were inadequate (Grant, 2010). This study will contribute towards addressing strategic choice approaches for banking businesses operating in turbulent and chaotic environments. The study is expected to empirically look into strategic management process, planning and implementation against pragmatic decisions necessitated by environmental shocks and how the different managers perceive, interpret and package the communication.

The study will contribute towards the current debate in academic literature and amongst practitioners of strategy, about how strategic choices are approached in commercial banks operating unstable environment. This study will contribute to existing literature and theories on influence of environmental disruptive factors on strategic choice in turbulent and chaotic environments.

The study will be significant to the banking top management of commercial banks in South Sudan as it will provide insight on strategic choice for banks to cope with volatile banking business environment they are operating while improving performance and survival abilities. It will further contribute insight on strategic choice for banking institutions response in an unprecedented speed, as is happening in South Sudan, the time intervals between obtaining information, analysing information, taking decisions and implementing those strategic decisions need to be done within short time.

The findings from this study will provide insight the need to refocus on creation of an alternative top management structure committed to crisis management, entrepreneurial and maintain fluid structures that are constantly shifting as strategies change in response to the changes in the environment.

The study will be important to the government and policy makers and regulatory bodies such as Bank of South Sudan at it will gain insight on influence of environmental determinism on strategic choice among commercial banks operating in South Sudan. This will inform the policy makers in developing policies and regulations that will enhance developing of strategies for banking firms to operate in chaotic business environment in developing markets.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents theoretical foundation, literature review on environmental determinism and strategic choice. It discusses the issues that the study sought to address and provide an overview of recent research studies. It further gives summary of the previous studies and knowledge gaps.

2.2 Theoretical Foundation

This study is based on contingency, open system, chaos and game as well as resource based view model. In bringing these theories together, the aim is to demonstrate the linkages that exists in the theories within the context of Commercial Banks operating in a changing external environment of South Sudan. Political unrest, unexpected new government regulations, increased regulatory compliance, liquidity shortage, closing of many business clients, devaluation of local currency and liberalized exchange rate regime, hyperinflation and high risk of lending that necessitated management to react irrationally of which outcome of irrational reactions have been diverse but still can be seen within the demarcation of these theories. The intensities of these disruptive factors further influence the business tactical operation and management short term decisions in order to remain in business. The unpredictable disruptive external environment and different untraditional management decisions opens a new horizon of study in investigating validity rational and traditional strategy management a midst ever-changing environmental context as experienced by commercial banks in South Sudan

2.2.1 Contingency Theory

Contingency theory presumes that the ability of managers to influence organizational outcome is restricted by environmental factors and organizational factors (Carpenter & Golden, 2007).The theory is based upon the organism analogy, views organizations as consisting of a series of interdependent subsystems, each of which has a function to perform within the context of the organization as a whole. This can be related to technology, quality customer service, employees motivation and marketing strategy that can be used to as a strategic response to competition by organizations. The theory further assumes that each of the subsystems is open to a range of variation. Each should be designed so that it is congruent with the others and corresponds to the environment with which it is faced (Mentzer, 2001). The variation of external environment have an important effect upon the organizational structure.

The theory suggests that a leaner organizational structure and reduced red tape increase flexibility and facilitate the fit between intra-organizational processes and the environment. The theory is supportive to the study as indicated by Zsolt (2012) that contingency theory may be intra- and extra-organizational. Contingency theory supposes that under different circumstances different strategic choice decisions may prove effective in a chaotic environment (Dobak, 2006). This can be considered one of the primary insights of the theory, because instead of propagating universally applicable organization management principles, the theory tries to demonstrate that different environment require different strategic decision and that are dependent on the perception and background orientation of the management.

2.2.2 Open System Theory

An open system is a system which continuously interacts with its environment. Open System Theory (OST) was initially developed by Bertanlanffy (1956), a biologist, but was immediately applicable across all disciplines. Perspectives of Open System Theory (OST) were further advanced from the work of Emery and Trist (Emery & Trist, 1960). Open system Theory is a modern system based changed management theory designed to create healthy, innovative and resilient organizations in today's fast changing and unpredictable environments like the one experienced by commercial banks in South Sudan.

Organizations continually confront the uncertainty of new challenges and problems that they have to address in a timely, efficient, and effective manner for their survival. Therefore, organizations die or are transformed when the needs satisfied by them no longer exist or have been replaced by other needs (Thompson, 1967). A systems view considers an organization as a set of interacting functions that acquire inputs from the environment, process them, and then release the outputs back to the external environment (Daft, 2001). Open-system models focus on events occurring external to the organization that influence strategic changes within the organization. Banking institutions are considered traditional but for them to survive that to have an open and active adaptive relationship with their external environment and therefore using concepts of Open

Systems Theory (OST). The study will bring out the role that macro environment is playing in influencing choice of strategy towards achieving bank's goals.

2.2.3 Chaos and Complexity Theory

The chaos theory suggests a need for continuous strategy development that involves all organizational members in the creation of a flexible and fluid plan (Bechtold, 1997). Rational and traditional strategic planning needs to be a continuous process because of rapid changes, uncertainties and shifts in the environment. Such an approach would increase an organization's knowledge, environmental fit and flexibility as it evolved a sound business strategy (Nickols, 2006). This real-time approach to strategizing acknowledges the dynamic environment and the need to move quickly in today's business environment is an area of critical concern in this study of Commercial bank in South Sudan. It also assumes that the organization is operating in an unstable combination of randomness and plan (Onguso, 2008). As the chaos theory suggests, changes in the industry amplify exponentially and greatly impact the industry's future growth.

An environmental change can necessitate a strategic redirection. A continuous strategy development process provides a means for handling such eventualities. When firms make changes in a market, they create ripples that affect the whole market, forcing other firms to try to improve their strategic fit to the shifting market (Black & Farias, 2005). Marketplace is in a continuous state of disequilibrium and the more participants there are in a marketplace, the more ripples there will be, leading to more disequilibrium and complexity (Mason, 2007). At one extreme, those who support the predominance of strategic adaption emphasize the role that manager's play in monitoring environmental changes and modifying organizational strategy to better match the new environmental contingencies.

2.3 Environmental Determinism and Strategic Choice in Organizations

All organizations are environment dependent and changes in the external environment shape the opportunities and challenges facing the organization (Porter, 1991). He argues that the environment is important in providing initial insight that underpins competitive advantage, the inputs needed to act on it and accumulated knowledge and skills overtime and the forces needed to keep progressing. Global trends have had adverse effect. Every organization has to develop strategies that will enable it fit within the environment it operates in (Crook, Bratton, Street and Ketchen, 2006). This is necessary because the environment is dynamic, multi-faceted and complex; as a result of which, organizations have to plan on how to respond to the challenges posed by it.

Environmental determinism argues that good management is associated with determining which strategy will best fit environmental, technical and human needs. From this perspective, the most successful organization will be the one that best adapts to existing forces. Africa is generally considered to be an emerging continent, which is generally associated with unpredicted threats rather than opportunities. South Sudan is one of newest African Nation with emerging economies that experienced an unprecedented volatile environmental change in the country. Under the condition of response environmental uncertainty, organizations would be likely to enter into under the contingency of stability or the contingency of efficiency. Response uncertainty is closest to the definition of uncertainty related specifically to decision making (Oliver, 1990). The environmental uncertainty may be best explained by Simon's (1947) bounded rationality which explains how organizational top management, when faced with choosing between possible choices or decisions, cannot know every possible outcome or potential consequence of each strategic decision. The top-level organizational managers, because of the high level of strategic choice available to them, may have to choose between several strategic options.

The increasing amount of environmental change and the drastic nature of these changes especially those related to political, technology results to environmental turbulence, and this makes it increasingly difficult to identify causes and predict results of competitive initiatives with reasonable certainty. Pearson II, Robinson and Mital, (2008) viewed the firm's external environment as factors beyond the control of the firm that influences its choice of direction and action, organizational structure and internal processes. Musomba (2012) opined that strategic choice in Kenya commercial banks in Kenya is determined by change in information technology, organizational culture, industry competition, organizational resources and top management preferences. As results in the new competitive Kenyan environment, inefficient, increase financial regulation, inflation and competition among banks cannot survive hence strategic choice and new dynamics in the way banks are managed and run are inevitable in order to ensure that organization maintain a sustainable competitive edge. Further Mugo, Wanjui and Ayodo, (2012) revealed that Equity Bank in Kenya, compete effectively in Kenyan banking market by selecting an array of product differentiation strategies to increase profitability, involvement of customers in product development through focused group discussions

(FGDs), aligning products with customer needs and the environment and quick response to disruptive forces by turning to technological financial services and products. .

The external environment also stimulates managerial attention to the threats and opportunities, which influences the organization's strategic choices. Attention, therefore, should be given to the role of executives' perceptions of their venture's external environment in determining export performance (O'Cass & Julia, (2002). The performance of an export venture is determined by the export marketing mix strategy adopted, firm characteristics and environmental characteristics.

Choosing strategic option (s) that will lead survival and cushioning the impact of the disruptive environment has been elusive to much management while others it has been mostly trial and errors just like the 'hot potato' analogy. Strategic choice indicates that managers have inadequate capabilities and the knowledge to consider all environmental elements within appropriate times (Kasanen, et al. 2000). The banks that sought strategic choice to survive the turbulence had a different strategic management approach from the traditional designed ones where banking management strategy-making turn to be birthed through an emergent process characterized by unprecedented speed, competitive intelligence, information analysis, decisions making and implementing of decisions need to be tightly compressed. According to Heimar and Nilsson (2002), when the business is paradoxical and of fast changing and chaotic nature, successful corporate strategies are shaped by strategic flexibility founded in high innovation rates, networks and alliances, and organizational elasticity and adaptiveness. They argue that forming multidimensional networks and alliances coloured by voluntary initiatives and full attention seem to be an extremely important contribution to survival in turbulent contexts.

Dobson, Starkey, and Richards (2004), noted that the emergence of strategic choice is necessitated by change in the environment. Managers have been faced with enormous challenges of developing strategies to increasingly complex organizations to rapidly changing environments. There are political-legal determinants which firms would encounter while operating within the market climate. Cultural factors are man-made, are part of a people's environment, and may be defined as the distinctive way of life of a people such as population. It is the collective programming of the human mind that distinguishes one human group from the other. It is a system of collectively held values. Other social cultural factors such as changes in lifestyle and increased rural urban migration are creating new poise challenges to operation of the bank. Technology is constantly making advances and this creates both opportunities and threats.

According to Johnson and Scholes (2002), the infrastructure sets the context within which all other value creation activities take place. It therefore follows that the infrastructure can help in achieving efficiency goals. Above all the commitment to efficiency and promote corporation among different functions in pursuit of efficiency goals to enable the organization to continue operating in the ever changing environment. In Libya, Nagah (2013) opined that anxiety in the senior management group is the dominant factor driving the adoption of a rational approach to strategic choice in banking sector due to low intuitive or political activity. Anxiety is derived from the crucial importance of the strategic choice decision due to policy pressure from the Central Bank of Libya to change and modernize banking methods. Babatunde and Adebesi (2012) worked on the impacts of Strategic Environmental Scanning on Organization performance in a competitive business environment by studying Nestle Nigeria Plc and

Cadbury Nigeria Plc. The opinions of the selected respondents were sought by the use of structured questionnaire; the collected data were analyzed and interpreted with regression and coefficient of correlation method.

