

**STRATEGIC RESPONSE TO COMPETITIVE
ENVIRONMENT IN KENYA BY KENYA POST OFFICE
SAVING BANK**

BY:

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
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DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature:..... Date:.....

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D61/76004/2009

SUPERVISOR'S DECLARATION

This research project has been submitted for examination with my approval as the University Supervisor.

Signature.....Date.....

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DEDICATION

I wish to thank my Supervisor for his guidance throughout the study. I also wish to bestow my appreciation to my Principal Research assistant, Clara Baing'aru first for urging me to do the program and for assisting me tirelessly in my data collection and analysis. I am grateful to Respondents from Postbank who participated in this research without whose co-operation and patience I would not have completed in time. Honour goes to my lecturers for enriching and equipping me with the relevant knowledge, I wish to express my gratitude to my fellow colleagues for their encouragement through the Program. Last but not least, I wish to thank my family for all their support.

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ABSTRACT

In order to survive and remain profitable in the competitive environment, it becomes necessary for companies to be aggressive in their search and development of strategies that provide competitive advantage as they step up defensive strategies to protect their competitive advantages held. Any company that fail to adopt a competitive strategies will continuously experience heavy financial loses.

The purpose of the study was to determine the strategic response to competitive environment in Kenya by Postbank. This was a case study. Both primary and secondary data were used for the study. Interview guides were administered among senior managers in Postbank to collect primary data. Being a case study, conceptual content analysis was the most useful in analyzing the data.

From the study findings, the researcher concludes that the bank had been affected by changes in the banking industry which has lead to reduced customer base and reduced revenues for the banks. The study also concludes that the challenges in the external environment that affect the operations of the organization include stiff competition from other banks and MFIs, inflation, political uncertainty, technological changes, legal environment (the act) and poor corporate image. The study further concludes that the responses to the competitive environment which led to fruitful results include linking with other organizations, agency expansion, introduction of automated banking systems and compliance to banking act. The strategies Postbank uses to react to competition are successful.

From the discussions and conclusions in this chapter, the study recommends that the employees should be trained and involved in the implementation of new structure to overcome the challenge of resistance to any new structure because people do not want to get out of their comfort zones. The study finally recommend that to stay competitive, the bank should continue with innovation, push for the review for its act so that the bank that can provide a wide array of financial services to include credit, improve on customer service, increase the speed in decision making, advertise more to create awareness of the bank existence seek and implement customer opinions.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

All organizations operate within an environment. Environmental factors including competition and competitors influence the functions of an organization. A business external environment can be considered as those factors and conditions that are beyond the direct control and influence of a business. These factors depend on the complexity and dynamism of the environment. According to Pearce and Robinson (2005), strategic responses are the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objectives. It's thus a reaction to what is happening in the organization's environment. According to Chepkwony (2001), when businesses see their environment as turbulent, complex and competitive, they respond to align with the environment.

Organizations have been going through most fundamental and far-reaching challenges from the external environment; this includes the banking industry in Kenya. The pressures of the governing bodies, of which central bank of key is key, are so great that the opportunity to survive with a broadly reactive strategy no longer exists. Recognition of the significance of these pressures is reflected in the rapid growth in recent years of the number of strategic alliances among banks, in a desperate attempt to gain the economies of scale in production, distribution, marketing that are needed if a viable competitive profile is to be maintained. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Pearce and Robinson, 2005).

Organizations must realize that their services and products, regardless of how good they are, simply do not sell themselves (Kotler, 2000).

Banks and other financial institutions play a key role in an economy. The rapid growth in these institutions and the development of new technologies means that to survive these institutions must respond to the challenges posed by the new environment and recognize and accept the long-term consequences of failing to do so. The growth of the Kenyan Economy since independence has been accompanied by expansion and diversification of the financial system. This growth has been seen in numbers as well as range of financial institutions and also in depth of Financial Intermediations. The changing banking environment has caused a major restructuring in the industry. The Financial needs of the customer have evolved over time due to the changing economic environment. Telephone services providers have also taken their share of this lucrative business and by so doing provided further competition to the traditional banking Institutions. Aosa (1992) noted that industries are responding to customer's demand by becoming more innovative in their new ways of approaching the changed environment. They adopt strategies such as improved customer services, credit facility, post-paid cards and provision of convenience goods and services. Rapid technological change has created a new business environment where innovation has become a top competitive strategy.

1.1.1 Concept of Strategy

A Strategy is a company's game plan and reflects in company's awareness of how, when, and where it should compete, whom it should compete, and for what purposes it should compete. Strategic Management is the set of decisions and actions that result in the

formulation and implementation of plans designed to achieve a company's objectives. Strategic Management covers the entire activities and functions of an organization at every stage of its development. Strategic management involves the planning, directing, organizing, and controlling of a company's strategy related decisions and actions.

Johnson and Scholes (2002:10), define strategy as “ the direction and scope of an organization over the long term; which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and fulfill stakeholders expectations”. Strategy is identified at three levels, Corporate strategy is concerned with the overall direction of the business, the vision, mission and geographical scope. Business level strategies are concerned with the different portfolio and lastly the operational level strategies that are concerned with the delivery systems and procedures. It is at the corporate level that a firm will decide on how it will compete. Strategy is about getting to the new state through competitive advantage, with least difficulty and in the least time. It is the future- oriented plans for interacting with the competitive environment to achieve company objectives.

According to Davies and Walters (2004), it is through Strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. He further argues that this can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness, and secondly, use of real time response through issue management and thirdly, Systematic management of resistance during strategic implementation (Grant, 2003).

The strategy of an organization involves matching its corporate objectives and its available resources. In this development of strategy, managers are concerned with reconciling the business the organization is in with the allocation of resources. This allocation process is concerned with the general purposes of an organization, whether it is part of the grand plan, the overall objectives or a 'strategy' designed to keep the organization in business (Smith, 2003).

Viewing strategy simply as a grand plan an overarching, never-to-be-altered plan of action might be inappropriate. A strategy can be grand once implemented, but the original visions might or might not remain standing by the time the strategy decision and implementation processes are completed (Grant, 2003). Despite thoughtful attempts over the decades to define strategy, a rash of manifestos continues to emerge that purport to redefine the term. Strategy development is a multidimensional process that involves rational analysis and intuition, experience and emotion. A strategy serves as a vehicle for achieving consistency in decision making across different departments and individuals (Kazmi, 2002).

