

Research on SYNSH Development Strategy Selection and Implementation Based on DELPHI-SWOT Model

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ABSTRACT

Rural commercial banks with an indispensable part of China's financial system, are from the early reform of rural credit cooperatives, but compared with other early development of banking institutions, in addition to the weak foundation, and in some management system, risk prevention and control, business innovation ability, talent shaping and training, market strategy, there are still many deficiencies and gaps. SYNSH chooses reasonable development strategy and implementation measures to establish the long-term strategic development thought. This paper first expounds the background and significance of selecting development strategy and implementing research, and then analyzes the research status at home and abroad. SYNSH is selected as the research object, and its development strategy selection and competitiveness are screened and established. Based on the DELPHI-SWOT hybrid analysis model, the internal and external development factors and related development strategy indexes of SYNSH are analyzed. Finally, the development strategy and implementation safeguard measures are determined to promote the high-quality development of SYNSH.

Keywords: DELPHI-SWOT Mixed Analysis Model, Development Strategy, Rural Commercial Bank

1. INTRODUCTION

With the rapid development of China's economy, the new rural construction of socialism is also advancing. The central document calls for continuous and in-depth promotion of new rural construction and further implementation of the important policy of rural financial system reform. SYNSH's predecessor was the rural credit cooperatives. Since the establishment of the credit cooperatives, SYNSH has been continuously improved through many reforms and innovations, but there are still many problems in the development process. With the change of rural financial structure, some large commercial banks are facing business expansion in rural areas, which puts great competition pressure on rural commercial banks. Rural commercial banks are subject to many institutional obstacles and historical residual problems^[1]. If SYNSH wants to have a better development prospect, it must make a breakthrough in the choice and implementation of development strategy. This paper hopes to select the appropriate implementation plan for SYNSH through the research and selection of SYNSH development strategy.

The research on the competitiveness of rural commercial banks is still in its infancy. Many scholars pointed out that the commercial banks in the city have the characteristics of regional and special services for SMEs, and the competitiveness of banks is largely affected by internal and external factors. Based on this theory, the evaluation method and evaluation index system of bank competitiveness are established. For commercial banks to encourage and promote the integration of more financial institutions, it can improve the competition pressure between banks to a certain extent, so as to improve the working efficiency and formal profitability of banks, and banks and other financial institutions still have a long way to go^[2].

With the change of rural financial structure, some large commercial banks are facing business expansion in rural areas, which puts great competition pressure on rural commercial banks^[3]. Rural commercial banks are subject to many institutional obstacles and historical residual problems. In the development process of SYNSH, there are some of the higher risk of lending in rural areas, due to the difficulty of business development, the low efficiency of opening up new markets^[4].

SYNSH is located in the slow economic development of northern Jiangsu area, the study of SYNSH development strategy has certain reference significance for the national rural commercial banks. Based on the research of scholars at home and abroad, combined with the actual situation of the region and the development of SYNSH, this paper innovatively puts forward the DELPHI-SWOT hybrid analysis model to analyze the internal and external development factors of SYNSH and the selection of relevant development strategy indicators.

2. CONSTRUCTION AND ANALYSIS OF STRATEGIC CHOICE MODEL

2.1 Principle of indicator selection

(1)Combination of flexibility and scientificity. SYNSH has many factors in the choice of development strategy and subjectivity in the construction of influencing factors. Maintaining the originality of data is a special issue that needs attention in the process of data construction to prevent unnecessary distortion.

(2)Subjective indicators and objective indicators coexist. The development time of SYNSH is short, and many influencing factors cannot be specifically reflected. In addition, some subjective socio-cultural indicators need to be better reflected. In the process of building the system, it is necessary to combine subjective and objective indicators to achieve a comprehensive evaluation of SYNSH development strategy.

2.2 The strategic choice of SYNSH

2.2.1 Identification and classification of influencing factors

This paper uses PEST model and Porter's five forces model to analyze the development environment of SYNSH, and the contents are reflected in the following strategic choices. Through analysis, the factors can be classified into six categories, a total of 34 indicators are extracted, as shown in table 1.

