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THE ROLE OF STRATEGIC ANALYSIS IN DETERMINING CREDIT POLICIES

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Abstract

The aims of this research are to identify the aspects of strategic analysis and the factors influencing the granting of credit and its standards, identify the relationship between economic, legal and social variables on credit policy, and determine the relationship between information systems and credit policies. Where the problem of research is to study the relationship between the strategic analysis and definition of credit policy, To achieve the research objectives and solve the problem, the researchers conducted a questionnaire distributed to a group of government and private banks, The research reached a number of conclusions, the most important of which is that there is a significant impact of the strategic analysis which is represented by variables of the external environment (economic, social and political) in determining the credit policy. There is a significant analysis of the strategic analysis of internal environment variables (information systems and value of the organization) in determining credit policy. The study concluded with a set of recommendations, the most important of which requires banks to use modern methods in analyzing the risks of using technology and related information in the organization, and recommends the study of diversification in the services provided by the bank in the light of modern technological developments, and recommends the research of the proper ethical dealings with the needs of the community and the recognition of their current and future needs.

Keywords: strategic analysis, credit policies.

INTRODUCTION

Credit policies, of course, change according to the circumstances and situations faced by the credit-granting unit. The unit that was granted credit at a given time or a particular circumstance cannot grant credit in another circumstance and position and vice versa. It may be an economic unit to withhold monetary credit in a certain circumstance and a certain position, in another circumstance and another position can be granted cash credit. This may require studying the internal environment and the external environment of the economic unit that has been granted credit. The study of the external environment of purpose and threats may be simpler in its procedures in examining the internal environment of the credit granting entity. This unit can't give internal weaknesses and work to highlight strengths. This requires at least a study of the financial statements of the statement of financial position and income statement for the purpose of granting such credit.

Therefore, the research includes the following sections: Sec.2 describe the methodology of research, while Sec.3 discuss the theoretical side. The application and experimental work will be discussed in Sec.4, and finally the conclusion of this paper will be presented in Sec.5.

1.1. Research problem

The problem of research is that most organizations set their policies according to the requirements of the need and the possibility of that organization without taking into account the variables of the external environment represented by the political, economic and social factors and the internal environment factors represented by the information systems and the value of the organization.

1 - Is strategic analysis in determining the credit policy taken by the bank.

2. Do banks take into account the requirements of strategic analysis in shaping their future policy.

3. Are there alternatives in banks to choose a credit policy that complies with the requirements of the banking environment.

Second- Search Goal: The research aims to:

1. Identify aspects of strategic analysis.

2 - Identify the factors affecting the granting of credit and banking standards.

3. Determine the relationship between economic, legal and social variables on credit policy.

4. Determine the relationship between information systems and credit policies.

1.2. Research Hypothesis:

The research is based on a main hypothesis: (There is a significant relationship between strategic analysis and bank credit policies). The following sub-assumptions arise:

1- There is a significant relationship between economic, legal and social variables and the definition of credit policy.

2 - There is a significant relationship between the information systems and the value of the organization and determine the credit policy.

1.3. Research importance

The research derives its importance through the importance of strategic analysis, which is represented by studying:

A - Variables of the external environment, which include economic, social, cultural and political variables.

(B) Internal environment variables that include information systems and the value of the organization.

As well as the requirements for determining the credit policy, which are the criteria for granting credit and its foundations and the special factors in the credit facilities.

1.4. Community and Sample Search

The research community consists of Iraqi banks registered in the Iraqi Stock Exchange to learn how to determine their credit policies.

The study sample was represented by (150) forms in (10) forms in (15) of these banks. The stability factor ((Kronbach Alfa)) has been confirmed and validated as shown in the practical side.

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LITERATURE REVIEW

1 - The concept of strategic analysis: - The concept of strategic analysis takes a different distance due to the difference of the field that it means and the purposes desired from it. It was referred to as an understanding of the Organization's strategic position and of the changes that would occur in its environment and how its activities would be affected. And what are the sources of its power in light of the next change that arises and what are the aspirations of managers and stakeholders and others. And how the financial situation will affect the future.

(Johnson & Scholes p17,1993). Strategic analysis within the future comprehensive vision is one of the main pillars of strategic plans. It is an assessment of the internal environment to determine the strength and capacity of the enterprise and its shortcomings, and to assess the external environment and identify opportunities and difficulties on the other hand.