1.1.2 Concept of Strategic Responses

Strategic choices involve the options for strategy in terms of both the direction in which strategy might move and the methods by which strategy might be pursued. Strategic responses is the reaction of a firm or an organisation to environmental changes/turbulence i.e. machinery of the resources and activities of an organization to the environment in which it operates. According to Denis, Lamothe and Langley, (2001), it is through strategic responses that a firm is able to position and relate itself to the environment to

ensure its continued success and also secure itself from surprises brought about by the changing environment. Thus, the survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy (Grant, 2002).

Strategic responses involve the options for strategy in terms of both the direction in which strategy might move and the methods by which strategy might be pursued. There are strategic choices in terms of how the organization seeks to compete at the business level. Assessment of the external environment and the company profile enables a firm to identify a range of possibly attractive interactive opportunities. These opportunities are possible avenues for investment; these must be screened through the criterion of the company mission to generate a set of possible and desired opportunities. This screening process results in the selection of options from which a strategic choice is made.

Strategic responses are concerned with decisions and actions meant to achieve business objectives and purpose. Three areas of a company strategy are important in identifying the responses of a firm to its environmental challenges (Pearce and Robinson, 2005). These include objective setting, the vision and mission of the company, strategic, competitive strategy where after considerations of the firm's competitive strengths and weaknesses vis-à-vis competition and customer needs, the company establishes a position of competitive advantage (Lowes et. al., 1994). A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company.

Survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy (Grant, 2002). Strategic responses require organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy. If an organization's strategy is not matched to its environment, then a strategy gap arises. If its internal capabilities are not matched to its strategy, then a capability gap arises. Hill and Jones (1999), affirm that it is important that organizations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive, succeed and remain relevant.

1.1.3 Competitive Environment

Competition is an interaction between organizations in which the fitness of one is lowered by the presence of another. Business organizations are always in competition for available resources and also for existing customers in a bid to improve the share market. Business competition is that effort by organizations to secure business competition causes business organizations to develop new products, services and technologies, which would give consumer greater selection and better products. The greater selection usually will cause lower prices for the products or services compared to what price would be if there was no competition. Environment has been characterized as complex, dynamic, multi-facet and having far reaching impact (Kazmi 2002). As a result, of these characteristics, the environment is composed of various factors, events, conditions and influence which interact with each other to create an entirely new set of influences leading to constant environmental change in its shape and character (Mose, 2007).

According to Hammond and Grosse (2003) a firm's competitive environment comprises of the following set of factors; threat of new entrants, suppliers, buyers, product substitutes and the intensity of rivalry among competitors that directly influences a firm and its competitive actions and responses. In total, the interactions among these five factors determine an industry's profit potential. The challenge is to locate a position within an industry where a firm can favorably influence those factors or where it can successfully defend against their influence. The greater a firm's capacity to favorably influence its industry environment, the greater is the likelihood that the firm will earn above-average returns.

With the increasing competition that companies are facing today, rewards will accrue to those who can read precisely what consumers want by continuously scanning the environment and delivering the greatest value to customers with the view that as the operating environment changes, a more pronounced transformation of the business landscape lies ahead. Therefore, strategy is vital to the adaptation of the changing business environment. According to the Mose (2007) implementation of structural adjustment programme and subsequent market liberalization opened the Kenyan market, leaving businesses at the mercy of market forces. As a result, businesses faced increased competition and registered low profits and even losses. This could probably be attributed to lack of strategic responses practices.

The competitive environment is largely uncontrollable and very wide in scope. This is significant to an organization because changes brought by the external environment are uncontrollable and require to be responded to otherwise the organization will experience

a strategic misfit and success will be difficult. The success of every organization is therefore determined by its responsiveness to the environment. To be able to retain competitive advantage, organizations need to examine their environment both external and internal and respond accordingly (Kazmi 2002).

To survive in a dynamic and highly competitive business environment, different organizations have had to engage various strategies to survive (Porter, 1997). One such strategy is the corporate turnaround strategy. The starting point is identification of the root cause or causes of the crisis. Turnaround strategies are used when a business worth resuming goes into corporate crisis (Pearce and Robinson, 2005).

1.1.4 The Kenya Post Office Savings Bank

The Kenya Post Office Savings Bank (trading as Postbank) is a State Corporation established by The Kenya Post Office Savings Bank Act Cap 493B, Laws of Kenya. Postbank traces its history way back to 1910 when the savings services were offered by its predecessors, the Post Office Savings Bank (a savings department) within the Post office offered by the East African Common Services Organization, and later by the East African Posts & Telecommunication Corporation up to 1977. The breakup of the East African Community saw the split of all common services to the respective national entities. The mandate as enshrined in the Kenya Post Office Savings Act (Cap 493B Laws of Kenya) allows Postbank to encourage thrift through mobilization of Savings for National Development, to provide facilities for savings accounts, and to issue such other instruments for personal savings in such form as it may from time to time deem to be appropriate, invest surplus funds in accordance with the provisions of the Kenya Post

Office Savings Bank Act and lately to deal in foreign exchange. The governance and management of the bank lies with the Board of Directors appointed by the Ministry. The Board consists of six directors: five non executive and one executive (the Managing Director). Whilst corporate governance places responsibility for the overall business strategy, financial, operational and compliance issues and policies to the Board, it has delegated authority to the Managing Director to conduct the day to day business of Postbank, the Managing Director is supported by three directorates and four departments

Postbank is operating in a competitive environment this is made more challenging taking into consideration that the Act under which it was established is inhibiting and that it is mandated mainly to encourage savings, all Investments made by the bank have to be sanctioned by the Ministry from which it obtains its authority. Many of the strategic partners of Postbank that consisted of the micro finance institutions have gone sole and no longer require the banking services of postbank having opened their own cash offices and ATM machines.