Table 1. Influence factors and weight assignment

Factor	Subelement	Variable	SW OT	Variable weight					Average
				DM1	DM1	DM1	DM1	DM1	
Politics	National Economic Growth	POL01	O	0.8	0.9	0.7	0.9	0.8	0.82
	Monetary Policy Increases Exchange Rate Risk	POL02	T	0.6	0.7	0.5	0.5	0.7	0.60
	Government intervention	POL03	O	0.6	0.6	0.7	0.5	0.6	0.60
	Unstable macroeconomics	POL04	T	0.5	0.5	0.6	0.4	0.5	0.50
	Shuyang Government Financing Policy	POL05	S	0.7	0.8	0.7	0.8	0.9	0.78
Economy	The improvement of national economic level	ECN01	S	0.7	0.8	0.7	0.8	0.7	0.74
	GDP growth in Shuyang area	ECN02	S	0.7	0.7	0.6	0.7	0.6	0.66
	SYNSH has sufficient capital	ECN03	S	0.7	0.8	0.9	0.8	0.8	0.80
	Increased costs	ECN06	W	0.5	0.6	0.7	0.5	0.4	0.54
Culture	Development of Education Level in Shuyang Area	CUL01	O	0.5	0.4	0.6	0.5	0.4	0.48
	Higher quality of staff	CUL02	S	0.6	0.5	0.6	0.5	0.6	0.56
	Social recognition	CUL03	S	0.7	0.8	0.7	0.6	0.8	0.72
	The diversification of resident bank choice	CUL04	W	0.5	0.6	0.4	0.7	0.6	0.56
	Strong Social Responsibility	CUL05	S	0.5	0.6	0.6	0.5	0.4	0.52
	The epidemic places residents on savings	CUL06	O	0.6	0.7	0.5	0.6	0.7	0.62
	High customer demand for services	CUL07	O	0.6	0.5	0.6	0.5	0.6	0.56
Technology	Low business error rate	TEC01	S	0.6	0.7	0.6	0.7	0.8	0.68
	Low utilization of self-service equipment	TEC02	W	0.5	0.4	0.6	0.5	0.4	0.48
	Weak risk control capability	TEC03	W	0.6	0.5	0.4	0.5	0.3	0.46
	Many other financial software	TEC04	T	0.3	0.5	0.4	0.3	0.6	0.42
	Internet banking APP function is developed	TEC05	O	0.6	0.7	0.8	0.7	0.8	0.72
	Low Product Innovation Ability	TEC06	W	0.5	0.3	0.2	0.4	0.5	0.38
	Low percentage of R & D personnel	TEC07	W	0.5	0.3	0.3	0.3	0.2	0.32
Geography	Located in the junction of the four cities	GEO01	S	0.6	0.7	0.8	0.6	0.8	0.70
	Wide distribution of branches	GEO02	S	0.6	0.8	0.7	0.6	0.8	0.70
	Density of other banks in the same region	GEO03	T	0.5	0.3	0.5	0.4	0.5	0.44
	Township layout points more	GEO04	S	0.6	0.5	0.4	0.7	0.8	0.60
	Convenient transportation	GEO05	O	0.5	0.7	0.6	0.8	0.7	0.66
Law	Anti-Money Laundering Sanctions Regulations	LEG01	S	0.8	0.6	0.5	0.8	0.7	0.68
	Unstrictly regulated private lending	LEG02	T	0.5	0.5	0.6	0.3	0.6	0.50

	Financial service guarantee system	LEG03	S	0.6	0.6	0.8	0.7	0.6	0.66
	Network Security Law	LEG04	O	0.6	0.8	0.7	0.6	0.5	0.64

2.2.2 Influence factors assignment and average weight

Each factor can be described in Table 1, and five experts are invited to score each factor. The assignment range is from 0 to 1, and 0.1 is the increment. Combined with the DELPHI-SWOT mixed analysis model, the weights are standardized by formula (1) and formula (2), and the standardized weights are obtained. The total standard proportion of positive factors (opportunities and advantages) and the total standard proportion of negative factors(threats and disadvantages) are 1.

$$X_i = \frac{x_i}{\sum_{i=1}^m x_i}, i = 1, 2, \dots, m \tag{1}$$

$$Y_j = \frac{y_j}{\sum_{j=1}^n x_j}, j = 1, 2, 3, \dots, n \tag{2}$$

Where *m* and *n* are the number of positive and negative factors respectively^[5].

2.2.3 Evaluation of prediction scheme

Combined with the development status of SYNSH, experts are consulted, and based on the development

Table 2. Program evaluation results

Optional	O+S	T+W	Euclidean distance	Rank	O-S	T-W
Stable + cost leadership	3.4936	1.4274	2.0753	2	2.2692	2.0375
Stable + differentiation	3.4927	2.4125	2.8447	6	2.2720	5.8202
Stable + centralization	3.5881	1.6047	2.1374	3	1.9935	2.5751
Growth + Cost Leadership	4.0777	2.0243	2.2245	4	0.8506	4.0978
Growth + differentiation	4.1287	2.28	2.4409	5	0.7592	5.1984
Growth + centralization	4.7445	1.5599	1.5807	1	0.0653	2.4333

$$W_{os} = \sum_{i=1}^m X_i \times K_i \tag{3}$$

$$W_{tw} = \sum_{j=1}^n Y_j \times L_j \tag{4}$$

$$D = \sqrt{(W_{os} - 5)^2 + (W_{tw} - 0)^2} \tag{5}$$

Where *K_i* is the average score of positive factor *i*; average score of *L_j* as negative factor *j*.

strategy theory, three strategies and three competitive strategies are cross-combined to obtain six strategic plans, that is Stability + cost leadership strategy, Stable + differentiated strategy, Stable + centralized strategy, Growth + Cost Leadership Strategy, Growth + differentiation strategy, Growth + concentration strategy.