(Mondey & Permeaux ,P175, 1995) is a series of sequential and related stages designed to study and analyze factors and variables affecting the direction and future of economic unity and to determine the effects of these variables within the framework of the internal environment and the external environment and to examine the nature of internal relations and interaction between these changes. Strategic analysis is a set of tools used by strategic management to diagnose changes in the external environment to determine the imposition and threats faced by the organization due to political, social, economic, cultural and legal factors.

2.2. Tools for strategic analysis

(Hanger & Wheelen, 1998, p58) presented a set of strategic analysis tools classified according to the levels of analysis:

A-Tools for Total Environment Analysis (SWOT Analysis):

It is an important and useful tool in analyzing the overall situation of the organization on the basis of balancing elements of strength and weakness in the internal environment and opportunities and threats in the external environment. The tool includes the relationship between the internal and external evaluations. Strengths include the skills and preparations that help the organization excel in other units in the competitive environment, either the weaknesses related to the lack of skills and capabilities compared to the competing unit

B - Tools for analysis of the external environment:

Analysis of the external environment of economic units is one of the components of the strategic management process and is necessary for the purpose of distinguishing the opportunities and threats that will face the management of these units and will affect the implementation of their tasks.

(Remo & Al-Wattar, 2010). Several tools include PEST analysis, which refers to the analysis of general environment variables represented by political, legal, economic, social, cultural and technical variables. The analysis of the variables of the task environment is done through the preparation of individual reports on all the variables of this environment and then summarizes the information in the form of strategic factors sent to the senior management to adopt error in decision-making.

(C) Internal environmental analysis tools:

The internal environment is the unit that can control, influence and change it according to what it needs to formulate its strategy, through which the department can manage its operation more effectively and accurately.

(Hanger & Wheelen, 1998, p82-102) presents tools for analyzing the internal environment, the resource-based approach. This approach focuses on two important aspects: resources and resources required to implement the strategy. These resources are material, human, financial and intangible resources. The third tool is the analysis of functional resources by studying organizational structures and types, assessing strengths and weaknesses, and focusing on organizational culture as a set of values and traditions that go beyond acceptance and behavior patterns adopted by individuals and managers in an organization.

2.3. Use of the concept of strategic analysis in determining the removal of institutional control

We combine the concept of institutional control in developing and improving the relationship between the organization and many interested parties such as investors, suppliers, employees, auditors, financial markets and others. Institutional control is a strategic response to economic unity versus risk. (Levitt, 1999, p2) points out that the concept of corporate governance is a broad concept that involves participants, investors, accountants and board members and is defined as a set of processes that are indispensable for market efficiency, that is, institutional control is a link between management and Its financial reporting system.

The effective system of institutional control depends on a set of internal and external controls. Internal controls contribute to determining the relationship between management, shareholders, board members and stakeholders. To succeed, these controls must be supported by the external dimensions of institutional control, namely the economic dimension, the social dimension and the environmental dimension. Based on the strategic analysis, these controls and removals can be presented as follows:

First: - Strengths and weaknesses (internal exclusion)

1. Responsibility of the Board of Directors:

(Monks & Minow, 2001, p22) describes the Board of Directors as the two persons who provide capital and the people who use it to create value for the organization. The key elements of the role of the Board are:

- Review and endorse the main strategies of the Organization.

- Review the work of the Executive Director.

- Supervise the development and implementation of the strategy of the Organization.

- Risk control and internal control procedures.

- Monitor activities and all processes to ensure fair treatment between all parties involved in the organization's activity.

Second: Internal control systems:

Some researchers believe that institutional control is closely linked to internal control and is a stage of its development. The concept of institutional control is based on certain elements of organizational structure, management, oversight, powers and responsibilities. These elements are part of the internal control environment, In the last definition of internal control (according to AICPA's audit standards), it is a set of policies and procedures that have been circulated to provide management with appropriate assurance that the core objectives of the company will be achieved. These policies and procedures are called internal control elements (Arnzuluk, 2002, 378) 2002 The OECD published its Conflicts of Interest in the Accounting and Auditing System Environment.

Which concluded that effective risk control requires efficient and effective management of economic unity and that conflicts of interest need to be managed and balanced with the aim of reducing this contradiction as a requirement of the market for the purpose of providing the confidence necessary to invest funds in organizations (Juma & Abd, 2016).

