STRATEGIC RESPONSES BY CITIBANK LIMITED TO EXTERNAL ENVIRONMENTAL CHALLENGES

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A Management Research Project submitted in partial fulfillment of the requirements for the award of the degree of Master of Business Administration of the University of Nairobi, School of Business

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DECLARATION

STUDENT'S DECLARATION

I declare that his research project is my original work and has not been presented to any other university for the award of a degree.

Signature

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SUPERVISOR'S DECLARATION

This research proposal has been submitted with my permission as the University Supervisor.

Signature

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DEDICATION

This research is dedicated to all my family members and friends for their inspiration, support, encouragement and understanding throughout the research period.

God bless you all.

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It is not easy to thank everyone who had an input into this research, for the list is almost inexhaustible. However, there are those individuals and institutions, without whom, the research consultation and interviews would have been near impossible to take place.

I wish to register my sincere gratitude to some of the contributors including my Lecturers and supervisors for the light they shed on me and the encouragement since we met and all along, for the success of this research.

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ABSTRACT

McGrath et. al., (1995) showed that firms in dynamic environments seek to continuously renew their competitive advantage through competence-generating strategic processes of comprehension and deftness. The study hence aimed at determining the critical external environmental challenges affecting the operations of Citibank Limited and the strategies employed by the bank to respond to the challenges in the external environment.

The primary data was collected using an interview guide. The interview guides were administered through personal interviews with senior employees of Citibank Limited.

Data collected was analyzed by content analysis. The researcher used the data with an aim of presenting the research findings in respect to the strategic responses to external environmental challenges by Citibank Limited.

The study found out that the Citibank had faced challenges emanating from competition from firms within the banking and non banking industry, global economic crisis, political instability and low technological advancements. The bank responded by using strong financial strategies, innovation and invention strategies, technology strategies, research and development ventures, introduced a wide range of products so as to serve customers conveniently and investments in a talented workforce

The study recommends that for Citibank to be able to overcome external environmental challenges, the institution needs to employ human resource strategies. The importance of human resource strategy is crucial to banks, as the performance and cost of those employed in the industry is fundamental to its future success.

The study also recommends that for Citibank to overcome competition as an environmental challenge, measures taken need to have a flexible approach so that they can adapt and improvise to the changing conditions to put their best foot forward. These may include competitive products and technological advancements.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

1.1.1 Concept of Strategic Response

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 (Pearce and Robinson, 2003). Strategic management is the process of specifying an organization's objectives, developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It is the highest level of managerial activity, usually performed by the company's top management and executive team and it is aimed at providing overall direction to the whole enterprise.

During the last decade, the economic and political environment has changed dramatically. These changes have had a tremendous impact on the global economic outlook (Tersine and Harvey, 1998). Continued globalization, coupled with the technological revolution led by the Internet has changed the way most of the banks operate. These changes have created both enormous opportunities and challenges for global organizations. The change in environment has forced most banks to develop a global strategy based on flexible systems that can adapt to the changing external environment.

Competitive flexibility provides a company with the capability to compete in a global market that has high competitive intensity, and demand / technological uncertainty. Competitive intensity is the degree of competition a company faces, that requires firms to take a flexible approach so that they can adapt and improvise to the changing conditions to put their best foot forward (Moorman and Miner, 1998). In highly competitive environments, strategic responses become a valuable asset (Aaker and Mascarenhas 1984). Often a technological shift or a strategic move by a competitor in a particular market has the potential to change the very basis of competition. Firms that have the flexibility to respond to new competitive behaviors are at a definite advantage; they can easily redeploy critical resources and use the diversity of strategic options available to them to compete effectively.

Similarly, demand uncertainty creates difficulty in assimilating information and devising strategic plans. Managing in uncertain environments requires concerted deployment of resources devoted to the product-market operations and response to demand idiosyncrasies. Competitive flexibility, by definition, emphasizes answering to the unique needs of consumers, business partners, and institutional constituents (Alien and Pantzalis, 1996). Because firms are more likely to face challenging and unique situations in uncertain markets than in stable markets, competitive flexibility becomes a key asset to a company at times of demand uncertainty.

Change in technology stemming from product and process innovations contributes to technological uncertainty. Strategic responses involve capability building to respond quickly to changing market conditions. Such capability building usually involves investing in diverse resources and possessing a wide array of strategic options (Bowman and Hurry 1993). Because technologically uncertain markets are likely to offer a greater number and range of threats and opportunities for firms to adapt and improvise, we expect competitive flexibility to be of crucial importance in an environment that is characterized by high levels of technological uncertainty.

1.1.2 Environmental Uncertainty

Strategic responses are closely linked to environmental uncertainty. As the external environment becomes more volatile companies need to develop greater flexibility in order to respond to the emerging conditions. According to Evans (1991) flexibility is composed of a number of "senses" including "adaptability, agility, corrigibility, elasticity, hedging, liquidity, malleability, plasticity, resilience, robustness, and versatility". He argued that each of these organizational flexibilities would be in response to some form of external environmental uncertainties or pressures. The type of reaction could be "offensive" or "defensive" and he categorized these senses into those categories.