Experts are invited to evaluate each pre-selection scheme and score interval [0,5]. The importance and possibility of positive factors for strategic choice increase with the increase of score, while the importance and possibility of negative factors for strategic choice increase with the decrease of score.

2.2.4 Selection of pre-selection options

According to the formula (3) and formula (4), the total score of opportunity-advantage, threat-disadvantage for each alternative can be obtained, as shown in the table 2. After calculating the total score of each scheme, the concepts of Formulas (5) and Euclidean distance are introduced to obtain the Euclidean distance between each alternative scheme and the ideal scheme. The note-taking scheme with a smaller Euclidean distance is closer to the ideal scheme and becomes the target choice of the development strategy of SYNSH.

3. SYNSH DEVELOPMENT STRATEGY CHOICE

According to the above table, the growth and centralization development strategy is the most suitable development strategy for SYNSH. Growth strategy, that is, the strategy for enterprises to develop towards higher-level goals at the existing strategic level, is generally to take their own development as the core guidance, continuously develop new products, explore new markets, and adopt new management models to enhance their competitive strength. Growth strategy means higher cost, but it doesn 't mean that companies ignore cost, but

rather set the strategic goal as how to have higher market share. In practice, the growth strategy consists of intensive growth strategy, integration strategy, diversification strategy and other types. Centralized growth and integration constitute the growth strategy of SYNSH.

3.1 Operating strategy of SYNSH

The growth strategy will bring higher economic benefits to SYNSH, so that SYNSH has a high market share in Shuyang area. The implementation of the growth strategy must first follow the principle of efficiency, how to make SYNSH in the premise of reducing costs, maintain a large economic benefits. This will ensure that the cost of implementing growth strategies is less than profit margins. Secondly, to follow the appropriate principles, the use of growth and centralization strategy involves market penetration, market and new product development. For Shuyang region, more pressure from strong competitors increases the risk and difficulty of market development strategy. Therefore, strategic implementation should be made on the basis of appropriate balance. Finally, to follow the effective principle, SYNSH should effectively analyze customers. According to the corresponding service content provided by different customers, it is also an effective measure to show SYNSH's service attitude and enhance competitiveness from the perspective of customers.

3.2 Functional strategy of SYNSH

3.2.1 Intensive growth strategy

Intensive growth strategy, also known as enhanced growth strategy, means that enterprises make full use of the advantages of existing products or services to consolidate their competitive position. Its strategies include market development strategy, market penetration strategy and product development strategy. SYNSH needs to improve the existing product and market share strategy by increasing marketing efforts. In the implementation of market penetration strategy, it can increase the number of sales personnel, this is the simplest and effective measures. It is the top priority to cultivate the comprehensive ability of sales personnel. The official account is increasing. Advertising costs and diversified means of publicity, such as live broadcast of Douyin, which can increase the visibility of agricultural and commercial banks. SYNSH is of great significance in developing new products or services.

3.2.2 Integration growth strategy

According to the direction of business development, integration strategy can be divided into vertical integration and horizontal integration. SYNSH can adopt vertical integration strategy to save transaction costs with

upstream and downstream enterprises in the market, control scarce resources, ensure the quality of key investment or access to new customers. Integrated growth strategies enable SYNSH to build its own business circle. In other words, if an enterprise is a customer of SYNSH, SYNSH can induce its upstream and downstream enterprises, including merchants, supermarkets and other units to become customers of SYNSH by providing more favorable and convenient conditions, so that this part of the enterprise liquidity .

4. CONCLUSIONS

This paper uses a variety of strategic analysis tools to analyze the development environment of SYNSH, and uses DELPHI-SWOT hybrid analysis model to select its development strategy. It is concluded that SYNSH should choose the development strategy of combining growth strategy and concentration strategy, and carry out specific subdivision research on the strategy, to provide reference for the selection and formulation of the development strategy of similar banks.

AUTHORS' CONTRIBUTIONS

Jiaming Wang: Writing-original draft, Conceptualization, Supervision. Yong Zhang: Formal analysis. Xueyi Du: Formal analysis. Yunfei Zhang: Data curation. Chengyao Lin: Data curation.

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