1.2 Research Problem

Organizations operating within the same environment and offering similar products or services often bring about competition. In order to survive and remain profitable in the competitive environment, it becomes necessary for companies to be aggressive in their search and development of strategies that provide competitive advantage as they step up defensive strategies to protect their competitive advantages held, (Malburg, 2000). Strategic deployment of competitive strategies is a fundamental function for every company. Any company that fail to adopt a competitive strategies will continuously

experience heavy financial losses. Banks with strong financial background have long realized this key operational aspect and their strategy is to deploy various based on prevailing demands. Success of any bank depends on implementation of deployed competitive strategies. Successful strategies lead to superior performance and sustainable competitive advantage. The ability of a bank to command a competitive advantage depends on the sustainability of the competitive advantages that it commands, (Thompson, 2003).

Postbank which is sometimes considered as “ the sleeping giant” , is facing great competition in its market niche as it is operating in a crowded financial sector that has 43 commercial banks, with over 3, 500 savings and credit co-operatives (SACCOs). The micro-finance institutions and the SACCOs, most of which had formed strategic alliances with Postbank to take advantage of its broad network, have opened front Office service activities (FOSA) and offer banking services to both SACCO and non SACCO members, informal savings groups and are not only assisting members accumulate their savings, but are also giving them credit. Many questions thus arise as to what strategies Postbank is adapting to respond to competition as brought about by these challenges.

A few studies have been carried out to document strategic responses by Postbank to the external environment (Nyambura, 2003; Adoyo, 2005). Though these studies provide insights, a lot has happened in the Banking industry in Kenya since they were documented and none of these studies have looked into new Central bank laws regulating the operations of banks and other financial institutions. Many writers have written on competition and how companies can respond. Few writers have written on response by

Postbank on competition. This is the knowledge gap in which this study is intended at filling. This study seeks to answer the following question: What strategic responses has Postbank developed to respond to the changing competitive environment?

1.3 Research Objective

The research objective of the study was to determine the strategic response to competitive environment in Kenya by Postbank.

1.4 Value of the Study

Further, the study would be important to Post Bank managers as it would help them understand the strategic responses and how their understanding can help different firms enhance their performance. The study would also help other managers know the methods used in gathering and applying the strategic responses, which would help them improve their performance.

This study would be important to the policy makers in the Banking industry as they would be able to know for certain what environmental factors play a bigger role in shaping their operations and how they have to formulate policies governing the conduct of business in the banking industry. The results will contribute to a better understanding on how effective the strategies employed by the Bank are in responding to the changes in the operating environment.

The results of this study will also be invaluable to researchers and scholars, as it will form a basis for further research. The students and academics will use this study as a basis for discussions on responsive strategies adopted by Post bank Kenya to the changing operating environment. The results of this study would also be invaluable to researchers and scholars, as it would form a basis for further research. The students and

academics would use this study as a basis for discussions on strategic responses and firm environment. The study would be a source of reference material for future researchers on other related topics; it would also help other academicians who undertake the same topic in their studies.

CHAPTR TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews pertinent Literature on the concept of strategy and the strategic responses employed by Organizations in response to changing external environment and competition in general.

2.2 Strategic management

Quin (1980) describes strategy as a plan and pattern that integrates an Organization's major goals, policies or patterns and helps marshal and allocate resources into a unique and viable posture based upon its relative internal competencies and short comings anticipated in the environment and contingent moves by the intelligent opponents. According to Aosa (1992), Strategy is about creating a fit between the external characteristics and internal conditions to solve a Strategic Problem. The Strategic Problem is mismatch between the Internal characteristics of an Organization and its external environment such that if firm managers do not manage its environment that is, not matching Internal characteristics of the Organization and the opportunity existing in the external organization, then the Firms are in trouble .

According to Porter (1997) strategy is about competition and the means by which an organization tries to gain a competitive advantage. He has described a category scheme consisting of three general types of strategies that are commonly used by businesses. The three generic strategies are as follows: strategic scope and strategic strength. Strategic

scope is a demand-side dimension and looks at the size and composition of the market to be targeted (Porter, 1997). Strategic strength is a supply-side dimension and looks at the strength or core competency of the firm. In addition, he identified two competencies that he felt were most important: product differentiation and product cost (efficiency).

Pearce and Robinson (2005) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations.

The Strategic Management issues require top-management decisions, as it will require large amounts of the firm's resources since it often affects the firm's Long-term viability as they are future oriented. Strategic management is the set of decisions and actions that result in the formation and implementation of plans designed to achieve a firm's objectives. These involve the planning, directing, organizing and controlling of the firm's strategy related decisions and a Banks and other financial institutions play a key role in an economy. The rapid growth in these institutions and the development of new technologies means that to survive these institutions must respond to the challenges posed by the new environment (Safford 2005).

Strategic management enable managers make their large-scale future oriented plans for interacting with the competitive environment to achieve the firm's objectives, since it's also a game plan as it provides a framework for managerial decisions and require large commitments of resources, top managers shoulder broad responsibility for all major elements of strategy planning and management (Fred, 1997).

2.3 Environmental Forces of Change

Armstrong (2001) argues that organizations cannot be in a position of controlling the environment. However, competent managers identify the external forces of change and respond appropriately to them. Some of the changes involved consist of: Competition, consumer demand and resource reliability.

Kanter (1994) explains that the vast majority of organizations face competition of some kind. It is important when considering what the competition maybe to carefully define the market in which the organization is operating. In seeking to compete strongly an organization should project an attractive image through the promotional campaign to its consumers operating at the right price and giving customers a wide choice of high quality products can give an organization an edge . over its competitor changes in the market place can destroy the profit of the company. Consequently, managers should be in a position to understand and know when their rivals introduce new products, change their advertising, reduce their prices or improve their customer service. Although, competition creates uncertainty it contributes to the development of better services and products to the consumers. These benefits are illustrated dramatically through cost and quality of consumer goods in competitive economics.

