

CHAPTER 2

LITERATURE REVIEW

2.1 A summary of strategic management theory

(1) Traditional strategic management theory

As early as 1962, Chandler made a clear statement of corporate strategic management. In "Strategy and structure-A textual Research on the History of American Industrial Enterprises", Chandler explores the internal relationship between enterprise strategy, environment and organizational structure, and he is the first scholar to discuss the relationship between these three factors. Enterprise strategy is to realize the long-term stable development of the enterprise, which requires that the strategy itself meets the actual needs of the market and has a higher adaptability to the environment. From the point of view of the enterprise interior, the strategic objective has a direct impact on the organizational structure. When the enterprise strategy changes, in order to achieve the strategic objectives better standard, internal organization structure also needs to adjust accordingly (Henry, 1994).

With the development of relevant theories, the research on strategic management is deepening, and there are more and more branch schools. In 1960 s, the research on strategic structure was divided into two schools: one was design school. The representative scholars of this school are Chandler, Andrews, and Sid and so on. According to the school of design, strategy is divided into two parts: formulation and implementation, and both parts need to be able to change and develop according to the actual environment. Nowadays, more SWOT strategic models are used, which is the achievement of this school. The second is the School of Planning. Some scholars, represented by Ansoff, believe that strategy itself should be a very planned and standardized content. In 1965, the corporate strategy was divided into two parts: the overall strategy and the management strategy. In 1979, Ansoff's "Strategic Management" explained his strategic management model directly and in detail. In his theory, strategic behavior mainly aims at two aspects: sympathetic to environment and internal structural adjustment. It can be seen that, in the traditional strategic management theory, its analysis is based on environmental factors (Beaufre, 1965).

(2) Theory of competitive strategy

Porter is the representative scholar of the theory of competition strategy. As early as the 1980s, his two works "competitive Strategy" and "competitive advantage" have already expressed the theory of competition strategy very well. In the famous Porter Model, there are five factors that affect the income of the enterprise: first, the substitute supplier, when the product is homogenized, the pressure is more obvious; the second is the new entrant, who has just entered the industry. Potential targets of threat; third, existing competitors, pressure from the same industry; fourth, the bargaining power of suppliers, is from the upstream pressure; fifth, the bargaining power of users, is the pressure of downstream Force. These five factors have obvious influence on the rate of return of investment. In the process of actual analysis and strategy implementation, it is necessary to make a comprehensive discussion on each factor to determine the strategic way that can improve the competitiveness (Noonan, 2012).

In the theory of competitive strategy, profitability is the basis of the research. All the relevant analysis of competitive factors is to improve the profitability of enterprises, obtain a greater market share, and thus achieve the long-term stable development of enterprises. Compared with the traditional strategy theory, the competitive strategy theory has carried on the multi-angle research to the industry attraction, but how to define the industry standard, the industrial structure stability and so on content has not been clear. The theory of competition strategy is an analysis based on the competitive structure of industry, which makes it possible to cause strategy in the actual operation process due to various reasons, especially internal environment, different resources and other practical problems. It is unreasonable (Hobsons, 2016).

(3) Core competence theory

With the development and change of the market, the phenomenon of product homogenization is becoming more and more serious. In this context, it becomes more and more difficult to rely on accurate positioning for long-term development. In view of this, the related research of strategic management theory begins to seek new direction, bring the learning ability of enterprise into the scope of study, and think that the level of learning ability of enterprise is directly proportional to the development ability. When resources and learning ability become the important factors that affect the development of enterprises, the core competitiveness theory based on these two contents is derived.

From the point of view of enterprise, there are three types of resources: human resources, material resources and organizational resources. However, in the process of enterprise operation, these three kinds of resources are usually difficult to function alone,

which requires the enterprise to make rational use of the three kinds of resources and to allocate and utilize them reasonably in different situations. When the resources owned by the enterprise cannot be replaced and cannot be imitated, these resources and their integration ability can bring great benefits to the enterprise and thus condense into the core competitiveness of the enterprise (Kanekar, 2010).

Comparing with Porter's model, we can find that the core competence theory better describes the internal environment of the enterprise, is a resource-based theoretical content, and has a longer view.

(4) New strategic management model and research trends

After the last century 90's, the market environment has taken place the significant change. On the one hand, the development of technology makes the product update faster, but also increases the degree of homogeneity. On the other hand, the standard of living of the people continues to improve; individualized demand is also more and more intense. Under the action of two kinds of factors, "innovation" becomes the new path of enterprise development. Edward de Noble made a comprehensive analysis of the above problems in his book *beyond Competition*, and put forward the theory of transcendental Competition. Since then, the research on strategic management began to expand in a wider direction (Schemo, 2007).