Kathuni and Mugenda, (2012), posit that players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. According to Ogutu and Samuel, (2011), competitive strategy specifies the distinctive approach which the firm intends to use in order to succeed in each of its strategic business areas. It gives a company an advantage over its rivals in attracting customers and defending against competitive forces providing the customers with what they perceive to be of superior value in goods or services at a low price and a superior service.

The banking industry in developing countries such as in South Sudan have been affected immensely by the business environmental changes. Technological innovations, globalization, privatization, increased competition, acceleration implementation of economic reforms, increased customer demands, privatization and commercialization of public sector, price decontrols and liberalization of both domestic and foreign markets has lead to has forced banks to adjust their strategies to survive (Chiteli, 2013). New markets have emerged with different market players, demanding new market strategies and skills, to produce new products and services to compete in the same market space (Kim & Mauborgne, 2005).

2.4 Summary of Literature and Knowledge Gaps

This chapter provided an insight into the theoretical and empirical depth of the study topic that would be used as a guide in developing a methodology for field work. Various theories that are relevant to the study were identified and highlighted accompanied by the empirical evidence from global, regional as well as local perspective. This enabled the study to tie its introduction together with the next critical section in which a definition of the field research instruments was examined. There is evidence to suggest that not all open systems are applicable across all environments. Similarly in chaos and complexity theory, there seems to be a way out of all problems and this study used that assumption to develop completion of methodology. Gaps exist in the various theories since they were mainly developed in other countries and have to be adopted in a completely different environment that is African continent. It is such gaps that drive this study to move ahead to the next chapter in completing environmental determinism.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that will be followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. In this section the researcher will identify the procedures and techniques that will be used in the collection, processing and analysis of data. Specifically the following subsections will include; research design, target population, data collection and finally data analysis**.**

3.2 Research Design

The study used multi-case research design where mainly the primary data is from interviews of selected commercial banks management. Multi-case study design was useful in gathering qualitative data to provide descriptive context to environmental determinism patterns to be able to understand reasons behind strategic choice logic for organizations operating in disruptive external environment in South Sudan (Sauders, 2009). The case studies provide primary data that was used to better understand and synchronize strategic choices of bank management in response to rapid changes in external environment and irrational decisions.

Multiple cases are examined because they provide more evidence than a single case and add confidence to the findings (Yin, 2003). Informing the choice of this methodology was that a qualitative methodology was most appropriate when the researchers are attempting to establish meaning from the views of participants. Creswell (2003) states that if a concept of phenomenon needs to be understood because little research has been done on it, then it merits a qualitative approach. The choice of Multi-case research design was preferred as it is appropriate where the study research questions will be best answered through the dimension of comparison and contrasting process to test conceptual approach. The study also used a multi-case approach because of reliance on multiple sources of evidence that included direct observation, evaluation of reports and interview schedules of the participants. Further multi-case approach was the most appropriate as the study sought to present information by using multiple sources of evidence for the development of inquiry, a process that entails triangulation and corroboration. Multiple case study design enables replication (by the use of more than one case) to independently confirm emerging constructs and identify complementary aspects of the phenomenon under investigation by analyzing within and across settings Baxter & Jack (2008).

3.3 Data Collection

The study used both primary and secondary data. The primary data was collected using interview guide that looked at thematic areas. There was also a section that allowed the respondent to rate the effect of various environmental factors on their bank operations. This was to help obtain more varied responses on influence of environmental determinism on strategic choice in commercial banks in South Sudan. The respondents were bank managers/ Chief Executive Officers. They were considered for this study because their offer experience and knowledge of all departments within their banks. They also understand relationship of external influences on their banking business.

The interview guide was divided into two sections. The first section addressed the environmental determinants; section two addressed the relationship between environmental determinants and strategic choice in the commercial banks in South

Sudan. Respondents were requested to evaluate likert scale operationalizing the study variables from a semi structured section of the interview guide containing direct measures and likert type scales on the extent. A 5 point likert scale was adopted where 1 indicated no extent, 2-less extent, 3 moderate extent, 4 indicated great extent while 5 indicated very great extent. Section two enabled the researcher to collect insightful and qualitative data on environmental determinism and strategic choice in commercial banks in South Sudan. The interview guide provided a chance for in depth discussion of effect of environmental factors and changes in strategy to survive in the sector.

3.4 Data Analysis

The study used qualitative techniques in analysing the data. The multi-case study provides rich understanding of an organization that is under study. Burnes (2003) says that case studies have the ability to capture the real-life context within which events take place and to capture the essence of events, especially as they unfold. Case study research method of study drills down rather than casts wide (Cooper & Schindler, 2009).

Analysis for this multi-case study analysis was based on the conceptual approach that is contained in the literature review. The study employed intra and inter case content analysis. This treats each case as a distinct study, then aggregates results across a series of individual studies as supported by Yin, (2009), and need for standardization of instruments so that results are displayed side by side in the course of analysis. To provide the standardization of instruments the researcher used the same first-level codes across all bank cases and ranked the critical disruptive environmental factors. For this study the researcher utilized the coding, retrieval and theme groupings to understand better quantitative outcome section.

After looking at thematic areas from each of the banks, a cross-analysis was important to be able to point out key issues. Cross-analysis involves the development of categories to describe consistencies across the core ideas within domains. Cross-analysis is more complex than domain and core idea identification and allows for a higher level of abstraction. The cross-analysis process required the researcher to creatively and dutifully derive categories by identifying common themes or elements across responses within the sample Hill *et al* (2005).

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter explores and contextualizes the findings in line with study objective that was 'To determine the influence of environmental determinism on strategic choice among selected commercial banks in South Sudan. The study was conducted through Key Informant Interviews (KIIs) with top bank employees. Specific respondents who participated in this study include: managing directors from Ecobank, Kenya Commercial Bank, Stanbic Bank, Ivory Bank, Buffalo Bank and Kush Bank. The study used a Multi-Case process in which each theme looked at the approach taken by each of the banks visited. In this findings and discussions, the main theme is to demonstrate how entrepreneurial approach worked positively to counter the effect of failed or disrupted strategic plans. In effect the findings show that risk-taking managers were quick to avoid heavy losses during the heavy turbulence period.

4.2 Environmental Determinism

The study looked into the key environmental disruptive factors and how each of this factor impact the commercial banks' strategic plan, structural and model of the business and finally the business performance. Key determinism factors that imposed great business risks include political/tribal conflict, liquidity, hyperinflation, devaluation of the local currency, investors loss of confidences, heighten global compliance by international banks and excessive regulatory environmental that are unpredicted in the past planning. How each bank ranked these environmental factors are annexed (Appendix IV).

4.2.1 Ecobank

Ecobank South Sudan was founded in 2013 and is based in Juba. It operates as a subsidiary of Ecobank Transnational Incorporated with it’s headquarter in Lome in Togo. The bank has one branch, located in Juba with 15% of the market share. The bank has experienced tough economic times in South Sudan just like the other banks based in South Sudan.

The Managing director mentioned that 'the bank is currently moving a lot more towards technology driven business model to manage costs of doing business and provide customers with more control and options of services rendered'. This was informed by the desire to reach more clients, a way of reducing insecurity in accessing bank account, encouraging phone banking among others.

4.2.2 KCB

KCB is semi-autonomous from the main operation in Kenya but board of Directors report to group board of Directors. The bank is registered in South Sudan as private bank. It was among the first banks that ventured into South Sudan in early 2005 with initially focus to serve humanitarian communities though later expanded to full banking services. It commands 42% market share. In 2016 the management made a decision to close 14 outlets and spared 7 branches that were considered to be at strategic locations.

KCB changes of structure and operational model due to external environmental change include: Significant change in structure that included reducing international employees from 68 to 15; merging retail business and corporate business. Reducing the number of employees in credit department and managing it from head office; merging compliance, risk and audit functions; merging procurement department and administration department; having lean departments; reducing branches from 21 to 7; reviewing the operation model and giving more responsibilities to remaining branches regarding decisions of the customer’s request.

4.2.3 Stanbic Bank

Stanbic Bank, formerly CfC Stanbic Holdings Limited. The Group's headquarter is located in Nairobi, Kenya. Stanbic Holdings is a member of the Standard Bank Group, a financial services giant based in South Africa. The South Sudan business is a branch of Kenya and licensed and governed by the Central Bank of Kenya, the national banking regulator.

The South Sudan business is managed under Kenyan office. There has been some adjustments such as collapse of departments and national staff pushed to take up management roles that were initially mainly occupied by the regional staff. This was mainly informed by the desire to minimise recurrent expenditure.

4.2.4 Kush Bank

Kush bank is South Sudan national bank founded in 2012. The bank has its main office in Juba and branches in Bor, Awerial, Yambio and Agok. The bank's customer base is composed of business people, individuals, NGOs and South Sudan government. The bank commands about 6% of market share.

Kush Bank changes of structure and operational model due to external environmental change included: merger of corporate and retail services; merger of Human Resource and Administration; optimal insurance cover of cash in vaults and transit; establishment of investment unit to be able to tap into equity investments; establishment of field cash services particularly for NGOs that required cash deliveries in areas where there is no bank; Increase of cash holdings at the branch levels to service cash economy and maintain customer trust; enhance the role of branch decision at branch level and stop all the loans/advances.

4.2.5 BCB

BCB is an indigenous South Sudanese financial institution that was started in 2008. It is one of the pioneers in the banking industry in the Republic of South Sudan. BCB bank is fully owned by South Sudanese. It has head office in Juba and 2 branches outside Juba. It's market share is approximated at one percent.

BCB changes of structure and operational model due to external environmental change included: reduction of fixed costs (salaries) by reducing fixed contract staff by 50%; merging of some departments and re-distributing tasks optimally; raising salary of the existing local staff to match inflation and also filled some new but key positions.

4.2.6 Ivory Bank

Ivory Bank was founded in 1994 by a group of South Sudanese business people to serve the banking needs of the people and businesses of South Sudan. The bank originally maintained its headquarters in Khartoum, Sudan. In April 2009, the bank relocated the headquarters to Juba, South Sudan. The bank has eleven branches mainly catering for South Sudanese personal banking in the rural areas.

Despite South Sudan downward economic trend, the bank has continued to be resilient and has not made structural/operational changes. The managing director mentioned that the bank took time to implement strategic plan because of the economic situation of South Sudan Republic.

The first finding of the study concerning environmental factors was the collapse of the oil business and production. The study findings were clearly supporting of the factors that made oil production either slow down or completely shut down due to the war taking place on the local scene. This was in support of survey responses which through the various managing directors indicated total dry-up of petroleum funds through their banks. Alarming as it was, the banks had to devise means of survival as this was a key source of income for all the banks operating in South Sudan. Similarly, results indicate that the exchange rate had to be heavily affected as the shutdown of oil meant the supply of US dollars went down in spiral form leading again to lack of other currencies of international trade including the British Pound and French Francs.

On compliance front, the study finds that global financial institutions increased risk check lists for banks operation in south Sudan. The nesting arrangement that existed between National and International had to suffer and cross border financial infrastructure of payments of national banks ceased while the regional banks had to innovatively route their transactions through regional office with more due diligences.