Burnes (2000) states that it is important for the manager to be concerned about change in consumer tastes and preferences, because a firm's products may lose their appeal for trivial and superficial reasons. For example, rumors that products cause cancer, high blood pressure or other health hazards can cause a consumer to lose a market though the rumors may be false. No organization will be able to succeed without customers or

clients. An in depth knowledge of their behavior is vital if their wants and needs are to be satisfied. Specific markets or segments of markets need to be targeted in order to provide a focus for the marketing effort. Each customer market has particular features which can be identified through careful analysis. In order to understand the behavior of the consumers' one must understand who the customers are, what they buy, how they buy and when they buy.

Burnes (2000) indicates that normally any organization depends on the external environment for raw materials and other resources. Any element of disruptions in supply of crucial resources can force the organization to drastically change their operations e.g. shortage of electricity, oil can prompt an organization to look for alternative means. The economic environment within a country will often be indirectly influenced by the political attitude of its government. However, national economies are becoming increasingly dependent upon world economic trends and businesses need to be alert to all economic factors which influence their operations. In analyzing investment potential in any particular country or area, the business will need to be aware of the income levels, rate of inflation, the purchasing and distribution of income.

2.4 External Environment and the Organizations

Different external elements affect different strategies at different times and with varying strengths. The only certainty is that the effect of the remote and operating environments will be uncertain until a strategy is implemented. Pearce and Robinson (2005) state that economic factors concern the nature and direction of the economy in which a firm operates. Some of the economic factors on both national and international level that

managers must consider include general availability of credit, the level of disposable income, the propensity of people to spend, interest rates, inflation rates, and trends in the growth of the gross national product. A firm must therefore include these factors in its strategy formulation (Mose, 2007).

Kombo (1997) found that as a result of the ongoing economic reforms, firms in the motor industry adjusted their variables substantially so as to survive in a competitive environment. The firms in this industry introduced new technologies of product development, differentiated their products, segmented and targeted their customers more and improved customer services. They also made significant changes to marketing mix variables of promotion, price and distribution in response to competition. The social factors that affect a firm involves the beliefs, values attitudes, opinions and lifestyles of persons in the firms external environment, as developed from cultural, ecological, demographic, religious, educational, and ethnic conditioning (Pearce and Robinson, 2005). As social attitudes changes so too does the demand of various types of products (Smith, 2003). Like other forces in the external environment, social factors are dynamic with constant change resulting from efforts of individuals to satisfy their desires and needs by controlling and adapting to environmental factors. For managers, informed judgment of the impact of changes in social; cultural factors are paramount. The changing banking environment has caused major restructuring in the industry in general. The pressure resulting from this is so great that it is reflected in the rapid growth in recent years in the number of strategic alliances between banks and financial institutions in a desperate attempt to gain economies of scale in production and distribution environment.

Companies that do not keep up with the accelerating pace of industry changes will be irrelevant (Pearce and Robinson, 2005). For instance, the mobile service provider industry has seen such changes and diversification in services such that those have not diversified risk redundancy. A firm's general environment defines the broad contextual background within which it operates and understanding this general environment can lead to competitive advantage. The banking sector has undergone significant reform since the 1990's. The changes include privatization, strategic alliances, mergers, rapid technological changes and increased competition.

An organization exists in the context of a complex political, economic, social, technological, environmental and legal world (Steel and Webster, 2002). This environment changes and is more complex for some organizations than for others. The environment is what gives organizations their survival; it is also the source of threats. An organization's strategy might need to change depending on the different ways in which the business environment changes. When the environment has high levels of uncertainty arising from either complexity or rapid change (or both) it is dangerous to develop just one single view of how this will influence an organization's strategies. Porter's five forces framework is particularly useful in understanding the attractiveness of particular industries or sectors and potential threats from outside the present set of competitors.

2.5 Strategic Responses to Competitive Environment

In order to achieve a competitive advantage, strategy needs to focus on unique activities. Strategy researchers have emphasized stability in a firm's pattern of resource commitments. Through resource commitments, firms erect entry barriers, mobility

barriers, and isolating mechanisms that protect their competitive advantages. In order to develop strong strategic responses capabilities a firm needs to have the three types of flexibilities market flexibility production flexibility and competitive flexibility (Hammond, 2003). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. Numerous organizations have adopted strategic responses since market complexity and competition have increased drastically in their industry. Senior (1997) notes that there are various catalysts for organizational changes such as restructuring. There triggers may include the purchase of new IT equipment or system, business process reengineering through process intensification/extension, the redesign of a group of Jobs, staff right sizing and subsequent staff cutbacks, as well as staff redundancies.

According to Hill and Jones (2001), argue that focus strategy concentrates on serving particular market niche, which can be defined geographically, type of customer or by segment of the product line. According to Johnson and Scholes (2002) “Business unit strategy is about how to compete successfully in particular markets”. According to Johnson and Scholes (2002), operational strategies are concerned with how parts of an organization deliver effectively the corporate and business level strategies in terms of resources, process and people. Companies adopt strategies directed at improving, the effectiveness of basic operations within the company, such as production, marketing, materials management, research and development, and human resources.

According to Johnson and Scholes (2002), operational strategies are concerned with how parts of an organization deliver effectively the corporate and business level strategies in

terms of resources, process and people. Even though strategies may be focused on a given function, as often as not they embrace two or more functions and require close co-operation among functions to attain companywide efficiency, quality innovation, and customer responsiveness goals. The company's corporate strategy should help in the process of establishing a distinctive competence and competitive advantage at the business level. There is a very important link between corporate-level and business level. According to Johnson and Scholes (2002), corporate level responses is the first level of strategy at the top of the organization, which is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to different parts of the enterprise.

Porter (1998) states that the goals of a competitive strategy for a business went in an industry is to find a position in the industry where the company can best defend itself against the five competitive forces – entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers and rivalry among current competitors. These five forces constitute the industry structure and it is from industry analysis that the firm determines its competitive strategy. He identified three potentially successful generic strategy approaches to outperforming other firms in an industry. Pearce and Robinson (2005) states knowledge of these underlying sources of competitive pressure provides the grounds work for strategic agenda of action. The highlight of the critical strengths and weaknesses of the company, animate the positioning of the company in its industry, clarify the areas of strategic changes and may yield the greatest payoff

Porter (1997) argues that developing competitive strategies involves development of a broad formula for how a firm is going to compete, what are the goals and policies or tactics necessary for achieving the goals. Competitive strategy includes actions or attempts by a firm to attract customers, retain them withstand competitive pressures and strengthen its market positions and is aimed at gaining competitive advantage. Porter expressed the key aspects of firm's competitive strategies in what he referred to as the "wheel of competitive strategies".