Third: Information and communication systems:

The recent development of information technology in general and the international information network in particular has created new possibilities for improving institutional control through information exchange, helping shareholders overcome business problems and making international investors aware of institutional control activities (Al-Hamdani & Al-Qattan, 2013) The researchers used the term IT to refer to the modern technological environment of equipment, software, and contact checks that deal with information (Turban et al., 2002, p22).

Fourth: Values of the Organization:

Ethics in general is a set of principles or values that can be represented by the laws, regulations and labor conventions of professional fields such as accountants and codes of conduct for different organizations. The existence of moral behavior in organizations is important because it is the material that works to cohesion organizations within society (Thabet, 2005, p. 66).

Second: Opportunities and threats (external deportation)

(Morrision, 2002, p20) identifies external displacement that influences and is influenced by institutional control, which can be opportunities if organizations adapt their internal factors to keep pace with those changes or pose threats if they are not properly exploited.

5. Contribution of institutional control to the continuity of organizations and the avoidance of financial` crises

The International Standard on Auditing (dhanibat, 2006, s110-111) refers to indicators that may relate to the sustainability of organizations such as operational indicators such as the loss of key managers who see the ability to replace them, the loss of major markets or

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privileges, licenses or key suppliers, Employment or materials, in addition to financial indicators and other indicators such as change in legislation and government policies.

Second: Credit Policies:

1. The concept of bank credit:

Bank credit is the most attractive investment area for commercial banks due to the high benefits achieved when compared to other investments. It is the most effective investment in achieving profitability. The main meaning of credit in the economy is the ability to lend.

Is a commitment by another party to lend or to the field and it is stated in the modern economy that the creditor will grant the debtor a period of time when the debtor is obliged to pay the debt? It is a form of investment conversion adopted by banks of all kinds.

Credit is defined as the trust that a bank provides to a person, whether natural or moral. By granting him a sum of money for that person to use for a specific purpose within an agreed period of time and under certain conditions for an agreed financial return and guarantees enabling the bank to recover its loan in the event of suspension of payment.

Bank loans are defined as those services provided to customers by which the individuals, institutions and enterprises in the community are provided with the necessary funds if the debtor undertakes to pay the money, interest, commissions and expenses in one lump sum or installments on specified dates (Abdel Hamid, 2000, 103) That the most important strategy of bank lending is to bear the bank's risks of borrowing and follow-up and monitoring within the criteria of efficiency and effectiveness to maximize returns at acceptable risk.

The first form of banking was the acceptance of deposits that did not initially give their owners any interest, and sometimes they had to pay part of it to those who deposited the property for their custody and preservation. These creative institutions have thus taken advantage of lending operations for different benefits and guarantees depending on the nature of the processes and the lending materials (Mahmoud, 2004, 2). The loans are one of the methods that contribute to the banks to obtain profits through the benefits achieved, but the process of lending requires the bank to take policies and means to recover the full loan amount with the benefits and that these policies contribute to the preservation of the bank's funds through the process of grants and collection.

Credit policies can be defined as a set of decisions and rules set by senior management of the bank, in which the areas of use of funds are determined according to the policies set by the administration, which contribute to the development of the bank's activities and achieve a satisfactory return. And credit policies are similar in most banks in terms of the general framework of their components with minor differences between them.

2. Criteria for granting credit:

The most important credit criteria are determined by determining the types and purpose of the credit and the person receiving the credit. The most important criteria are (Alziydy, 2002, 148):

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A. Personality: This criterion is considered one of the most dangerous by granting the person, the borrower or the creditor a sum of money based on the reputation of the person (individual or legal) and the strength of financial focus, and only the promises made by the creditor.

B. Ability: The ability of the person to make a profit through which he can pay the amounts granted to him with the interest due on the principal amount and administrative commissions and is considered one of the most important criteria that contribute to the reduction of credit risk. And this criterion contributes significantly to the study of the person who wants to obtain the loan and its financial ability to pay the obligation arising from the grant of the loan.

C. Capital is one of the most important criteria for granting credit, because it has a role in reducing the risks arising from the credit process, by indicating the ability of the individual capital to repay the loan granted. It is a guarantee to repay the loan amount.