The study also found out that heavy dependence on oil led to a growth collapse (over 45 percent GDP contraction) in 2012 following the dispute between South Sudan and Sudan and the subsequent oil shutdown could not be strategized by either the foreign bank owners or their local counterparts. Expansive internal conflicts have not helped the situation either. It was however noted from the field results that technology largely remained intact or unaffected. This is corroborated by Marous (2017) who notes that at a time when the number of strategic challenges facing the banking industry seem overwhelming, prioritizing what needs to be focused on is an important exercise. In support of this study, the findings by Marous show that digital compliance can remain intact even though no customers are receiving value for their investment for example, ATMs left behind by the collapsing banks were functional but of no use without cash transactions. This is the same case in South Sudan with the KIIs clearly stating that the hardware and all other infrastructure would not be put to any immediate use after the collapsed bank business and even those that remained in operation found it unprofitable to service such assets as ATMs and local human resource.

4.3 Environmental Determinism and Strategic Choice

4.3.1 Ecobank

At Ecobank, the existing strategic plan and process was still useful even though the environment was disruptive. Strategic plan and processes were however not flexible enough to accommodate disruptive business environment. Ecobank draws its strategic plan in line with the head office strategic plan.

4.3.2 KCB

KCB strategic plan and process was neither useful nor flexible says Mr. Harun Kipogong, Managing Director. The bank is part of KCB group. Even though it has board of directors in South Sudan, decisions still required to be endorsed by board of directors in head office, Kenya. Political and tribal conflicts were not predicted during the designing of strategic plan. The bank would have made decisions taken promptly if they did not have to seek approval from group board of directors from head office.

4.3.3 Stanbic bank

Stanbic bank strategic plan and process was useful and flexible. Mr. Chief Operating Officer, Mr. James Taban still think there are complexities considering strategic choice as the South Sudan operations is managed from Nairobi Kenya. The strategic plan and process had number of assumptions that were predictive though not massive disruptions. The bank has been hosting the correspondence account with Bank of South Sudan and previously guaranteed importation of essential items which were to be offset from the oil proceeds. The bank had predicted that South Sudan government would undergo financial stress owing to it's one major revenue window. This was covered in the bank's strategic plan.

4.3.4 Kush bank

Kush bank strategic plan and process has not been useful because it was anchored peaceful environment and growing economy. The focus was to tap into the upcoming SME and agricultural production as well as improvement in US dollar allocation. Even though this is a local bank, it's growth was much pegged on availability of oil, stable international price of crude oil and security to allow for movement of goods and people. All these never met expectations hence the static growth.

4.3.5 BCB

BCB strategic plan and process was not useful. The existing strategic plan (business and financial) was developed during the period of plenty resources and stable conditions. The strategic plan was not flexible as it did not predict the disruptive external events or variables of the political and tribal conflicts, diminished global oil prices, diminished revenue and lack of dollars in the market. The strategic plan become useless and unattainable under the changed environment. The assumptions on which the strategic plan were based on are longer valid. Revenue collapsed, cost escalated and shareholders fund eroded in the first quarter of change. Management had to make changes aimed reducing cost, diversifying to nontraditional revenue sources. They had to make survival decisions. The attempt was to break-even.

4.3.6 Ivory Bank

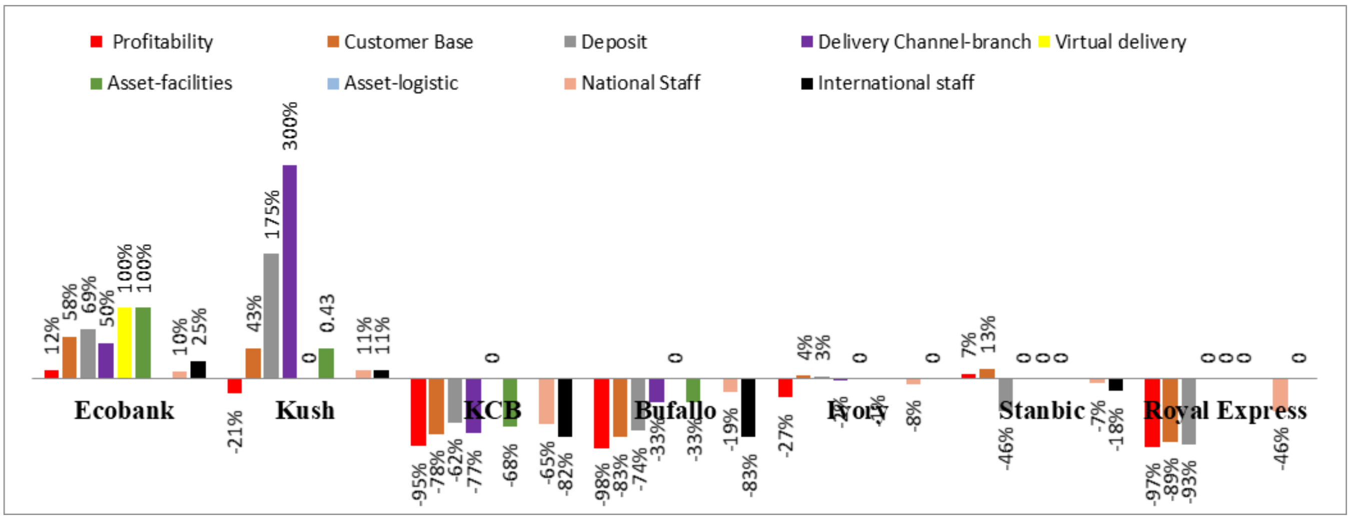
Ivory Bank strategic plan and process delayed before being implemented because of the country's political and economic situation. The bank tried to engage in diversification of services rendered apart from traditional bank services. The aim was to improve the bank's market share in Southern Sudan.

This study looked at the changes in strategy by leading banks to remain business and while compliance with global compliance in South Sudan banking sector. This section looks at the way banks implemented structural changes and operational models due to disruptive external environmental change. The structural changes and operational model changes would be compared to the Chaos and Complexity theory (Black & Farias, 2005). This could be associated to the South Sudanese banks that were operating in an environment of clear chaos and complex local situations.

From the study findings, it was observed that some banks had been trying to stick to the prescribed strategic plans. Thus, instead of using the headquarters' favorite design of controlling customers, a few international banks moved towards enabling customers to have a lot of control of their transactions by being flexible to customer demands in relation to existing environmental conditions. This was largely done through giving as much autonomy as possible to all operations that were run in the country by the banks. The main leaders in expansion strategy like KCB had to suffer large losses as they ended up closing down majority 15 branches from the 21 they initially had established simply because they chose to listen or stick too much to their Nairobi strategic plans. The bank flexibility was also curtailed by Central Bank for inaccessibility of USD customers deposits held at Bank of South Sudan, creating panic and loss of confident of its key niche. This clearly led to reduction in the number of employees and departments and giving more responsibilities to remaining branches regarding decisions of the customer's request. KCB in particular was put in undesirable position by the regulator and perhaps unresponsive regional management in reading the signs of the time in the country.

Figure 5 shows the impact of environmental factors on banking business in South Sudan. The data was provided by each of the banks that participated in the study. Profitability was negative for all the banks except Ecobank and Stanbic without applying hyperinflation standard accounting. During these hard times, it was Ecobank and Kush banks that managed to post positive development in areas of customer base, deposits, branch delivery channel, asset facilities and more national and international staffing. Ecobank benefited a lot from international customers (UN agencies, NGOs and Embasies) that were initially the niche of Kenya Commercial bank.

Figure 5: Impact of environmental factors on banking business in South Sudan



4.5 Discussion of Study Findings

In this section, the study presents the discussion of the findings by giving what other scholars ion the field of strategic choice and environmental determinism found. The theories used are also discussed to compare the suitability of their usage with respect to the discussion.

4.5.1 Environmental Determinism

As the study observed in its findings, there was clear evidence of environmental factors disrupting the set strategic choice. The evidence from study results was in support of Hill (2015) and Nuguer (2015) who observed that one environmental deficiency could trigger collapse of several non-environmental aspects. In this case, the collapse of oil business market in South Sudan was a key trigger of the loss or lack of foreign currency leading to fall in business for the banks. World Bank (2017) findings can also be viewed to corroborate study findings since they found that banking sector in South Sudan and other countries facing instability was badly affected by conflicts and environmental disasters citing Central African Republic, Somalia and Haiti as key examples where environmental determinism was playing a key role. Clearly, this is an indication that formal strategic planning could never have anticipated the oil shock. Study results compared to the various strategic plans from the visited banks indicate that planners had fully implemented their strategic plans and no provision had been forecast for this large scale oil problem.

The question of investor confidence showed clearly that investors were not ready to suffer spiralling losses and this led to the negative consequence of quick migration from the South Sudan to their original countries or neighbouring safe countries like Kenya, Uganda, Ethiopia and Tanzania. Such was the speed of migration that most of the enterprises operated in fear and loss making mode leading to collapse. The results are in line with scholars Orsato *et al* (2015) who concluded that environmental factors if not creatively tackled could lead to difficulties in operations within a given environment. It was for this reason that enterprises viewed business in the South Sudan as unstable and thus relocation enmasse or simply collapsing. This reasoning is also in support of Hill (2015) who compared enterprises in rural centres and corporates in urban areas with findings that the rural enterprises could not grow as quickly as the urban corporates following instability in the environmental factors including simple ones like accessibility to money avenues, failure to transact business and hyperinflation due to high incidences of lack of any liquid cash. However, peace negotiations did not receive much support although meaning that people's projects across the South Sudan would not be upgraded for near total lack of banking services. This suggests that enterprises in South Sudan do not rely on strategic planning but the most likely reason those that have survived is that risky ventures and entrepreneurial investment is at the heart of their survival. Again, banking has become a risky venture for both public and private sectors in the South Sudan due to adverse environmental changes that cannot be tackled by implementation of strategic plans designed from bank headquarters outside the South Sudan.

On compliance front, the study finds that global financial institutions increased risk check lists for banks operation in South Sudan. The nesting arrangement that existed between National and International had to suffer and cross border financial infrastructure of payments of national banks ceased while the regional banks had to innovatively route their transactions through regional office with more due diligences.

The study also found out that heavy dependence on oil led to a growth collapse (over 45 percent GDP contraction) in 2012 following the dispute between South Sudan and Sudan and the subsequent oil shutdown could not be strategized by either the foreign bank owners or their local counterparts. Expansive internal conflicts have not helped the situation either. It was however noted from the field results that technology largely remained intact or unaffected. This is corroborated by Marous (2017) who notes that at a time when the number of strategic challenges facing the banking industry seem overwhelming, prioritizing what needs to be focused on is an important exercise. In support of this study, the findings by Marous show that digital compliance can remain intact even though no customers are receiving value for their investment for example, ATMs left behind by the collapsing banks were functional but of no use without cash transactions. This is the same case in South Sudan with the KIIs clearly stating that the hardware and all other infrastructure would not be put to any immediate use after the collapsed bank business and even those that remained in operation found it unprofitable to service such assets as ATMs and local human resource.

4.5.2 Environmental Determinism and Strategic Choice

This study looked at the changes in strategy by leading banks to remain resilient and relevant in South Sudan banking sector. This section looks at the way banks implemented structural changes and operational models due to external environmental change. The structural changes and operational model changes would be compared to the Chaos and Complexity theory (Black & Farias, 2005). This could be associated to the South Sudanese banks that were operating in an environment of clear chaos and complex local situations.