Diversification makes sense when good opportunities can be found outside the present business. Kotler (2000) states that a good opportunity is one in which the industry is highly attractive and the company has the mix of business strengths to be successful, Fred (1997) observed. Three types of diversification are possible. The company could seek new products that have technological and/or marketing synergies with existing product lines even though the new products themselves may appeal to a different group of customers (this is referred to as concentric diversification) (Zou , Fang and Zhao 2003).

Second the company might search for new product that could appeal to its current customers even though the new products are technologically correlated to its current product line (horizontal diversification). Finally, the company might seek new businesses that have no relationships to the company's current technology, products or markets (Conglomerate diversification) Strategic responses to a changing competitive environment therefore entail substantial changes to organization long term behaviour (Safford (2005). This adaptation may be gradual or revolutionary depending on the nature and circumstances facing the organization.

Diversification strategy is the process of entering new business markets with new products. Such efforts may be undertaken either through acquisitions or through extension of the company's existing capabilities and resources. The diversification process is an essential component in the long range growth and success of most thriving companies, for it reflects the fundamental reality of changing consumer tastes and evolving business opportunity. But the act of diversifying requires significant outlays of time and resources, making it a process that can make or break a company (Porter, 1998).

Differentiation strategy is one of porter's key business strategies. When using this strategy, a company focuses its efforts on providing a unique product or service. Since the product is unique, this strategy provides high customer loyalty (Porter, 1998). Pearce and Robinson (2005) contend that strategies dependent on differentiation are designed to appeal to customers with a special sensitivity for a particular product attribute. Product differentiation fulfils a customer need and involves tailoring the product or service to the customer. This allows the organization to capture the market share.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was adopted to ensure successful achievement of the research objective. What strategic responses has Postbank developed to respond to the changing competitive environment? This chapter discusses the research design, data collection, and data analysis.

3.2 Research Design

This was a case study of Postbank's responses to competitive environment. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). A case study was considered appropriate for this research as it involved complete observation of one institution emphasizing in depth rather than in breadth analysis. In a case study, nearly every aspect of the subject's life and history is analyzed to seek patterns and causes for behavior. The hope is that learning gained from studying one case can be generalized to many others.

3.3 Data Collection

Both primary and secondary data were used for the study. Interview guides were administered among senior managers in Postbank to collect primary data. The interview guides had open-ended questions. The use of an open-interview strategy enabled better exposure of the interviewees' personal perspectives, their deeper thoughts, emotions and ambitions (Paton, 1990). This less structured approach allowed the interviews to be much more like conversations than formal events with predetermined response categories, permitting the respondents' views to unfold, rather than the predisposition of the

researcher (Marshall and Rossman, 1997, p. 80). The interview guides were administered on a face to face basis. Secondary data sources were also employed through the use of previous documents.

3.4 Data Analysis

Being a case study, conceptual content analysis was the most useful in analyzing the data. Conceptual content is defined by Creswell (2003) as a technique for making inferences by systematically and objectively identifying specific characteristic of messages and using the same approach to relate trends. This was the best method of analyzing the qualitative data that was collected from the interviews and discussions.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents data findings from the field, its analysis and interpretations there-of. The data was gathered through interview guide and analyzed using content analysis. The data findings were on the strategic response to competitive environment in Kenya by Postbank.

According to the data found, all the respondents targeted to be interviewed were interviewed which gave a response rate of 100%. The commendable response rate was achieved after the researcher made frantic effort at booking appointment with the interviewees through an internal correspondent despite their tight schedules and making phone calls to remind them of the interview.

Table 4.1: Response Rate

Population	Frequency	Percentage
Targeted	7	100
Responded	7	100

Source: Research Data, 2011

4.2 Changes in the Banking Industry

The interviewees indicated that the bank had been affected by changes in the banking industry in that most of the financial institutions have invested heavily on automation hence need to move with the trend to be ahead of the competition, mobile banking has

fundamentally changed the competition and created opportunities for new services, customers find it easier to operate their accounts from the comfort of their homes using various facets of ICT, customer needs have changed hence need to adopt to changes in the industry, cost of services has gone down due to advance in technology and agency banking had provided intense competition. They said that all this has lead to reduced customer base and reduced revenues for the bank.

On the bank's preparedness for change, the interviewees reiterated that currently Postbank has not been well prepared to compete because the bank has not fully implemented the act. However, the bank has installed new systems and are in the testing process, and has developed a strategic plan that is renewed on annual basis, the bank is monitoring the changes and reviewing products and bank operations to respond to the changes.

4.3 Challenges in the External Environment

The study proceeded to determine the challenges in the external environment that affect the operations of the organization. The interviewees confided that the challenges in the external environment that affect the operations of the organization include stiff competition from other banks and MFIs that have been allowed to receive deposits (cash) and pay customers over the counter, inflation, political uncertainty, technological changes especially mobile banking technology, legal environment (the act) and poor corporate image.

The respondents indicated that the factors that they consider as the most important external forces of change facing the bank were legal forces (CBK regulation) that regulated all operations, inflation as it affect savings, technology as it affect service delivery and finally competition as it has led to review of product features and policies that affect revenue streams.

The interviewees concurred that organizational structure can support or impede the change process in an organization. They intimated that the organizational structure is constantly reviewed so as to respond to the change process in the organization. However there is always a challenge of resistance to any new structure because people do not want to get out of their comfort zones. They also added that after the bank downsized most authority was vested in few offices and managers do not have authority to make decisions.

The interviewees also indicated that the technological force has impacted on their bank's operations to a large extent in that it has lead to the bank adopt new technology that has changed the mode of service delivery for the bank from paper to paperless, it has led to development of new products and adoption of new/upgraded core banking systems.

The interviewees agreed unanimously that technology has been an asset to the bank in that it has led to the development of new products, led to cost savings, enhanced customer retention, increased revenue, improved flow of information, improved the banks corporate image, enabled the bank to enter into strategic alliances and reduced cost of services.

