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**EFFECTIVENESS OF COMBINED STRATEGICAL
PERFORMANCE :
A STUDY OF BANKING INDUSTRY IN THE VAVUNIA
DISTRICT**

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ABSTRACT

Banking in Sri Lanka has undergone phenomenal reforms during the recent past, opening the doors to the forces of deregulation, competition and globalization. These forces of the industry making it more competitive, and market and customer oriented. The banking industry in general has gone through different phase. The banking sector reform implemented since 1980 include free entry of private and foreign sector banks, de-regulation of interest rates and relaxation of statutory prudential norms such as requirement and since 1990 the introduction of international accounting standards and capital adequacy requirements and asset liability management systems. On the one hand, there are dynamic, profitable banks in Sri Lanka and also there are problematic banks. Combined strategy is to be viable over the long run, and in many cases, to be associated with superior performance. In general, it was suggested that businesses successfully combining low costs and differentiation utilized synergies to overcome any tradeoffs that may be associated with the combination. Hence combination generic strategy may create a competitive advantage among competitors in banking industry also

This study explores the effectiveness of combined strategies in Business performance: A study of banking industry in Vavuniya District. This study utilized data from 30 employees and 30 customers from six commercial banks operating in Vavuniya to analyze the primary data. Secondary data were gathered from financial indicators of each bank in terms of Return on Assts (ROA) and Profit per employee (P/E). The relationship between differentiation strategy, cost leadership strategy, combined strategy and organizational performance were discussed in this study. The hypotheses were tested through the regression analysis using SPSS 12 package. The results indicated that differentiation strategy has higher positive relationship with organizational performance than that of combined strategy and cost leadership strategy in banking industry in Vavuniya.

Key Words: Differentiation, Cost Leadership, Combination Strategy, Performance