From the study findings, it was observed that some banks had been trying to stick to the prescribed strategic plans. Thus, instead of using the headquarters' favorite design of controlling customers, a few international banks moved towards enabling customers to have a lot of control of their transactions by being flexible to customer demands in relation to existing environmental conditions. This was largely done through giving as much autonomy as possible to all operations that were run in the country by the banks. The main leaders in expansion strategy like KCB had to suffer large losses as they ended up closing down majority 15 branches from the 21 they initially had established simply

because they chose to listen or stick too much to their Nairobi strategic plans. The bank flexibility was also curtailed by Central Bank for inaccessibility of USD customers' deposits held at Bank of South Sudan, creating panic and loss of confident of its key niche. This clearly led to reduction in the number of employees and departments and giving more responsibilities to remaining branches regarding decisions of the customer's request. KCB in particular was put in undesirable position by the regulator and perhaps unresponsive regional management in reading the signs of the time in the country.
Figure 5 shows the impact of environmental factors on banking business in South Sudan. The data was provided by each of the banks that participated in the study. Profitability was negative for all the banks except Ecobank and Stanbic without applying hyperinflation standard accounting. During these hard times, it was Ecobank and Kush banks that managed to post positive development in areas of customer base, deposits, branch delivery channel, asset facilities and more national and international staffing. Ecobank benefited a lot from international customers (UN agencies, NGOs and Embasies) that were initially the niche of Kenya Commercial bank.

These findings are in clear support of Whittington (2014) who indicated in their findings that structural changes were imperative in cases of unplanned changes that keep a firm afloat. In the South Sudanese banks, structural issues were strongly related to the instability of the country political system with majority of the respondents indicating that most customers were fully cooperative in their accepting the drastic changes that were experienced in the banking industry noting that the few services provided were good enough to keep them running a few projects for survival. The findings were also in support of Tsolas and Charles (2015) report which showed a higher deviation from the strategic plans posted by headquarter offices by local management teams during project monitoring and evaluation sessions especially for the rural populations. The scholar was also in agreement that local managers are more likely to attend their monitoring and training sessions for local projects because they did not change locations in their settlements unless brought about by job demands. This means that the possibility of remaining very flexible and deviant from the prescribed strategic plan was literally the only way out of such situation. The tendency by company headquarters to be cautious means that they cannot take much risk starting a business in a very far away land from their original homes when such risks as war and conflict are in the offing. This according to Nuguer (2015) is one of the strong factors that make the banks trust local entrepreneurs to handle their business in the best way they know as opposed to the set strategic plans in Nairobi, Togo or Johannesburg. The study was thus in support of the above scholars who indicated the high failure of strategic plans was in support of the application of entrepreneurship and risky adventurism in handling environmental determinism.

Another finding was that as opposed to corporate strategic plan that requires specific cash distribution channels, the banks realized that only locals with trusted hands could be used to fully access the remote areas where several workers existed working for NGOs but with no access to banking facilities. In this case, the banks introduced field services through well respected NGOs with the trust of the local people. This clearly was not any part of the strategic plan but it worked effectively in accessing bank customers. The findings are also in line with findings of other scholars including Moradi-Motlagh and Babacan (2015) who concluded that in order to thrive during periods of war or conflict, business must be willing to take risks and that the entrepreneurial skills play a big role in productivity of such a region. The findings also indicated that the strategic plans with all their assumptions and monitoring and evaluation systems did not foresee such liquidity and brand image problems. Once the big banks started closing down, the local customers had reason to be wary of them and could not fully trust them to still continue serving them. As responded by one bank manager, there was totally no trust in their banking system following closure of some branches, something that the designed strategic plans had no immediate solution to provide.

Despite South Sudan downward economic trend, the banks continued to be resilient and have with some that did not have many branches taking time to implement strategic plans with revised targets because of the economic situation of South Sudan Republic. This still points to the fact that those strategic plans whether local or cross border designed can only work with quick unexpected changes that might not require so much referenced to the bank headquarters outside South Sudan.

Changes in external environment necessitated changes in banking structures and operational model to remain afloat. Banks resorted to downsizing of staff, promoting locals to take up positions that were initially occupied by regional staff because local staff were cheaper, streamlining departments to lean core ones, smaller indigenous banks diversifying into more corporate clientele, establishment of investment unit, establishing field cash services particularly for NGOs and optimizing insurance cover of cash in vaults and transit and increasing cash holdings at the branch levels. Whereas the big banks are struggling to reduce operation costs, the small local banks are seeing expansion opportunities. This implies clearly that strategic planning has no direct positive change on the banks but instead, the risky and adventurous management of these banks is what has been driving them to this point in the face of unsettled political upheaval.

Chaos and complexity theory was tested to the extreme in this South Sudan banks and from the results in the study findings, most of the banks did not have an immediate answer to the unfolding situation either because of the speed of occurrence or the complexity of the environment. From all the banks interviewed, it emerges that the chaos in the new country was nothing their contingency plans had been prepared to handle. Both KCB and Ivory Bank suffered the loss of branches since they could not have a workable solution especially in the remote regions where the chaos and complexity theory facets could not be implemented. The simple observation is that there was no strategic plan that would instantly solve the environmental chaos that was unfolding. The main reason that such banks as Kush and Ecobank made good survival as compared to others was their quick survival tactic of adopting to the local chaos thus avoiding the heavy losses.

From the study findings, it was clear that many if not all the managers were of the opinion that strategic plans were not full proof for their business. The first indicator of the failure of strategic plans was that it did not factor in conflict, hyperinflation, global decline of oil prices and sharp changes in asset portfolio including the sudden loss of jobs leading to mass unemployment of people previously employed and looked upon as bread winners. This was in support of earlier studies done by Singh and Thaker (2016) which indicated that strategic plans can have very many assumptions that might turn up to be false or grossly underestimated. The fact that formal banks viewed their customers in terms of profitability while informal ones looked at their clientele from a view of support and assistance means that strategic plans cannot be followed to the letter. This was also supported by Nuguer (2015) who found out that banks are disadvantaged when lending money to customers as they are looked upon as not very sincere with lending rates as well as exchange rates. Since banks go for profitability as a first priority in their lending, the inability by most locals to get huge amounts of loans simply means the banks would not stick to their strategic plans if they were to survive in South Sudan.

The findings on human resources indicated that even though the South Sudanese did not have adequate qualified personnel, it was impossible to sustain qualified personnel and directly post them to the business location prompting the change of tact into recruiting locals that would cope with reduced remunerations, brand imaging and dealing with the local customers. As such, the surviving banks were able to make flexible banking decisions due to their ability to have quick migrations of local people to specific regions as well as their stability in settling in one area as opposed to the foreign professionals who would otherwise only settle in Juba as a safety measure and costly too.

Another finding was that the managers at the surviving banks did not therefore require to have direct communication for support of their headquarters. These findings are also in support of Nuguer (2015) who concludes that managers in conflict zones are best left to be their own decision makers without reference to outside sources. Similarly, Whittington (2014) in his studies found that the ease of access to informal banks like NGO collection points compared to formal banks meant that the locals will always be willing to do their banking at the informal locations which are not planned for in the strategic plans. Implementation of the strategic plans therefore becomes difficult if not impossible due to the dynamism of the environment especially in conflict zones. In other `words, banks could easily share the progress of their projects which is of great interest to the lenders as opposed to the formal strategic planning, making monitoring easier to plan and execute in the field on the move. However, it is not totally doomed as some bank managers had factored in the likelihood of revenue collapse by the government that was heavily reliant on oil for its survival. The extent to which this would happen could however not be sufficiently estimated throwing all those strategic plans to waste.

There was consensus that most strategic plans did not get implemented due to the unpredictable environmental factors. According to the KIIs, little preparation if any had been made towards the collapse of the local banking networks nor the sudden escalation of conflicts that would severely shut down all productions in literally all sectors making it almost impossible to have daily movements by the people treated as customers by the banks. The combined effect of conflict and lack of oil to sell together with high inflation meant that strategic plans would not be followed through to the letter. Instead, there was need to have alternative means of ensuring that the few bank branches that existed were doing so at some profit. These findings are also in support of Eastburn and Boland Jr (2015) who indicated in his conclusions that strategic planning could not match the sudden environmental changes that occurred however much assumptions had been put in the plans.

The findings indicate that multiple disruptive external environmental factors have been responded to differently. Some banks rationalizing branches networks, others venturing into new nontraditional banking businesses while others (especially local banks) preferring to maintain status quo predicting adjustment of the situation. Regional banks got stuck with their strategic plans and processes since approval from their head offices took a lot of time. The effect was laying off of several staff as a cost cutting measure and shutting down/merging of less rewarding departments. Similar studies are having different results for example Gado (2013) studied on strategic choices and performance in ailing industry in Nigeria concluding that poor strategic choices led to collapse but Adeoye and Elegunde (2012) take a different stand by stating that there was even more success by entrepreneurs who simply managed their risky adventures better than their counterparts with well-designed plans.

In these findings, the contingency theory as indicated by Zsolt (2012) is clearly not taken to the serious level that could have saved banks like KCB in particular. What the banks are doing is trying to force strategic management plans in an area where only swift contingency plans can work. Similarly, the theory of open systems as propagated by Daft (2001) is clearly a failed attempt by the banks who tried to have a close follow-up of their headquarters systems in the South Sudan. This theory advocates for openness to the environmental changes but clearly, the managers in the South Sudanese banks had a slow reactionary response to the swift environmental changes. They clearly did not change fast enough.

4.5.2 Performance, Niche Market and Brand imaging

This finding was in corroboration of other findings by other scholars including Dvorak *et al* (2015) who indicated that it would be almost impossible for a bank to retain customer loyalty in cases where it closed its branches regardless of how clear the reasons that necessitated such negative consequence to the customers. This is in direct conflict with what Thompson et al (2007) states to be the right direction through strategic choice when firms are faced with the future of a given firm. Indeed the final outcome of the South Sudanese banks is a clear indication that strategic planning has gone way beyond what it can be relied upon to achieve.

Similarly, it was found that majority of the banks had problems handling the legal framework in the fragile country meaning that solving or engaging solutions that involved client dissatisfaction was not easy. This therefore led to restricting such solutions to corporate or niche market level since it was very difficult to subject the local customers to the legal system that was very weak and fragile. The glamour for that limited niche market was intensified once normal business became interrupted leading to high instances of diversification by the banks including cash delivery and pursuit of small scale traders but at high risk due to the unstable security in the country. According to Tsolas and Charles (2015), some banking giants simply get out of a location in case of conflict leaving their niche market to local entrepreneurs. This also happened to some of the banks in South Sudan opting to move out instead of getting into collaboration with the local entrepreneurs.

Further findings indicate that banks that had been dominated by government clientele also had made great losses since according to their strategic plans, 3-5 years of funds had already been factored into such relationships and the failure by the government to control high inflation, unbalanced exchange rates lack of liquidity meant that they had no option but to pull out the initially lucrative niche market. This is in clear corroboration of the observations by Kariuki et al (2011) which indicates that corporate firms heavily rely on strategic management plans in the operations but creative managers are willing to risk to get out of the failed plans.