The interviewees further intimated that competition has affected the bank's operations through reduction of customer base, increased cost of marketing and advertisement, it has lead to undercutting of the prices and so reducing the revenue to the bank which has lead to massive downsizing and finally competition has lead to introduction of new products especially credit.

4.4 Responses to the Competitive Environment

The interviewees also cited that the responses to the competitive environment which led to fruitful results include linking with other organizations like AAR credit so that customers get credit from post bank through another agency which has given good revenue to the bank, agency expansion is great even though results are in the long run, introduction of automated banking systems which has led to improved service delivery and compliance to banking act which give the bank mandate to operate as commercial bank

All the interviewees unanimously agreed that the strategies Postbank uses to react to competition are successful. They said that the branch network has lead to new customer acquisition, product/service delivery innovation has led to paperless banking reducing the operation cost and increased customer awareness.

The interviewees were asked to elaborate on the effect that the diversification of service by mobile service providers had on their bank. All the interviewees unanimously agreed that diversification of service by mobile service providers has reduced commission on local money transfer services hitherto to the bank, the corroboration with the mobile

service providers has gotten the bank a new revenue stream such as the PataCash, the customers can transact through the mobile to confirm balances, settle debts, and send cash through M-pesa cash transfer, and reduced cost of services. Further, they said that there is a large population of people in the informal sector that save their money in the phones and see no need to open an account.

The interviewees also in agreement that there are new products that the bank has developed recently including Mobile banking product, money transfer services, mobicash and cash express. The bank has also diversified its services from basic banking services of receiving savings in a bid to respond to staff competition offers such commission earning services. The bank has introduced new services such as payment of salaries on behalf of over 50 organizations including government ministries, Africa Inland Church, security firms like Total Security Surveillance, Administration Police, Forestry ministry, Local Authorities Pension Trust among others; cheque encashment for organizations like Faulu Kenya Limited, Micro Africa Limited, SISDO, Kenya Women Finance Trust (KWFT), Aga Khan Foundation Micro Finance Institution among others that pay their clients by cheque; payment of pension to over 60,000 pensioners monthly on behalf of Kenya Government; cash collection services for organizations such as Brookside Diaries, Commercial bank of Africa, Brookside Diaries that have agents spread out through the republic and who collect cash from their sales representatives, deposit this cash into collection accounts that are opened at postbank branches on commission basis.

They also added that Postbank has introduced the money transfer services saying that the bank was the first Western Union Money Transfer Service Agent in Kenya and that the

bank is as well an agent of Money Gram cash transfer services and the bank has now introduced its own money transfer services under the product Cash Express. They further said that the bank is one of the main mobile banking services of one of the main Mobile service provider, Safaricom through mpesa service, it has also partnered with Mobicash for provision of the same services and most recently has introduced the product SATA Cash that allows customers to do their banking through the mobile phones. Moreover, the fact that The Kenya Post Office Savings Bank Act limits the bank to savings services, has not stopped the bank from partnering with other licensed institutions for whom it facilitates the giving of loans. Postbank provides this service to institutions like Africa Air Rescue (AAR). They also said that Postbank has partnered with Suntra Investment Bank Limited for purchase and sell of shares listed on the stock Exchange. The bank also participates in the Initial Public Offers (IPO) by allowing customers purchase shares through the bank, the most recent of such kind being the British American (BRITAK) Insurance company. Postbank encashes dividend cheques on behalf of payee banks for listed shares. The data findings showed that there are laws that have inhibited the operations including the KPOSB act 493B that allow savings only and one can't lend/offer credit, the CBK prohibited maintenance fee and other registrations that affects agency services costs by the ministry of local government.

The interviewees were in accord that the regulatory framework of commercial banks under the Central Bank of Kenya is in order, it makes the banks play within some regulation hence maintaining some order and stability and it is a requirement of all commercial banks audit regulates operation at the bank. The interviewees added that it

however needs to be reviewed regularly to meet changes in the market more especially the agency policy structure.

To the question on the effect of economic environment in Kenya that has seen relatively low changes on most banking services in the recent past, the interviewees intimated that economic environment in Kenya that has seen relatively low changes on most banking services in the recent past has led to change in strategy towards strategic alliances, it has reduced revenue/income to the banks. They added that Kenyan population is largely unbanked and the banks compete for the small population that is banked. To attract customers the banks are forced to lower charges.

The interviewees were in accord that to sustain customer goodwill, the bank engages in various activities such as offering customer loyalty programs at the end of the year, use of give aways, using sale promotions, engaging in CSR such as helping the needy, lowering transaction cost, elimination of ledger fees, high quality customer service and customer involvement in decision making and promotions.

The interviewees further said that the bank react to changing income levels of customers by reducing the cost of providing services through automation/technology, customer segmentation and coming up with affordable services, review of interest rates. All the interviewees unanimously agreed that the bank allow employees flexibility in their work schedules to provide time for their leisure and recreation activities by providing schedules for work assignments and providing leaves.

4.5 Long Term Planning on Strategic Responses

The interviewees were asked to elaborate on their view on the importance of long term planning on strategic responses to increase the competitive advantage for the banks' future on which they said it gives the bank a sense of direction and focus, help in budgeting, projecting and target setting. However, the long term plans need to be reviewed regularly to keep in touch with the changing economic conditions and other environmental changes/challenges. The interviewees said that they consider the various response strategies adopted by Postbank to be both proactive and reactive to the competitive external environment.

The study also established that adoption of the response strategies to competition are of value to the firm as the proactive strategies help the bank compete with other banks at the same platform and they help the firm to remain relevant and does not lose its customers. On what else Postbank Limited should do to stay competitive, the interviewees said that the bank should continue with innovation, push for the review for its act so that the bank that can provide a wide array of financial services to include credit, improve on customer service, increase the speed in decision making, advertise more to create awareness of the bank existence seek and implement customer opinions.