D. Collateral means the group of assets placed by the customer at the disposal of the bank as collateral for obtaining the loan and the customer may not dispose of the encumbered asset. This asset will become the bank's right in the event that the customer is unable to pay. The guarantee may be a person with a financial guarantee and a qualified reputation for credit management to rely on to ensure the payment of credit. The guarantee may also be owned by another person who has agreed to be a guarantor of the customer.

E. Circumstances Conditions: The credit researcher should examine the extent to which the general and specific circumstances surrounding the customer applying for credit affect the activity or project to be transferred. The general conditions of the general economic climate in the society, as well as the legislative and legal framework under which the enterprise operates, Monetary and customs legislation and legislation on the regulation of foreign trade activities, imports or exports.

3. The foundations and terms of granting credit:

The granting of credit must be made on the basis of common rules and principles: (Al-Hamdani & Al-Qattan, 2013):

A. Security: The security of the bank's funds must be assured that it is assured that the loan granted will be recovered in the specified period in addition to the benefits incurred by the customer.

B. Profit: The credit granted must be a net profit for the bank from the interest.

C. Liquidity: The lending bank must have a liquid financial position.

D. Compliance: The purpose of the loan should be in line with the state's economic policy.

4 - Factors affecting the decision-making credit:

There is a set of interrelated and integrated factors that influence the decision-making process of EIBB:

A. Customer factors: For the client, personal factors, capital, ability to manage its activity and pay its obligations, guarantees provided, and general and specific conditions surrounding the activity of the customer, all of which are in turn to assess the customer's ability to obtain the credit required, And the type that can be exposed to the bank when granting credit.

B. Factors related to the bank: These factors include:

A - The degree of liquidity that the bank currently enjoys and its ability to employ them, and the concept of liquidity means the ability of the bank to meet its obligations.

B - the type of strategy adopted by the bank in the adoption of credit decisions and works within it. I.e., its willingness to grant or not to grant a credit.

C- The objective that the Bank seeks to achieve in the coming period.

D- The capabilities possessed by the bank, especially qualified human cadres trained to carry out the function of bank credit as well as the applied technology and the bank's possession of modern electronic equipment.

C. Factors related to credit facilitation: These factors can be summarized as follows:

1. Purpose of the Facility.

2. Duration of the loan or facility. The length of time the customer wishes to receive the facility, when he will pay and whether it is really commensurate with the client's potential.

3. The source of the payment to which the borrower will pay the amount.

4. The remaining payment method will the loan or facility be repaid at the end of the period or a market will be repaid in periodic installments commensurate with the nature of the client's activity and with its revenues, its own resources and its internal flows.

5. The type of facilitation required and whether it is compatible with or inconsistent with the general lending policy of the bank.

6. This loan or facility is then canceled. This is particularly important since the higher the amount of a certain amount, the more careful the studies conducted by the bank, the results of non-payment of a loan in a huge amount is difficult and may affect the integrity of the financial position of the bank. The need to comply with legal requirements in terms of determining the legal legislation issued by the Central Bank, with the possibility of expanding credit or reducing it and the maximum amount of loans and areas of activity permitted to transfer them, is clear, so that there is no conflict between the bank's credit policy and the banking legislation (Al- Hamdani & Al-Qattan, 2013).

ANALYSIS AND INTERPRETATION OF QUESTIONAIRE RESULTS

1) Research sample and statistical methods used

(150) questionnaires were distributed to a sample of Iraqi banks. The questionnaire included a set of questions that represent information about respondents in terms of gender, years of service, academic achievement and age groups. The second axis included the information systems and the values of the organization, which consists of ten paragraphs. The third axis included the economic, political and cultural variables, which includes twenty paragraphs

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and many statistical methods were used such as arithmetic mean the standard deviation and regression analysis of multi-line note that the results obtained by (**spss**) statistical program.

2) Characteristics of the research sample

The researchers distributed 150 forms, the number of valid forms was 130, while the damaged forms were 10, 10 were excluded due to errors and the lack of correct filling by the respondents

Table 1: Distribution of the sample of the research by sex

Sex	Repetition	percentage
Males	80	62%
Females	50	38%
Total	130	100%

Table 2 shows that the distribution of the questionnaire on 130 persons was 80 males and they constitute 62% of the sample size while the number of females is 50 and they constitute 38% of the sample size as shown below.