The findings are in direct support of other scholars including Shyu and Chang (2015) who indicated in their conclusions that conflicts between Sudan and South Sudan and later between clans mutilated into economic fall that has adversely led to run-away inflation, high and unbalanced exchange rates as well as disrupted human resource base that is torn between fleeing the country and serving in the few available banks. Other studies by Casu *et al* (2017) also indicate that when a country depends on revenue from one source, the disruption of that one source can lead to many untold economic problems rendering any strategic plan irrelevant. As pointed out by Onguso (2008), it is the risk environment in which creative managers are able to handle the environmental factors that are completely unplanned for including natural resources and conflicts. This clearly calls for a re-think of application of strategic plans and this will be further explained in the next chapter in which conclusions and recommendations will be made.

CHAPTER FIVE: SUMMARY, CONCLUSIONAND RECOMMENDATIONS

5.1 Introduction

This chapter presents the study summary in three main sections. These will include summary of the findings, conclusion from the findings and policy recommendations according to each study objective. Finally, the chapter will present suggestions for further studies in thematic areas or the topics.

5.2 Summary

The general objective of the study was to determine the influence of environmental determinism on strategic choice among selected commercial banks in South Sudan. In particular, the specific objectives of the study were; to explore response and changes of structure, operational model due to external environmental change; to examine the usefulness and flexibility of existing strategic plan and process in adopting to disruptive business environment; strategic choice opted by different banks to sustain business and to determine management of niche market by banks and their brand marketing.

The study applied a multistage approach as it fitted the field environment in which there would be no influencing of the phenomena both past and present. Study population was comprised of major banks that are operational and fully registered under the South Sudan financial and banking regulations. Specifically, Key Informant Interviews (KIIs) with top bank employees were carried out through discussions with managing directors of Ivory Bank, Buffalo Bank, Ecobank, Kenya Commercial Bank, Stanbic Bank, , and Kush Bank. From the analysis, results indicated that majority of banks existed before the creation of the new state of South Sudan in 2011 with exceptional of Ecobank and Kush. From the management point of view, the results showed that all the banks had suffered to some extent with some like KCB indicating a clear representation loss and shrinking of it branches as compared to the rest of the banks in South Sudan during the conflict times.

In terms of changes of structure and operational model, generally all the banks were providing forceful changes and restructuring of their models in order to adapt to the changing unplanned environment. On the lower scale, only few of the banks were able to retain a large structure of their old design and this was mainly because of their narrow networks. Banks mainly focusing on international humanitarian agencies and foreign investors and traders as well as oil business had to make the largest structural and modelling changes.

The study found that polarization was a factor during execution of existing strategic plans that led to the banks taking having heavy losses. The banks were having strategic plans that could not be executed implying that locally the banks were getting polarized by the headquarters outside South Sudan. Similarly, there was a high increase for the challenges that one could get if trying to entice or attract customers away from one bank to another. Such challenges include customers not being able to access their cash and also not being able to have functional branches. However interest rates were a great hindrance since the exchange rate was too high with traders losing as much as 300 dollars for every 1000 invested. This therefore had a negative impact on the bank brands and images leading yet to more closures and worsening situation that could not be solved using strategic plans. Niche market was lost rapidly without alternatives and hence increasing branch closures.

5.3 Conclusion

This section contains the conclusions drawn from the study findings and discussed in the previous section. It follows that the management of each bank adopted strategic choice that was considered appropriate for the business. And the existing strategic plan and process were less useful and flexible in adopting disruptive environmental factors. The findings demonstrated that the homogenous environmental factors influenced differently the selected commercial banks and each selected commercial banks considered changes in structure and operational model, refocus the niche market and brand marketing, the performance management and constant realignments of the resources. The study has demonstrated that entrepreneurial approach was the key to survival of banks in South Sudan. Specifically, it is clear that some selected commercial banks remained profitable venture during the turbulence times using entrepreneurial approach of management with less reference or flexible strategic plan

The study concludes that banks in South Sudan have capitalized on the disruption of the environment by introducing activities that would be profitable to the banks regardless of the profit margin as long as it is income generating and within its regulatory and licenced business activity and some might be far from the strategic plan and its projected activity. In this reasoning, banks are bound to take risks that can be repaid without any strain over a long period of time. Banks deviate from its rational strategic plan and traditional key revenue generating and focus on peripheral non-traditional revenue sources in order to stay in business. Each bank adopted the disruptive external environment differently through adjusting structure, model of the business and mechanism of monitoring the progress, with exception of Royal Express bank whose management opted to remain status quo, resulting risk of loss of business. The management have been optimistic that the situation was temporary and opted to leave things as they are, resulting in non-compliance of its basic commitments. This reinforces the conclusion that for any enterprise to survive turbulent environment, the management must adopt accordingly.

On the other hand there is an irrefutable relationship between structural changes of the banks and appropriate alignment of the model of business. These manifested that when each bank changed its structure the change of the business model become inevitable. And it is only effective that structural changes is accompanied by the appropriate model of business to adopt effectively to the changing external environment.

Banks projected a profitability level, growth in customer base, asset portfolio and market structure in their strategic plan which were drawn with the assumption of stable environment and business continuity. Though the flexibility of the strategic plan depends on bank size, management structure and culture and enterprise resources, it clear that the entrepreneurial flexibility of the management is a critical pivot in sustaining business in a changing environment.

The banks in South Sudan faced the dilemma in venturing non-traditional products and services to sustain business midst increased global financial compliance tools that are anchored on conventional banking. Balancing compliance risks, conformity of the strategic plan and global financial standard and procedures seem the biggest dilemma for many managing directors. The study conclude the management must be equipped and find an exceptional and continuous art of balancing on external changing environment and performance, implying that formal or rational strategic management is not applicable to unstable and changing business context. It's also clear that from the management interview the more entrepreneurial approach is adopted the better for sustaining business and profitability. This gives bank managers the courage to go to the nonconventional banking using the most acceptable means as opposed to the set strategic plans from the bank board of Directors. In other words, banks would only make their products with profits in mind whereas in the South Sudan, things make it impossible with a very unpredictable environment. On the other hand, the study concludes that the central bank of South Sudan and their exchange rate control appear to be in big problems making it difficult to stick to set strategic plans. It can therefore be fairly concluded that what is making the surviving banks thrive is pure entrepreneurship. Taking risks appear to be more practical in this region and banking business can only survive through this mode of management.

The study concludes that banks or any other competitor for this industry segment needs to have in place measures that would work well in order to counter the negative effective of environmental disruptions. The surviving banks have demonstrated that a niche market could be lost overnight. For example, some banks lost heavily it major customers such as UN agencies, diplomatic missions and NGO niche market due to inaccessibility of the customers' foreign currency deposits with Bank of South Sudan coupled negative publicity of the media. However, the some banks have instituted low lying and slow recovery strategy while others have opted to re-energise its branding aimed to re-position in the long run, hoping that changes do not overwhelmed again. It is therefore possible that these two areas of branding and niche market could be the weak points for the some banks and that this is where efforts should be made to compete once there is stability in the South Sudan.

One strong conclusion was that customers are very sensitive to a brand and without taking risks, banks could lose their customers for good even if peace fully returns to the country.

5.4 Recommendations for Policy and Practice

From the study findings and conclusions, this section came up with recommendations for improvements and for further studies.

The financial sector remains very responsive to the environmental turbulences and susceptible to external environmental events and global incidences. The influence of environmental determinism continues to grow resulting irrational shocks and opportunity. The exponential growth of technology, particularly virtual banking, the continue overlaps of boundaries between security, politics and economy as well the global financial standard and compliances are making rational strategic plan and process inapplicable in many context of the business. Therefore there is need for financial sector to change their approach to carry business in more entrepreneurial than diligently follow rational strategic management. It's also worth that customers constantly receive information and their needs and expectation evolved and shift. The banks should make themselves accessible by proactively seek customer feedback especially as they develop products so that there is a higher uptake of products that are beneficial to their customers in the turbulent times as experienced in South Sudan. The key change is for banks to adopt entrepreneurial strategic approach moving away from the rational formal strategies in place in the context of chaotic environment.

They also need to endear themselves to the business environment by actively seeking to be part of the community in which they conduct their operations by giving back to the community. A link is to be created between the functional and services units on one side and decision making unit for the total pragmatism of environmental survival. This, they can do in various ways including finding out from their existing and prospective customers which projects are important to the community, support microenterprises through provision of targeted customer education programs which will not only give them a forum to interact with their target customers but will also enlighten and educate customers and communities to be better entrepreneurs ready to take on the local, regional and global markets.

Banks can also expand their reach throughout the country and specifically having innovative money mobility throughout the country. This involves risk taking that is only possible by being able to monitor the various environmental factors and adequately giving support as well as guidance to the customers in the young nation of South Sudan.

Most banks could move away from collateral backed loan facilities and this should be supported and encouraged by the new government, with the introduction of unsecured personal loans backed by salaries and other regularly and verifiable that enable them have access to loans. Banks could also reduce their rates of lending and hence it would be expected that with a low interest rate regime there will be more economic activity and growth as more people get access to credit and invest in income generating activities.

In this digital age financial services are now being offered electronically through mobile banking and internet banking. South Sudanese banks that will not adapt to technology will find it hard to survive in the long run even though at the moment, they have not cited technology as a major problem. Revolutionary money transfer facility and accounts should lead the battle for customers moving to the next frontier. Customer education and relationship management will continue to be key in ensuring that customers remain loyal.

The institution that is able to educate, support and build lasting relationships will in the long run not only have more customers but will remain profitable. Banks should learn that faithful following of strategic plans will disenfranchise their customers and hence there is need to have adequate entrepreneurial risking for environmental survival.

5.5 Limitations of the Study

The study anticipated that much time would be required to get adequate responses and at different times to drawn consistent conclusion of the influences of the disruptive factors on strategic choice. There is also need to investment more time and resources to undertake deeper operational changes at the functional level due to disruptive factors and triangulate their responses with the interviews outcome analysis of top managements of different banks.

However, the study ensured that there were enough research assistants to administer the key informant interviews though at closer time where the factors could be homogeneous. The other limitation anticipated was that due to conservatives and confidentiality of banks some pertinent strategic choice might have not been disclosed. The study however assured privacy and confidentiality by maintaining anonymity in order to protect the respondents from any form of victimization and jeopardy of the banks. Peace being a difficult ingredient in South Sudan also meant application of security at high cost and the banks responses might have been cautions on this aspect.

5.6 Recommendation for Further Study

Further studies need to be undertaken to compare diversity of the disruptive factors and their respective characteristic in other instable business context such as Congo and Somalia. This will verify the validity of findings in this study. The findings of this study concluded that disruptive factors were triggered by internal political and tribal conflicts,. This might be different in Congo and Somalia where the dynamics could be of total different. Additionally it is worth to test empirically and establish co-relationship of the disruptive factors and strategic choices adopted by different managers.

The study further recommends combination of qualitative, quantities and more secondary data for deeper understanding and drawn co-efficient and co-relation of environmental determinism, strategic choices and performance of financial sectors in turbulent context. This might also support richer data collection, better analysis and conclusions.

The study further recommends wider scope and more time that will involve other financial institutions such as investment companies, insurances, micro-finances to establish how they survive in the face of environmental deterministic factors.

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APPENDICES

Appendix I: Introductory Letter

P.O .Box 254,

Juba, South Sudan

Dear Respondent,

RE: <u>REQUEST FOR DATA COLLECTION</u>

As part of course requirement for the award of the degree, Master's in Business Administration, I am expected to undertake a research study with the objective of determining influence of environmental determinism on strategic choice among selected commercial banks in South Sudan.