4.6 Discussion

As Quin (1980) describes strategy, it is a plan and pattern that integrates an Organization's major goals, policies or patterns and helps marshal and allocate resources into a unique and viable posture based upon its relative internal competencies and short

comings anticipated in the environment and contingent moves by the intelligent opponents. In order to survive the increasing competition in the financial market, PostBank went into strategic partnerships with several organizations including AAR Health services so that it would expand its customer base by as AAR customers were to get credit for their medical premium.

As Aosa (1992), says, strategy is about creating a fit between the external characteristics and internal conditions to solve a Strategic Problem. Post Bank was facing several challenges in the financial market in Kenya. To create a strategic fit with the changes in the operating environment, the bank employed diversification strategies where it diversified its service delivery modes to include mobile banking services by partnering with the local mobile phone service providers like Safaricom Limited and Airtel Kenya Limited. As a result of this diversification, the bank got a new revenue stream such as PataCash which contributed to the improved financial performance of the Bank in the financial year 2010/2011.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations were drawn are in quest of addressing the research question or achieving at the research objective which is the strategic response to competitive environment in Kenya by Kenya Post Office Saving Bank.

5.2 Summary of Findings

The study found that the bank had been affected by changes in the banking industry in that most of the financial institutions have invested heavily on automation hence need to move with the trend to be ahead of the competition, mobile banking has fundamentally changed the competition and created opportunities for new services, customers find it easier to operate their accounts from the comfort of their homes using various facets of ICT, customer needs have changed hence need to adopt to changes in the industry, cost of services has gone down due to advance in technology and agency banking had provided intense competition. All this has lead to reduced customer base and reduced revenues for the banks.

On the bank's preparedness for change, the study found that currently Postbank has not been well prepared to compete because the bank has not fully implemented the act. However, the bank has installed new systems and are in the testing process, and has

developed a strategic plan that is renewed on annual basis, the bank is monitoring the changes and reviewing products and bank operations to respond to the changes.

The researcher also found that the challenges in the external environment that affect the operations of the organization include stiff competition from other banks and MFIs that have been allowed to receive deposits (cash) and pay customers over the counter, inflation, political uncertainty, technological changes especially mobile banking technology, legal environment (the act) and poor corporate image.

The study also established that the most important external forces of change facing the bank were legal forces (CBK regulation) that regulated all operations, inflation as it affect savings, technology as it affect service delivery and finally competition as it has led to review of product features and policies that affect revenue streams.

The study further established that organizational structure can support or impede the change process in an organization. The organizational structure is constantly reviewed so as to respond to the change process in the organization. However there is always a challenge of resistance to any new structure because people do not want to get out of their comfort zones. Further, after the bank downsized most authority was vested in few offices and managers do not have authority to make decisions.

The study also revealed that technological force has impacted on the bank's operations to a large extent in that it has lead to the bank adopt new technology that has changed the mode of service delivery for the bank from paper to paperless, it has led to development of new products and adoption of new/upgraded core banking systems. It was clear that technology has been an asset to the bank in that it has led to the development of new

products, led to cost savings, enhanced customer retention, increased revenue, improved flow of information, improved the banks corporate image, enabled the bank to enter into strategic alliances and reduced cost of services.

The study further established that competition has affected the bank's operations through reduction of customer base, increased cost of marketing and advertisement, it has lead to undercutting of the prices and so reducing the revenue to the bank which has lead to massive downsizing and finally competition has lead to introduction of new products especially credit.

The study revealed that the responses to the competitive environment which led to fruitful results include linking with other organizations like AAR credit so that customers get credit from post bank through another agency which has given good revenue to the bank, agency expansion is great even though results are in the long run, introduction of automated banking systems which has led to improved service delivery and compliance to banking act which give the bank mandate to operate as commercial bank. It was clear that the strategies Postbank uses to react to competition are successful. The branch network has lead to new customer acquisition, product/service delivery innovation has led to paperless banking reducing the operation cost and increased customer awareness.

The study also deduced that diversification of service by mobile service providers has reduced commission on local money transfer services hitherto to the bank, the corroboration with the mobile service providers has gotten the bank a new revenue stream such as the PataCash, the customers can transact through the mobile to confirm balances, settle debts, and send cash through M-pesa cash transfer, and reduced cost of

services. It was clear that there are new products that the bank has developed recently including Mobile banking product, money transfer services, mobicash and cash express.

The bank has diversified its services from basic banking services of receiving savings in a bid to respond to competition and now offers such services as payment of salaries, cheque encashment, cash collection services, money transfer services, mobile banking services and sell of share securities. The data findings showed that there are laws that have inhibited the operations including the KPOSB act 493B that allow savings only and one can't lend/offer credit, the CBK prohibited maintenance fee and other registrations that affects agency services costs by the ministry of local government.

It established that the regulatory framework of commercial banks under the Central Bank of Kenya is in order, it makes the banks play within some regulation hence maintaining some order and stability and it is a requirement of all commercial banks audit regulate operation at the bank. To sustain customer goodwill, the bank engages in various activities such as offering customer loyalty programs at the end of the year, use of give aways, using sale promotions, engaging in CSR such as helping the needy, lowering transaction cost, elimination of leger fees, high quality customer service and customer involvement in decision making and promotions.

The bank react to changing income levels of customers by reducing the cost of providing services through automation/technology, customer segmentation and coming up with affordable services, review of interest rates. The bank allow employees flexibility in their work schedules to provide time for their leisure and recreation activities by providing schedules for work assignments and providing leaves. Long term planning gives the bank

a sense of direction and focus, help in budgeting, projecting and target setting. The various response strategies adopted by Postbank are both proactive and reactive to the competitive external environment. It was clear that adoption of the response strategies to competition are of value to the firm as the proactive strategies help the bank compete with other banks at the same platform and they help the firm to remain relevant and does not lose its customers.

5.2 Conclusion

From the study findings, the researcher concludes that the bank had been affected by changes in the banking industry which has lead to reduced customer base and reduced revenues for the banks. Currently Postbank has not been well prepared to compete because the bank has not fully implemented the act.

The study also concludes that the challenges in the external environment that affect the operations of the organization include stiff competition from other banks and MFIs, inflation, political uncertainty, technological changes, legal environment (the act) and poor corporate image. The bank has diversified its services from basic banking services of receiving savings in a bid to respond to competition and now offers such services as payment of salaries, cheque encashment, cash collection services, money transfer services, mobile banking services and sell of share securities.