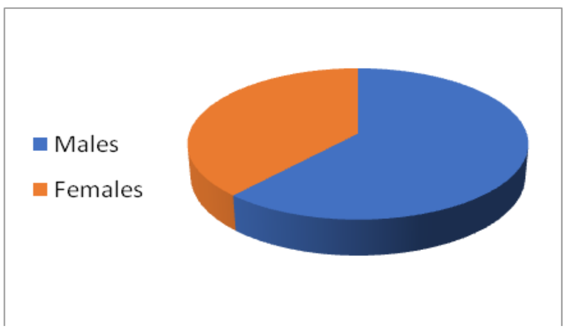

Figure (1): The size of samples

Table 2: Distribution of the research sample by age variable

age categories	Repetition	percentage
22-30	25	19%
31-40	40	31%
41-50	52	40%
51 And more	13	10%
Total	130	100%

Table 2 shows the age groups of respondents (19%) for the age group (22-30), while the age group (31-40) is 31% and the age group (41-50) 40%. The age group of 51 and over is 10%. As shown in figure 2.

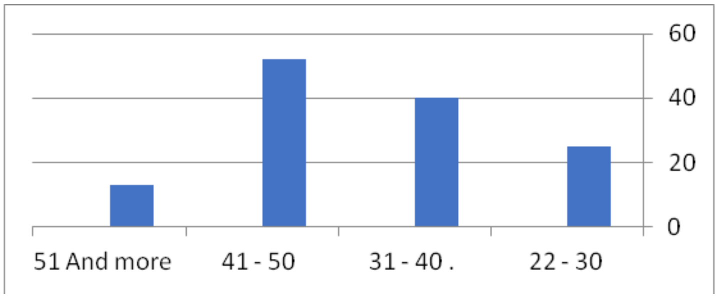

Figure 2: The age groups of respondents

Table 4: Distribution of the members of the research sample by scientific qualification

Academic achievement	Repetition	percentage
BA	56	43%
Higher Diploma	36	28%
M.A.	28	22%
Ph.D.	10	7%
Total	130	100%

The number of respondents with bachelor's degree reached 56 with 43%, while those with a high diploma reached 36 persons by 28% while those with a master's degree reached 28 persons with 22% and PhD holders reached 10 persons by 7% as shown in Figure 3.

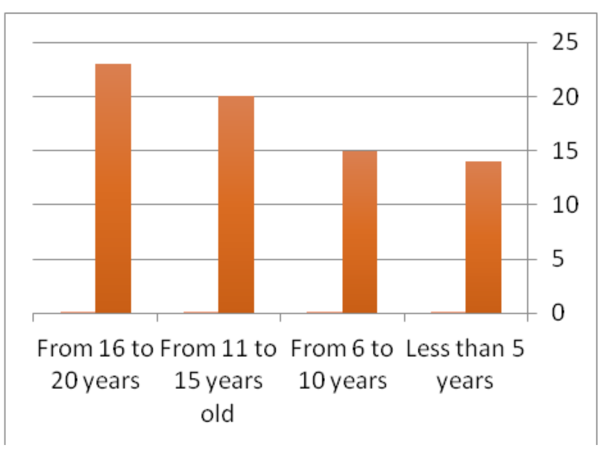

Figure 3: The number of degree respondents.

Table 5: Distribution of the research sample according to the functional experience variable.

Years of service	Repetition	percentage
Less than 5 years	14	11%
From 6 to 10 years	15	12%
From 11 to 15 years old	20	15%
From 16 to 20 years	23	18%
From 21 to 25 years	28	21%
26 and more	30	23%

In terms of years of service, respondents whose years of service were less than 5 years were 11%, whereas respondents whose years of service were 6-10 years were 12% of respondents with 15-15 years of service, 15% were respondents with years of experience 16-20 were 21% of the respondents whose service ranged from 26 and above by 23% as shown in Figure 3.