In addition to the theory of transcendental competition, Mohr's theory of evolution of enterprise ecosystem and Davenides' model of transcendental competition are all effective approaches to the new strategic management model. In the continuous research, the scholars believe that the strategic management theory should change and perfect with the change of the times, so the theory itself also presents new characteristics. Firstly, the theoretical analysis and discussion should not be limited to the current industrial environment, should attach importance to the dynamic analysis. Secondly, the theory and practice should be combined and promoted, and the theory should be applied in practice. Finally, the content and views of different schools of thought continue to merge and promote each other's development (Nag, 2007).

2.2 The strategic management theory of commercial banks at home and abroad

2.2.1 Domestic research

(1) Defines the bank strategy. The fundamental purpose of bank strategy is to gain a certain competitive advantage, which is a long-term and risky activity. All strategic

objectives and behaviors of banks, such as scope of operation and competitive strategies, should be based on the realization of the bank's vision.

Operational strategy guarantees the relationship between enterprises and environment, stipulates the scope, direction and competition strategies, reasonably readjusts corporate structure and distributes all corporate resources under the condition that the strategy is consistent with corporate mission and the mission could be accomplished and on the basis of fully utilizing opportunities and creating new chances. From the perspective of formulation requirement, business strategies mean using opportunities and threats to evaluate current and future's environment, assessing the conditions of corporate based on advantages and disadvantages, hence to choose and guarantee the overall and long-term goals of corporate, and formulate and determine the action plans to realize goals (Mintzberg, 1996).

(2) To the bank strategic transformation has carried on the discussion. Strategic transformation is not only related to the current development of banks, but also affects the future development direction and path. Therefore, in Wang Jiang's research, the existing problems and future problems are the main contents of his research (Lepak, 1998).

Through formulating business strategies, investigating and analyzing internal and external environment of the enterprise, and guaranteeing the status of enterprises in market competition, it sets a clear direction for enterprises to enhance own operation abilities.

(3) Put forward that rural commercial banks must accelerate the transformation of service object, service idea, service mode, organization structure, business structure, profit model, risk management system and corporate governance mechanism in order to realize the strategic transformation (Mintzberg, 1987).

From the reality of China's banking industry's perspective, supporting strategies mainly included: market positioning strategy (consisting of regional positioning, business positioning and customer positioning strategy), and business development strategy (consisting of wholesaling development strategy, and retailing development strategy, financing and investing development strategy, and intermediary service development strategy), virtual bank development strategy (including ATM, CDM, POS, phone bank and other traditional virtual bank business, and online banking business and other business development strategies), capital operational strategy (including IPO, M&A, and

strategic alliances strategy), cost control strategy, asset control strategy and organization system development strategy. Also, a sound, scientific and complete strategic supporting system is the foundation of the implementation of bank's strategic planning. Commercial banks' strategic supporting system includes marketing supporting system support, risk control system support, backstage processing system support, financial guarantee system support, information technology support, human resources and corporate culture support, and so on (Velliariis, 2016).

2.2.2 Studies abroad

Since the 1990s, the trend of economic globalization has become more and more obvious, the world markets are opening up and the pace of integration is getting faster and faster, which makes the competition pressure of the whole market increase continuously. In response to this situation, banks in many developed countries have begun to implement strategic management to improve their competitiveness in the international market, and have achieved initial results (Ghemawat, 2002).

In the process of bank operation, the implementation and transformation of the strategy are accompanied by certain risks. In order to ensure the stable development of the bank, it is necessary to effectively control the possible operation and market risk.

It includes four main contents: first, strategic formulation is the foundation of enterprise strategic behavior, and it is also the concentrated embodiment of enterprise development goal. The second is the implementation, is the concrete activity process. The third is evaluation, after the implementation of the strategy, the whole implementation process and the results achieved, the degree of completion of the objectives should be evaluated to provide reference and guidance for the follow-up work. Fourth, control, ensure that strategic management can promote the realization of corporate vision.

Put the research attention to the small and medium commercial banks. In the increasingly competitive realistic context, the size of small and medium-sized commercial banks, funds and so on do not occupy a large market advantage, so the strategic management is more important in its long-term stable development target.

For both constructs the word "confidence" is used, and one difference is in timing: the self-efficacy question is asked prior to a cognitive act and confidence is asked immediately after answering a cognitive item. Boekaerts and Rozendaa refer to the

calibration of 10–11 year old primary school students' mathematics self-beliefs, in which post-solution judgments of accuracy were more accurate than “feeling of confidence” before problem solution. They argue this is because students' metacognitive feelings during the mathematics task would have informed their judgments (Sowa, 2002).

The study was administered from Singapore, where all data collection, cleaning, and analysis took place. The foreign collaborators – all situated in the education or psychology departments of universities in their own country – were responsible for translation of the survey documents into the languages of their sample, sampling schools and classes, and managing data collection, following procedures developed in Singapore.

The first aim of this study was to replicate the results of PISA 2003, which focused on cognitive and affective reactions to mathematics; the second was to extend measurement of self-belief constructs to include post-test measures of confidence and self-evaluation for the first time in a large international sample. Thirdly we aimed to develop a structural model of mathematical self-beliefs that is consistent across cultures and that improves prediction of mathematics performance over what is already known.