The study also revealed that the organizational structure can support or impede the change process in an organization. The organizational structure is constantly reviewed so as to respond to the change process in the organization. Technology has been an asset to

the bank in that it has led to the development of new products, led to cost savings, enhanced customer retention, increased revenue, improved flow of information.

The study further concludes that the responses to the competitive environment which led to fruitful results include linking with other organizations, agency expansion, introduction of automated banking systems and compliance to banking act. The strategies Postbank uses to react to competition are successful.

The study also conclude that the bank react to changing income levels of customers by reducing the cost of providing services through automation/technology, customer segmentation and coming up with affordable services. It was clear that long term planning gives the bank a sense of direction and focus, help in budgeting, projecting and target setting. The various response strategies adopted by Postbank are both proactive and reactive to the competitive external environment.

5.3 Recommendations

From the discussions and conclusions in this chapter, the study recommends that the employees should be trained and involved in the implementation of new structure to overcome the challenge of resistance to any new structure because people do not want to get out of their comfort zones.

The study also recommends that the regulatory framework of commercial banks under the Central Bank of Kenya needs to be reviewed regularly to meet changes in the market more especially the agency policy structure. Further the long term plans need to be

reviewed regularly to keep in touch with the changing economic conditions and other environmental changes/challenges.

The study finally recommend that to stay competitive, the bank should continue with innovation, push for the review for its act so that the bank that can provide a wide array of financial services to include credit, improve on customer service, increase the speed in decision making, advertise more to create awareness of the bank existence seek and implement customer opinions.

5.4 Limitations of the Study

Being that this was a case study on one bank the data gathered might differ from strategic response to competitive environment that other banks encounter. This is because different banks adopt different strategies that differentiate them from their competitors. The study however, constructed an effective research instrument that sought to elicit general and specific information on the strategic response to competitive environment.

The study faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried on strategic response to competitive environment. Due to limited finances the study could not be carried out on the other branches of the bank. The study, however, minimized these by conducting the interview at the bank's headquarter since it is where strategies are made and rolled out to other branches that operate on the blue print.

5.5 Recommendations for Further Research

The study recommends that further research should be done on the strategic response to competitive environment by other banks in Kenya to allow for generalization of strategic response to competitive environment by commercial banks in Kenya since each employs a different strategic approach. The researcher further recommends that a similar study be done on other institutions for the purposes of benchmarking.

The study further recommends that another study be done on the impact of government ownership on the rate of strategy implementation at Post Bank Kenya Limited. This will assist shade light on the influence of the government on the formation and implementation of strategies at the Bank. With good strategy formulation and implementation, the Bank will be well equipped to timely respond to the changes in the operating environment.

5.6 Implication for Policy, Theory and Practice

These findings imply that Postbank is faced with various challenges brought about by changes in the operating environment especially the competition as more and more financial and microfinance institutions are licensed to operate in Kenya. As a result of this, the Bank has to be on the forefront in its marketing and product development strategies so as to stay relevant on the financial intermediation market.

In addition, Post Bank has been faced with high level of political influence as the government is the majority shareholder. By virtue of this, the process of strategy development has been delayed thus leading to late responses to the changes in the

operating environment. This implies that policy makers should analyze the impact of the government on policy making and be able to advise on how these could be reduced to speed up the decision making process in the bank. As a result of this government control, the institution has been among the last organizations to implement some of the fundamental developments in the banking industry. For example, the bank stuck with the over the counter withdrawal until late when it introduced the Automated Teller Machine services. This led to inconveniences and long queues in the banking halls. This study will guide the management on areas that require urgent action so as to speed up the process of decision making.

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APPENDICES

Appendix I: Introduction Letter

August 2011

The Head of Human Resource Department

Postbank Ltd

P.O Box

Nairobi.

Dear Sir/Madam,

RE: REQUEST TO COLLECT DATA FOR MBA RESEARCH PROJECT

I am a student at the University of Nairobi pursuing a Masters of Business Administration program.

Pursuant to the pre-requisite course work, I would like to conduct a research project on strategic response to competitive environment in Kenya by Postbank. The focus of my research will be the Postbank Limited and will involve use of interview guides administered to members of the management team.

I kindly seek your authority to conduct the research at Postbank Ltd through interview guides and use of relevant documents. I have enclosed an introductory letter from the University. Your assistance is highly valued. Thank you in advance.

Yours faithfully,

ROSE GWEYANI AWERO

Appendix II: Interview Guide

1. How is your bank been affected by changes in the banking industry?
2. How would you rate your bank's preparedness for change?
3. What are the challenges in the external environment that affect the operations of the organisation?
4. What do you consider as the most important external forces of change facing your bank? Give reasons.
5. Organizational structure can support or impede the change process in an organization. How would you assess your bank's structure in this regard? Explain.
6. To what extent has technological force impacted on your bank's operations?
7. In what ways has technology been an asset to your bank?
8. How has competition affected your operations?
9. Which responses to the competitive environment led to fruitful results? Indicate why.
10. Are the strategies Postbank uses to react to competition successful? Explain.
11. What effect has the diversification of service by mobile service providers had on your bank?
12. Are there new products that your bank has developed recently? If yes, what are these new products?
13. Are there laws that have inhibited your operations? If so, please state the reasons.
14. What would you say about the regulatory framework of commercial banks under the Central Bank of Kenya?
15. The economic environment in Kenya has seen relatively low charges on most banking services that in the recent past. How has this affected the operations of your bank?
16. What does your bank do to sustain customer goodwill?
17. How does you bank react to changing income levels of customers?

18. Does your bank allow employees flexibility in their work schedules to provide time for their leisure and recreation activities? If yes, how are employees involved in determining the work schedules?
19. What is your view on the importance of long term planning on strategic responses to increase the competitive advantage for your company's future?
20. Do you consider the various response strategies adopted by Postbank to be proactive or reactive to the competitive external environment?
21. In your own opinion, is adoption of the response strategies to competition of any value to the firm? Briefly explain.
22. What else do you think Postbank Limited should do to stay competitive?

THANK YOU!!