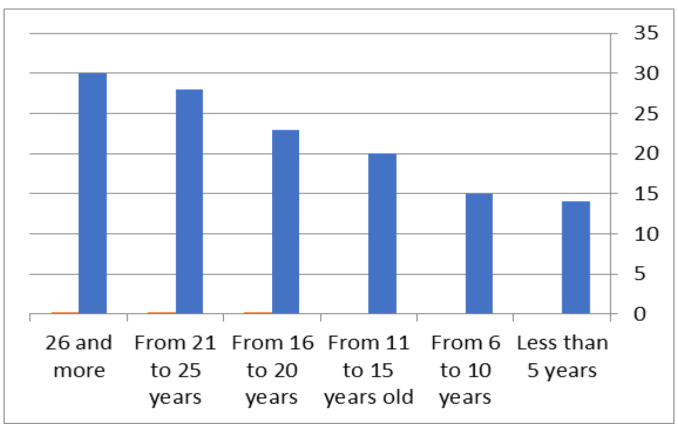

Figure 3: The number of age respondents.

3) Analysis of the axes of the questionnaire

1. The stability and veracity of the axes

The coefficient of stability (krunbakh alfa) for the first axis 0.90, which is very high and means that there is consistent agreed in the paragraphs of this axis on the responsibility of Credit Committee and credit systems and the coefficient of honesty was worth 0.95.

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2 - Some statistical effects

T	questions	Arithmetic mean	standard deviation	Direction of answer
1-	The responsibility of the Credit Committee to determine credit policies for each administrative level in the Organization for accountability purposes.	4,58	0,49	Strongly Agree
2-	The Credit Committee is responsible for supervising the credit management process.	4,15	0,69	Agree
3-	The responsibility of the credit committee is to identify which types of reports should be reported transparently with respect to credit aspects.	4,44	0,72	Agree
4-	The responsibility of the Credit Committee to disclose the working methods used in	4,82	0,93	Strongly Agree

	determining the credit aspects.			
5-	The commitment of members of the credit committee to participate positively when attending meetings in neutral discussions on credit.	3,83	0,83	Agree
6-	Develop detailed credit risk plans to prioritize credit activity in the organization.	4,22	0,73	Strongly Agree
7-	Raise all strategic plans for senior management to determine the requirements for implementation and approval before implementation.	4,06	0,64	Strongly Agree
8-	Positive interaction between credit function and credit policy.	3,32	0,47	neutral
9-	The credit function is independent enough to function properly	3,65	0,74	Agree

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	without any pressure from any top authority in the organization.			
10-	The existence of an internal control system for the credit function is efficient and effective.	4,22	0,85	Strongly Agree
11-	The Audit Committee will discuss the credit policy reports.	4,33	0,47	Strongly Agree
12-	Non-granting of credit to persons of interest to the Organization.	4,17	0,38	Agree

The second: information systems and the values of the organization

1. The stability and veracity of the axes

The coefficient of stability (krunbakh alfa) for the first axis 0.94, which is very high and means that there is consistent agreed in the paragraphs of this axis related to information systems and values of the organization, the coefficient of honesty was worth 0.97.

2 - Some statistical effects

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T	questions	Arithmetic mean	standard deviation	Direction of answer
1-	Disclosure of information on credit performance.	4,38	0,93	Strongly Agree
2-	Disclosure of information on the background of members of the Credit Committee.	4,31	0,46	Strongly Agree
3-	Disclosure of changes in equity.	4,70	0,46	Strongly Agree
4-	Organization Disclosures on Credit Structure.	4,19	0,61	Agree
5-	Submit periodic reports to the Credit Committee on the objectives and activities of internal audit, and issues related to credit management.	3,20	0,62	neutral
6-	Disclosure of recent information through the Internet such as financial reports, processes and events with material impact.	4,27	1,22	Strongly Agree
7-	The existence of ethical rules through which any bias can be eliminated in favor of one category or another.	3,88	0,89	Agree

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8-	Provide sufficient number of members of the independent (non-executive) credit committee.	4,05	0,87	Agree
9-	Make appropriate recommendations by credit officers to promote ethical values in the organization.	3,48	1,15	Agree
10-	The credit rating committee and its policy are guided by its integrity and efficiency.	3,72	1,58	Agree

Third: economic, political and cultural variables

1- The stability and veracity of the axes

2- The coefficient of stability (krunbakh alfa) for the first axis 0.88, which is very high and means that there is consistent agreed in the paragraphs of this axis related to economic, social, political and cultural variables and the coefficient of honesty amounted to 0.94