Your bank have been selected to participate in the study and therefore I am courteousness seeking your assistance to complete the questionnaires attached.

The questionnaire is expected to take roughly ten minutes of your valuable time and I request if you can answer them to the best of your knowledge and experiences.

Yours faithfully,

Ahmed S. Takoy

Master.s Student, University of Nairobi

Appendix II: Interview Guide for Bank Directors /Managers

1. Explain how the bank has changed (if any) its structure and operational model due to external environmental change.

2. Was the existing strategic plan and process useful and easily flexible in adopting the disruptive business environment?

3. Explain how the bank manage its niche market. Was this niche changed with the recent changes in the external environment?

4. Discuss external environmental determinisms that resulted into disruptions in the bank.

5. Explain bank strategies adopted because of the disruption environment

6. Explain strategic choices made to align the bank's business with the changing environment.

7. Is there other strategic choices the bank has adopted due to disruption on business environment?

8. Explain the extent the bank made strategic choice due to abrupt external environment change in banking industry?

9. Discuss how environmental determinism influence strategic choices in your commercial bank in South Sudan

10. Are there other environmental determinants and how they have they influence strategic decisions among commercial banks

Appendix 111: KII RESPONSES

Stanbic Bank Chief operating Officer

11. Explain how the bank has changed (if any) its structure and operational model due to external environmental change.

-The South Sudan business is managed under Kenyan office. There has been some adjustments such as collapse of departments and national staff pushed to take up management roles that were initially by mainly occupied by the regional staff.

-No much change in operational modality.

12. Was the existing strategic plan and process useful and easily flexible in adopting the disruptive business environment?

    Yes, it was useful. The strategic plan and process had number of assumptions that were predictive though not a massive disruptions. The bank has been hosting the correspondence account with Bank of South Sudan and previously guaranteed importation of essential items which was to be offset from the oil proceeds. The bank also manage oil companies transactions.

    Having one major revenue window with no much diversification it assumed the gov't could be under financial stress and the strategic considered.

    Yes the strategy plan was reasonably flexible.

13. Explain how the bank manage its niche market. Was this niche changed with the recent changes in the external environment?

The niche of the bank was oil companies, corporate and South Sudan Government.

Yes the bank managed its Niche and further attract embassies, Multi-national Agencies, UN agencies and some International NGOs. On the other hand lost significant number of corporate customers who exited from the market.

14. Discuss external environmental determinisms that resulted into disruptions in the bank.

-The major one is the prolonged and devastating political conflict which later took tribal conflict dimension. The conflict invited many other challenges in the banking sector. It result destructions of the oil field, curtail oil productions, hyperinflation, loss of SSP value against US dollars, loss of business generally, insecurity and many other disruptive factors.

-New compliance standard of international US and UK banks made bank careful to establish any relationship. So the bank has been very selective of clientele.

-Hyperinflation made cost of operation expensive. The bank had to rationalized its regional staff and replace them with National staff. Still it has to match the new cost of livings. The bank has to move to new premise that was cheaper than and possible take small space to accommodate the rising cost.

-Unstable exchange rate has made bank’s profitability unpredictable.

-Insecurity: just like all other business the general insecurity has impacted both bank operations and its customers.

15. Explain bank strategies adopted because of the disruption environment

    -More risk management. The bank increased its risk and compliance procedure and process. Establish tools to vet new customers and prudently carry out transactions including those that required conversation to USD.

    -The bank has undertaken cost cutting initiatives which resulted reduce the regional staff including closing the guest houses.

    - Establish new marketing initiatives to target new corporate accounts.

    -Establish new security guidelines.

16. Explain strategic choices made to align the bank's business with the changing environment.

- Hedging position: The bank converted its local currency into USD to minimized the unstable exchange rate
- Cost cutting measures such relocate the office to new premise and consider small space, reduce the regional staff and closing the guest houses.
- Aggressively marketing initiative targeting multi-national, UN and NGOs and provide tailored services.

17. Is there other strategic choices the bank has adopted due to disruption on business environment?

    - Prudently manage the Govt correspondence account and stop guaranteeing tools.
    - Increase cash holdings to sustain the trust of the customers.
    - Digitize systems to meet the new clientele and cut the cost.

18. Explain the extent the bank made strategic choice due to abrupt external environment change in banking industry?

Keys issues the banker considered are

a) Transfers demand were managed, sometime from untraditionally international unit outside South Sudan
b) Cash availability (SSP & US dollars). The bank increased its cash holdings to ensure the trust remains/sustained.
c) Staffing cost-Regional staff reduced and national staff promoted. The net effect was cost reduction.
d) Digilised the bank systems to match the new demand from the new customers

19. Discuss how environmental determinism influence strategic choices in your commercial bank in South Sudan

a) Change of price and output of the oil. This affected the bank relationship with BSS as the bank cancelled guaranteed that was back by revenue from the oil proceeds
b) Conflicts: This made oil field closed, triggered inflations, made business and corporate closed business which indirectly reduce banks business, made exchange rate unstable as the BSS could not functionally intervene the market as it had no dollars. The conflict resulted increased cost of the bank operations.

c) Hyper-inflation: This made necessitated the revaluation of its assets and currencies and made the bank report reduced profitability or even no profit.

20. Are there other environmental determinants and how they have they influence strategic decisions among commercial banks

a) Liquidity problems. This made bank to ship physical foreign currency cash and therefore increased the bank cost. The decision to ship cash from outside was to sustain the customers demand and trust.

b) Unstable exchange rate between SSP and US Dollar made the management to convert the SSP into USD and hold it as dollars

Bank Manager-Ecobank

21. Explain how the bank has changed (if any) its structure and operational model due to external environmental change.

    Moving a lot more towards a technology driven business model to manage costs of doing business and provide customers with more control and options of services rendered.

22. Was the existing strategic plan and process useful and easily flexible in adopting the disruptive business environment?

    Yes – useful. Easily flexible, perhaps not. May take some time due to capital investment, technological tests, training users and customers. All in all, digital disruption in banking is the future.

23. Explain how the bank manage its niche market. Was this niche changed with the recent changes in the external environment?

    The bank has managed its niche closely through managing relationships as corporate clientele are a fragile lot. The niche has not changed but instead complimented by other segments in the chain of business relations.

24. Discuss external environmental determinisms that resulted into disruptions in the bank.

    The political stalemate has resulted into holding off business decisions due to lack of foresight.

25. Explain bank strategies adopted because of the disruption environment

    Embracing technology in processes – offering a lot more of "self-service" products to our customers.

26. Is there other strategic choices the bank has adopted due to disruption on business environment?

    N/A

27. Explain the extent the bank made strategic choice due to abrupt external environment change in banking industry?

    N/A

28. Discuss how environmental determinism influence strategic choices in your commercial bank in South Sudan

    Like most financial markets, the environment requires strategic planning to chart a profitable path and curve out a niche at the earliest opportunity where need be.

Quick decision making and continuous consultations with stakeholders remains paramount.

29. Are there other environmental determinants and how they have they influence strategic decisions among commercial banks.

    None

Bank Director - KCB

30. Explain how the bank has changed (if any) its structure and operational model due to external environmental change.

The bank changed the structure significantly. The bank had 68 international employees and this was reduced to 15. The retail business and corporate business is merged and head of business position created. The credit department was reduced significantly in number and the function established at head office instead of at the branch level. The compliance, risk and audit functions merged with now only with one head. Also the size of the departments reduced. The procurement department function transferred to administration department. The bank closed branches and reviewed the operation model. The remaining branch are given more responsibilities regarding decisions of the customer's request.

31. Was the existing strategic plan and process useful and easily flexible in adopting the disruptive business environment?

    No it was neither useful nor flexible. The bank is part of the group and despite with separate board of directors here decision still required to be endorsed by the group management. The outcome or consequences after the political and tribal conflicts were not predicted. The field was extremely a new arena that was never thought about. The bank would have reacted fast were the decision taken promptly without making reference the strategic plan and group decision.

32. Explain how the bank manage its niche market. Was this niche changed with the recent changes in the external environment?

The niche market was INGOs, UN agencies, Embassies, regional and corporates.

The INGOs, UN agencies, Embassies received their funding from and the respective head offices/donors/country and them utilize the money here in South Sudan. Since the money come through bank of South Sudan their money was inaccessible. Their relations with their suppliers, employees and partners who have banking outside kcb equally faced challenges as the clearing house become no functional. Commercial banks refused to accept cheque and this literally made the clearing house functional.

33. Discuss external environmental determinisms that resulted into disruptions in the bank.

- Internal Political conflicts. This triggered a host of external challenges that bank had no control over including looting of branches, insecurity, hampering movements of people and goods within country and displacing huge number of the people, shortage of dollars and inflations.

- Food shortage as people were not able to cultivate
- Regulator-inability to allow transfer or avail customers money (Foreign currency) on demand which triggering loss of confidence
- Hyperinflation
- Non-compliance alert and financial risk by international banks, particularly UK and US banks
- Increased cost of doing business - Cost of fuel for the generator, increase salary of national staff, cost and difficulties to get USD to pay, Regional staff (paid in USD), rental and international financial commitments.

34. Explain bank strategies adopted because of the disruption environment

The bank rationalize its operations thereby

a) Reduce regional staff from 68 to 15
b) Renegotiate rental contract
c) Closed branches that are not able to generate
d) Merge departments
e) Adopt agile and flexible approach to the management.

35. Explain strategic choices made to align the bank's business with the changing environment.

-Hibernation approach or standby mode for the next disruptive or consequences of the external disruptive. Therefore for no planned business development initiatives, products diversifications and new technology introductions.

-Cost cutting measures-staff reductions, commitments, re-negotiation, sales of fleets and other assets

-Increase transaction cost

-do not allow foreign currency clearing.

-Engage BSS to for the customers' deposits

36. Is there other strategic choices the bank has adopted due to disruption on business environment?

- Situation approach for the weak legal framework. Caution handling of arbitrary approach taxations, defaulters and labour unrest

-Engaging regional head quarter and boards for the updates

37. Explain the extent the bank made strategic choice due to abrupt external environment change in banking industry?

The extent strategic choice was moderate. For example the bank focused increase transactions charges, reduce unserviceable liabilities by not accepting foreign currency clearing items, funding of nostro accounts to pay money that is stuck in BSS, stop lending. Also focused on what the banks can control such as rationalization of operation and cost, structure, hibernations approaches among other which were mainly internal adjustments but could not address the most critical issues such as servicing the existing liabilities of UN, NGOs, Embassies and multinational donors as they were not able provide their accounts.

The bank was no able to make strategic choice that could influence on the fundamental in the industry such as loss of business, loss of credibility by international banking sectors and loss of confidence by customers.

38. Discuss how environmental determinism influence strategic choices in your commercial bank in South Sudan
    - The bank lost its niche or business which was the main reasons for the expansive investments
    - Reduction of revenue. The management had to abandon existing strategic plan (business and financial) and embark on ways of matching revenue and cost. As such the rationalization of operations, cutting cost measures such as reduction of regional staff from 68 to 15, closing of branches and disposal of the assets such as vehicles, generators among others
39. Are there other environmental determinants and how they have they influence strategic decisions among commercial banks

-Hyperinflation-make salaries, rents and cost operation expensive

-Financial scrutiny by international financial systems become tighter and international risk increased. Sanction was imposed to groups and individual in south Sudan and international transactions become hard to pass the strict test.