3 - Some statistical effects

T	questions	Arithmetic mean	standard deviation	Direction of answer
1-	Availability of clear legislation related to credit	4,21	0,41	Strongly Agree
2-	Availability of international or local accounting and auditing standards.	4,58	0,94	Strongly Agree
3-	Availability of political stability.	3,64	0,70	Agree
4-	The existence of laws and regulations clarifying shareholders' rights and duties.	3,81	1,26	Agree
5-	A written description of the terms of reference of the Credit Committee and other committees of the Organization shall be provided in accordance with the legislation.	3,39	1,41	neutral
6-	The Department reviews the laws and regulations and demands that they be updated every three years at least.	4,62	0,49	Strongly Agree
7-	High economic growth rate and increase average per capita income.	4,19	0,40	Agree
8-	Understand competitors' characteristics and service features.	5,00	0,00	Strongly Agree
9-	Increase the structure of domestic and foreign credits.	5,00	0,00	Strongly Agree
10-	Reduce unemployment rates in society.	4,81	0,40	Strongly Agree

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11 -	High level of education in society.	3,38	0,79	neutral
12 -	Provide training and rehabilitation opportunities for community members.	5,00	0,00	Strongly Agree
13 -	The members of the credit committee recognize the responsibility of their social organizations.	3,38	0,79	neutral
14 -	Understand current and future customer needs.	5,00	0,00	Strongly Agree
15 -	Dealing with the ethical needs of the community.	4,40	0,49	Strongly Agree
16 -	Keeping up with the speed of technical development in the field of work.	4,45	0,50	Strongly Agree
17 -	Diversity in services provided by the Organization in light of the development of modern technology.	4,67	0,47	Strongly Agree
18 -	Provide training opportunities for skills development.	4,76	0,43	Strongly Agree
19 -	Use modern means to disclose information relevant to the organization.	4,31	0,83	Strongly Agree
20 -	Risk analysis of technology use.	3,88	0,73	Agree

TESTING HYPOTHESES

The hypothesis is validated if there is a significant impact of the strategic analysis represented by variables (information systems and values of the organization as well as economic, social, political and cultural variables) In the determination of credit policies where the multiple regression analysis method was used and the variance analysis table, which is based on the **F** test, was calculated at its calculated value (23.701) and the probability value of the test (p-value) is (0.000) which is below the level of significance 0.05 This means that there is a significant effect of the strategic analysis represented by variables

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(Information systems and values of the organization as well as economic, legal and social variables) in determining credit policies. The value of the corrected coefficient of 0.26 means that independent variables (information systems and values of the organization as well as economic, legal and social variables) were able to explain 0.23 changes in management and improvement of identification Credit policies for operations and remaining factors are beyond the control of the researcher.

To determine the effect of each variable on the adopted variable, the **T**-test was used as shown in table 6.

Table 6: Regression coefficients

Transactions	Transaction value	standard deviation	Test value t	p.value
β_0	-,282	.656	-.436-	.366
β_1	0.23	.052	4.426	.000
β_2	0.812	.118	6.865	.000

The above table indicates that the value of t calculated for (information systems and organization values) is (4.426) and that the probability value of the test (p.value) is (**0.00**) and is less than the moral level (0.05), the effect is significant for the variable of information systems The organization assessed the credit policy. The coefficient of (B) is 0.23. This means that any increase in the variables of the information systems, the values of the organization and the stability of the variables (economic, social, cultural and political) leads to an increase in the credit policy variable by 0.23. The table above also indicates that the value of t for the variables (economic, social, cultural and political) is equal to (6.865) and that the probability value of the test (p.value) is 0.000 and is less than the moral level (0.05) (Economic, social, cultural and political). The coefficient (B) is equal to (0.812), which means any increase in the variables (economic, social, cultural and political). The variable stability of the information systems and the values of the organization leads to an increase in the credit policy variable by (0.812)

CONCLUSION

There is a significant impact of strategic analysis, which are the variables of the external environment (economic, social and political) in determining the credit policy. There is a significant effect of strategic analysis on internal environment variables (information systems and value of the organization) in determining credit policy. The Organization's disclosure of information through financial reporting has a role in improving credit policy. There is a relationship between clear legislation, management review, availability of accounting standards, political stability and the nature of credit policy. There is a role to deal with the ethical and awareness of the need of current and future customers to adopt the appropriate credit policy. The analysis of the risks of using technology and the use of modern means of presenting information is relevant to the credit structure and grant conditions. The existence of ethical rules is central to determining the aspects of granting credit.

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