-International and free lacers negative reports of bank facilitating stolen make made things worst. The bank had to review its relationship with the media. More importantly the bank embarked more close information management.

Bank Director - Ivory Bank

40. Explain how the bank has changed (if any) its structure and operational model due to external environmental change.

    No change in structure and operational model

41. Was the existing strategic plan and process useful and easily flexible in adopting the disruptive business environment?

    The management did not change the existing strategic plan.

    Implementation delayed significantly due to conflict, economy situation.

42. Explain how the bank manage its niche market. Was this niche changed with the recent changes in the external environment?

    The bank has been focusing two Niches

    a) Agriculture sectors-give soft loans to farmers
    b) Facilitation and payments of the governments' ministries.

The bank was not able to manage the Niches. The conflicts disrupted farmers and further made difficult and risky any movement including transport of their stocks

The Government finance 98% of its operation from revenue of the oil. The oil revenues were affected by global oil price and conflicts. Therefore there was no money available to pay recurrent and developmental commitments.

43. Discuss external environmental determinisms that resulted into disruptions in the bank.

The main factors of disruptive were

a) Conflicts. The conflict make the economy collapse, government exclusively use its small resource to finance the war. The conflict affect farmers, business community which rely on import from neighbouring countries.
b) Reduced oil fields outputs and low global oil price. Government was not able to pay salaries, honour development commitments.

c) Liquidity problems. The bank was not able to pay customers money both in SSP and US Dollar.

d) Inflation-the bank find existing salaries of its staff in adequate and had to increase when the revenue went down significantly.

44. Explain bank strategies adopted because of the disruption environment

-instead of financing farmers directly the bank established a private company which has been buying stocks from the farmers, then storing and selling when there is markets.

It stop financing farmers as it was found risky as the farmers were displaced.

-Closed branches that were looted.

45. Explain strategic choices made to align the bank's business with the changing environment.

-Instead of financing farmers directly the bank established a private company which has been buying stocks from the farmers, then storing and selling when there is markets.

- It stop financing farmers as it was found risky as the farmers were displaced.

-closed branches that were looted.

-Review the salaries to match the increased cost of livings.

46. Is there other strategic choices the bank has adopted due to disruption on business environment?

Still continue with the implementation of the strategic plan but some new activities

Instead of financing farmers directly the bank established a private company which has been buying stocks from the farmers, then storing and selling when there is markets.

- It stop financing farmers as it was found risky as the farmers were displaced.

-closed branches that were looted.

-Review the salaries to match the increased cost of livings.

47. Explain the extent the bank made strategic choice due to abrupt external environment change in banking industry?

The bank made strategic choice for not working with farmers but indirectly involved less risky of buying farmers stocks including the existed stocks and selling it NGOs, Gov't and UN agencies. We have also standby in any government transactions of FX.

48. Discuss how environmental determinism influence strategic choices in your commercial bank in South Sudan.

-Conflicts influenced the bank establishing a subsidiary that directly deal with trading activities and banks give financial guarantee and resources.

-Inflations lead to adjusting of the salaries in order to match increased cost of the living.

49. Are there other environmental determinants and how they have they influence strategic decisions among commercial banks

-Reduced oil price and output due to the conflict.

-Closing of the bank correspondence accounts to facilitate international transactions

Bank Director - Buffalo Bank

50. Explain how the bank has changed (if any) its structure and operational model due to external environmental change.

Structure changed. The managed made decision and put the bank survival mode. Revenue diminished while the core cost remain the same.

The changes greatly affected the bank's revenue generating capacity. The first and foremost action of the management was which revenue generating products was to protect and how to control cost variables cost and to be slim.

Cost savings measures

-Reduce fixed cost (salaries) by reducing fixed contract staff by 50%. No additional recruitments, Resigned staff and merge department and re-distribute tasks optimally. Raised the salary of the existing local staff to match the inflation and also filled some new positions.

-Introduce structural change to eliminate non-core functions.

51. Was the existing strategic plan and process useful and easily flexible in adopting the disruptive business environment?

    Not useful.

The existing strategic plan (business and financial plans) was drawn for the application under period of plenty and stable conditions. The strategic plan was not flexible as it did not predict the disruptive external events or variables of the political and tribal conflicts, diminished global oil prices, and diminished revenue lack of dollars in the market.

The strategic management become useless and unattainable under the changed environment. The assumptions on which the strategic plan were based no longer valid. Revenue collapsed, cost escalated and shareholders fund eroded the first quarter of the change circumstances. Management had to react by changing the tactic and strategy, aimed reducing cost, generating untraditional or new focus revenue and start drawing strategy of survival. The attempt was to break-even then.

52. Explain how the bank manage its niche market. Was this niche changed with the recent changes in the external environment?

The bank was unable to keep its niche market. Reason, it lost its main instrument appealing to its customers because of the external environment disrupting the market. Under disrupted market where 'the water was polluted the bank had to fish for unpoisoned fish' that could serve for a new niche. Even in the suffocated polluted water there were lives that struggled to survive. The new Niche plan was how to work out with those that struggled for life and nurture them for breeding by putting them in a clean small ponds. The suspicious, the doubt was there a best common bond that will give for the development of confidence and nich market at ground level developed. Word of the month circulated. Survival group working under the radar of progressed. Revenue was comparatively low but allowed break-even in the bottomline. The big niche market was gone. The management's reaction led to development of small but upcoming niche market that is responsive to the new game.

In short the new informal management created new way of survival.

The bank initial niche was corporate (international traders) by facilitating international transactions and providing international trade tools such as letter of credits, guarantees and support/facilitate transfer to international suppliers.

The new niche was to support small scale traders in giving them short terms and limited amount of loans

53. Discuss external environmental determinisms that resulted into disruptions in the bank.

    The question is quite broad. There are several interconnected causes of disruptions in the banking sector. But allow me to metioned few of them.

I. War and conflict in hinderland and in juba was the major disruption. Business were interrupted, entities looted
II. Bank of south sudan stopped paying foreign currencies deposit
III. The country import over 95% of its imports and there was no foreign currency to support the trade.
IV. The main stay of the Government revenue, oil export price deteriorated and quantity significantly reduced.
V. The govt, financing deficit grew and to temporarily address BSS printed more notes. Triggering unmanageable inflation.
VI. Most business entities started closing
VII. Foreign banks (UK, USA) started closing the account of national banks-political preasure and risk related issues.
VIII. Local bank become ‘bankless’
IX. Multinational institutions like IMF, World bank closed shops
X. Transport of essential goods including food stuff become impossible
XI. Traders in conflicts areas lost lives and properties
XII. Imprisonment of traders/business without due process
XIII. People were no longer able to cultivate lands, school closed … over 4 million were displaced.

54. Explain bank strategies adopted because of the disruption environment

    Completely changed strategy

    -avoid any business that has to do with Gov’t

    -explore what else is left in the market

    -increase risk surveillance and mitigation.

    -Keep constant touch with regulator

-win new and small less risky customers that will not need foreign currency

-Adopt strategy to filter and screen the small business enterprises.

55. Explain strategic choices made to align the bank's business with the changing environment.

    -Abandon the old lucrative business strategy was based on trade financing of imported goods.

    -Target smaller enterprises that do trading within the country and that do not need foreign currency to buys stocks

    -Become flexible with business policy and procedure but not compromise with the compliance.

    -change the structure to match the diminished revenues

56. Is there other strategic choices the bank has adopted due to disruption on business environment?

    -At the onset of the disruption the bank shifted its liquid asset and position outside the country.

57. Explain the extent the bank made strategic choice due to abrupt external environment change in banking industry?

-the bank adopt situational decision that is appropriate with the prevailing and changing environments. Its revised its structure and revised business operation and managers were more alert of the risks and unfolding events.

- Non acceptance to foreign cheques through clearing house and closing working the regulator for the foreign deposits.

58. Discuss how environmental determinism influence strategic choices in your commercial bank in South Sudan

    -The commercial banks faced significant risks of business and there were no profits or even revenue to cover the core cost. As such managers were to navigate and look for possible options to generate revenue and reduce cost.

    -lending window closed as there risk of servicing loan was very high.

    -Conflict situation forced the banks to provide insurance cover of the cash at the branches.

    -Relinquish branch expansion

-More concern of the compliance and risk as international banks more focus on SSudan commercial banks.

-The strategy was to remain float, go with the main streams and avoid been target by security agents, parties in conflicts and local communities.

59. Are there other environmental determinants and how they have they influence strategic decisions among commercial banks

-Arbitrary taxation and interference of the security organs.

-Amount and frequency of contribution requested by different authorities.

-Strategy was need to organize all banks to form association and address this kind of arbitrary demands

Chairman Board of Director - Kush Bank

60. Explain how the bank has changed (if any) its structure and operational model due to external environmental change.

-*Structure changed*

a) Corporate and retail merged to Head of business. Since its initial growth has been disrupted the bank opted to merge the two and rationalized the resources and delivery infrastructure.

b) Investment unit established. The bank initiated ways of getting equity investments. So it recruited international consultancy to head the unit.

c) Field cash services was established to service customers particularly the NGOs that required cash deliveries in areas where there is no bank.

d) HR and Administration merged to form Services department.

-*Operational modality changed*

a) The bank opted to be more business risk focus including optimal insurance cover of cash in vaults and transit.

b) Increase cash holdings at the branches levels to services cash economy and sustain customers trust.

c) Enhance the role of branch decision at the branch level.

d) Stop all the loans/advances

61. Was the existing strategic plan and process useful and easily flexible in adopting the disruptive business environment?

It has not been useful. The strategy was anchored peaceful environment and stable and growing economic. The focus was to tap in the upcoming SME and increase agricultural productions as well as US dollars allocation.

62. Explain how the bank manage its niche market. Was this niche changed with the recent changes in the external environment?

The niche of the bank was SME and individual accounts

The bank somehow sustained the niche but at reduced level. The conflict hugely affected SME and individuals that required efficient banking services.

On the other hand the bank opted to venture into new market of field cash deliveries for NGOs and UN agencies

63. Discuss external environmental determinisms that resulted into disruptions in the bank.

a) The key one is the political and internal conflicts. The consequences have been destruction of properties, massive displacement people, the interruption and destructions of oil productions, erratic and unproductive exchange of SSP against US Dollars, hyperinflation, loss of SSP value against US dollars among others.
b) Global price of oil: The global oil prices dived from 115 to less than 40 per barrel. With reduced output from 360 barrel per day to less than 150 barrel per day significantly affected the revenue of the Government. The revenue could only meet debt obligations and Government could not pay salaries.
c) Liquidity problems: The BSS used the commercial deposit to finance the war and pay some of the pressing commitments. This made the sectors loss trust and customers' opted not to use financial institutions instead keep the money outside the banking sectors.
d) Closing of correspondence account: This literally make the bank's business limited within the South Sudan only as it cannot meet customers' demand of transferring money outside the country.
e) Cost of doing business: salaries, rental, international obligations such as monthly internet, swift, international staff were unaffordable.

f) Stoppage of US Dollar allocation by BSS left big gap in revenue collections.

64. Explain bank strategies adopted because of the disruption environment

a) Enhance cash availability at the branches levels

b) Establish of Field cash services unit..

c) Cost cutting measures to reduce the cost

d) Establishment of Investment and advisory unit to attract equity investors.

e) Stoppage of overdraft and loans

65. Explain strategic choices made to align the bank's business with the changing environment.

- Optimal liquidity management: the branches cash holding limited increased and insurance cover consequently matched. This was to sustain and build customers confidences.
- Ventured into field cash deliveries which allow the bank to get foreign currencies to finance its obligations in US dollars.
- Cost cutting decisions including the negotiations with landlords. This was intended to match the cost and revenue of the bank.
- Establish investment sections to attract equity investors.
- Stoppage of overdraft and loans-The risk of defaulting was high. So the bank opted to not consider any application.
- Expand softly and consider mobile banking

66. Is there other strategic choices the bank has adopted due to disruption on business environment?

-None

67. Explain the extent the bank made strategic choice due to abrupt external environment change in banking industry?

The bank significant strategic choice

e) Merging of department to reduce cost of each department and also rationalized operation cost.

f) Increased branch cash holdings

g) Increase bank charges

h) Establish its presence in humanitarian areas to service NGOs

68. Discuss how environmental determinism influence strategic choices in your commercial bank in South Sudan
    d) Liquidity problem at Bank of south Sudan-The bank increased it cash holding limits at the branches levels.
    e) Scarcity of foreign currency- Ventured into risky of delivery SSP in the field and requesting to be reimbursed in US dollars. This help the bank to get some dollars to pay its commitments and also get revenue.
    f) New market areas-softly expanding to humanitarian locations to services them.
    g) Change of price and output of the oil. This affected the allocation of dollars and the bank had to look for new ways of getting Fx gains.
69. Are there other environmental determinants and how they have they influence strategic decisions among commercial banks

c) Loss of SME market-establishment of the Investment and Advisory unit to attract investments and after manage strategically the sectors

Appendix IV: Environmental factors ranking by Selected Commercial banks

KCB

ENVIRONMENTAL FACTORS	RANK	CONSEQUENCES
inaccessibility of customers' USD deposits at BSS	R1	unable to execute customers' instruction and commitments
political/tribal conflict	R2	3 branches looted including the customers money
Hyperinflation in the economy	R3	Cost of running the business increased over 500%,
USD availability at BSS	R4	imported business drastically affected, bank commitment that is paid in dollars could not be settled, families could send money for personal needs
Loss of exchange revenue	R5	Reduced the revenue of the bank drastically
Investors' confidence	R6	UN and NGOs looked for alternatives as the bank could not pay their deposit. Most Business community closed business activities and exited and personal transactions reduced by 80%
Global Compliance	R7	The has been media negativity which also increase compliance issues
Devaluation of local currency	R8	Reduced the value of assets of the bank as its reported in USD/Kenya shillings
Competition in the banking sector	R9	UN and NGOs opted to other International banks

Legal and regulatory environment	R10	Weak legal environment marred with lack of trust, power influences, unprecedented court judgements, increased labour cases and cost, stringent and unnecessary emerging regulations including taxation penalties
Increase Minimum statutory requirement	R11	The bank met increased capital required of USD 30m and increased reserve required of 20% customers deposit.
inaccessibility of customers' USD deposits at BSS	R8	unable to execute customers' instruction and commitments
Change of technology	R12	it did not affect so much

Ecobank

Environmental Factors	Rank	Consequences
Devaluation of local currency	R1	Reduced the value of assets of the bank as its reported in USD/Kenya shillings
Hyperinflation in the economy	R2	Cost of running the business increased exponentially
political/tribal conflict	R3	created insecurity environment with lots of business risks
Change of technology	R4	introduction of 24 hrs ATM, APPs, mobile Banking, Internet banking
USD availability at BSS	R5	Generally affected the business activities
Exchange revenue	R6	revenue increased as more UN/NGOs opened operational accounts

Investors' confidence	R7	Business closed and exited and personal transactions reduced
Competition in the banking sector	R8	increase pressure of other banks as most bank went for UN/NGOs as the only source of dollars
inaccessibility of customers' USD deposits at BSS	R9	Its was factor but not major one as the bank had kept inflow at its nostro account outside South Sudan
Global Compliance	R10	More risk and compliance requirements of the International transactions by International Banks, the bank could not hold other banks accounts
Legal and regulatory environment	R11	Weak legal environment marred with lack of trust, power influences, unprecedented court judgements, increased labour cases and cost, stringent and unnecessary emerging regulations including taxation penalties
Increase Minimum statutory requirement	R12	Capital required of USD 30m and reserve required to 20% were met adequately

Buffalo Bank

Environmental Factors	Rank	Consequences
political/tribal conflict	R1	loss key clients that used to import goods and services and lc facilities
USD availability at BSS	R2	imported business drastically affected, bank commitment paid in dollars could not be settled, families could send money for personal needs

Loss of exchange revenue	R3	Reduced exchange revenue which is 85% of the bank income
Global Compliance	R4	Due US A sanction UK and USA correspondence account were closed
Hyperinflation in the economy	R5	Cost of running the business increased ,
Investors confidence	R6	Most Business community closed business activities and exited and personal transactions reduced
Competition in the banking sector	R7	corporate/importers went to International banks that could facilitate cross border transactions
inaccessibility of customers' USD deposits at BSS	R8	unable to execute customers' instruction and commitments
Legal and regulatory environment	R9	Weak legal environment marred with lack of trust, power influences, unprecedented court judgements, increased labour cases and cost, stringent and unnecessary emerging regulations including taxation penalties
Devaluation of local currency	R10	Reduced the value of assets of the bank as its reported in USD/Kenya shillings
Increase Minimum statutory requirement	R11	The bank did not meet increased capital requirement of USD 15m and it did not affect as it was able to negotiate the regulator. Increased reserve required of 20% customers deposit tied up and necessitate penalties
Change of technology	R12	it did not affect so much

Ivory Bank

Environmental Factors	Rank	Consequences
political/tribal conflict	R1	loss key South Sudanese clients (individual and business. 4 branches were destroyed)
Global Compliance	R4	Due USA sanction UK and USA international accounts were closed
Exchange revenue	R3	Reduced exchange revenue which is 85% of the bank income
USD availability at BSS	R2	imported business drastically affected, bank commitment paid in dollars could not be settled, families could send money for personal needs
Competition in the banking sector	R7	corporate/importers went to International banks that could facilitate cross border transactions
Hyperinflation in the economy	R5	Cost of running the business increased ,
Investors' confidence	R6	Most Business community closed business activities and exited and personal transactions reduced. People lost confident with banks as liquidity was a big problems
Legal and regulatory environment	R9	Weak legal environment marred with lack of trust, power influences, unprecedented court judgements, increased labour cases and cost, stringent and unnecessary emerging regulations including taxation penalties
inaccessibility of customers' USD deposits at BSS	R8	unable to execute customers' instruction and commitments

Increase Minimum statutory requirement	R11	increased capital requirement of USD 15m and reserve required of 20% customers deposit were though the later tie up deposits
Devaluation of local currency	R10	Reduced the value of assets of the bank
Change of technology	R12	it did not affect so much

<u>Kush Bank</u>

Environmental Factors	Rank	Consequences
Global Compliance	R1	Due USA sanction UK and USA international accounts were closed
political/tribal conflict	R2	loss key South Sudanese clients (individual and business. 4 branches were destroyed)
Investors' confidence	R3	Most Business community closed business activities and exited and personal transactions reduced. People lost confident with banks as liquidity was a big problems
Competition in the banking sector	R4	corporate/importers went to International banks that could facilitate cross border transactions
Exchange revenue	R5	Reduced revenue from exchange rates-no more allocations
USD & SSP availability at BSS	R6	imported business drastically affected, bank commitment paid in dollars could not be settled, families could send money for personal needs. Also there was shortage of SSP though its temporary
Hyperinflation in the economy	R7	Cost of running the business increased ,

Devaluation of local currency	R8	Reduced the value of assets of the bank
inaccessibility of customers' USD deposits at BSS	R9	unable to execute customers' instruction and commitments
Change of technology	R10	it did not affect so much
Legal and regulatory environment	R11	Weak legal environment marred with lack of trust, power influences, unprecedented court judgements, increased labour cases and cost, stringent and unnecessary emerging regulations including taxation penalties
Increase Minimum statutory requirement	R12	increased capital requirement of USD 15m and reserve required of 20% customers deposit were met though tie up deposits

Royal Express

Environmental Factors	**Rank**	**Consequences**
Exchange revenue	R1	Exchange rate revenue accounted for 95% of the bank's income and with no allocation the bank was could manage its core cost.
Competition in the banking sector	R2	people looking for dollars opted other banks and black market to acquire dollars
political/tribal conflict	R3	loss key South Sudanese clients (individual and business.
USD & SSP availability at BSS	R4	With limited deposit the bank could not honour to pay client deposit and could not access SSP from BSS
Increase Minimum	R5	increased capital requirement of USD 15m and reserve required of 20% customers

statutory requirement		deposit could not be met
Hyperinflation in the economy	R6	Cost of running the business increased ,
Devaluation of local currency	R7	Reduced the value of assets of the bank
Investors' confidence	R8	Most Business community closed business activities and exited and personal transactions reduced. People lost confident with banks as liquidity was a big problems
inaccessibility of customers' USD deposits at BSS	R9	unable to execute customers' instruction and commitments
Change of technology	R10	it did not affect so much
Global Compliance	R11	did not affect as the bank did not establish correspondences accounts
Legal and regulatory environment	R12	Did not affect much

Stanbic Bank

Environmental Factors	**Rank**	**Consequences**
Investors confidence	R1	Most Business community closed business activities and exited and personal transactions reduced. Stanbic also hosted Central Bank of South Sudan account and this was affected
political/tribal conflict	R2	loss key clients that used to import goods and services and lc facilities

Global Compliance	R3	Due to increased pressure of Headquarter and international communities closed all arrangement with National Commercial banks
Hyperinflation in the economy	R4	Cost of running the business increased ,
Devaluation of local currency	R5	Reduced the value of assets of the bank as its reported in USD
Competition in the banking sector	R6	UN and NGOs opted to other banks
USD availability at BSS	R7	imported business drastically affected, bank commitment paid in dollars could not be settled, families could send money for personal needs
Exchange revenue	R8	Reduced exchange revenue the bank income
	R9	
Legal and regulatory environment	R10	Weak legal environment marred with lack of trust, power influences, unprecedented court judgements, Labour cases increased and stringent and unnecessary emerging regulations including taxation penalties
Increase Minimum statutory requirement	R11	The bank met increased capital required of USD 30 m and did have problem with increased reserve required of 20% customers deposit. However it has experienced penalties as there is no overnight borrow tools
Change of technology	R12	it did not affect so much

Appendix V: Figure 5 Performance indicators of the selected Commercial Banks

		Profitability	Customer Base	Deposit	Delivery Channel		Asset		Staff	
					branch	Virtual delivery	facilities	logistic	National	International
1	KCB	-95%	-78%	-62%	-77%	no change	-68%		-65%	-82%
2	Kush	-21%	43%	175%	300%	no change	0.43		11%	11%
3	Bufallo	-98%	-83%	-74%	-33%	mo Changes	-33%		-19%	-83%
4	Ivory	-27%	4%	3%	-2%	no change	-1%		-8%	0
5	Stanbic	7%	13%	-46%	0	no change	0		-7%	-18%
6	Ecobank	12%	58%	69%	50%	100%	100%		10%	25%
7	Royal Express	-97%	-89%	-93%	no change	no change	no change		-46%	no change