While flexibility is normally considered solely as an adaptive response to environmental uncertainty it is important to realize that a firm may use its strategic responses to proactively re-define market uncertainties and make it the cornerstone of its ability to compete. This is exemplified by Toyota and its actions in global automobile industry in the 1980s and the 1990s. Unfortunately, such proactive behavior in using flexibility is often neglected by researchers (Nilson and Nordahl, 1995).

Strategic responses imply that the entity has the ability to change according to its needs (Nilson and Nordahl, 1995). Flexibility is the ability to adapt, in a reversible manner, to an existing situation, as opposed to evolution, which is irreversible. This notion reflects the ability to stay operational in changing conditions, whether those conditions are predictable or not, or completely different from conditions known in advance. This adaptability is required from firms that, for economic reasons, are currently turning to efficient techniques of organization and management of the zero stock, just-in-time and tight-flow type which can make them fragile. Strategic responses are crucial in hypercompetitive environments because, the established paradigms of sustainability of competitive advantage and stability of organizational form have limited applicability.

Strategy researchers have emphasized stability in a firm's pattern of resource commitments (Ghemawat, 1991). Through resource commitments, firms erect entry barriers, mobility barriers and isolating mechanisms (Lippmann & Rumelt, 1982) that protect their competitive advantages. Although such patterns of resource commitments provide a firm with competitive advantage (Dierickx & Cool, 1989), they can also become impediments to strategic reorientations.

In order to develop strong strategic response capabilities a firm needs to have the three types of flexibilities: (a) market flexibility, (b) production flexibility, and (c) competitive flexibility (Yip, 1989). This we term as the "Flexibility Triad Model".

Market flexibility deals with transnational companies' (TNCs), ability to have a high global market share, ability to sell its major products in a large number of international and geographic markets, and have a strong presence in those markets that are the home bases of global competitors. For most TNCs, production flexibility arises from spreading its value creation activities in those markets where it has a major market share. A TNC can shift production from one base to another, in order to take advantage of the foreign exchange rate fluctuations and access the best factors of production (Porter, 1990). Similarly, the competitive flexibility of a TNC arises from its ability to coordinate its global competitive moves. This helps the TNC to have a large number of competitive points and a bigger strategic space to build appropriate offensive and defensive moves that may often include counter-parry, cross-subsidization and sequential competitive entries.

1.1.3 Profile of Citibank Limited

The Citibank Limited operates as a financial institution in Kenya in the banking industry. It is one of the 44 commercial banks currently operating in Kenya. Citibank commenced business on 15th August 1974 under the name "The First National Citibank of New York". This evolved globally to Citibank, and Citibank Kenya is a branch of Citibank NA, New York. Citibank is a part of Citigroup, the pre-eminent financial services organization in the world formed in 1998 as a result of the merger between Citibank and The Travelers Group. Citigroup has operations in over 100 countries around the globe, with assets totaling US$1.1 trillion and 268,000 employees worldwide.

Citibank has two branches in Kenya. The head office is located at Citibank House in Upperhill, Nairobi. The Mombasa branch, located at Citibank House Nkurumah Road, was opened on 1st October 1989. Citibank Kenya is the head office of the Citibank East Africa organization, which covers Citibank branches in Kenya, Tanzania, Uganda and Zambia. This is a part of the larger South and East Africa cluster of Citibank headquartered in Johannesburg, South Africa.

Citibank Kenya is structured around business segments, product groups, operations and technology and staff units. The business segments that cater for their diverse customer base are the corporate bank, responsible for global relationship banking, and top-tier local corporate clients. The bank also has a financial Institutions group that is responsible for their businesses with Banks, Insurance companies and other non-bank Financial

Institutions.

The primary goals of the organization are to encourage entrepreneurship and management initiative, move day-to-day decision making closer to their customers and marketplace, and create an environment where improvements generated in one business will spread quickly to the rest. As the bank continues to grow, the management knows that they must resist the historical tendency of large organizations becoming "institutionalized" - adding layers of management and separating those who make decisions from those who provide services.

Citigroup's mission is to be the most competent, profitable, and innovative financial organization in the world. The success of the organization depends largely on the imagination and talent of the staff and their commitment to customer service. The company has changed, and continues to change, in response to customer needs and markets. The company views its ability to anticipate and respond quickly and directly to changing markets as an important reason for its success.

The interest to study Citibank Ltd emanates from the fact that it only has two branches in Kenya in an industry where others are sprawling all over with new branches continually being opened. Within this kind of industry, it is interesting to understand how the bank is surviving given the intense competition and other industry dynamics.

1.2 Statement of the Problem

In the last decade, many industries have experienced "a fundamental shift in the rules of competition and the way the game of competition is played" (Ilinitch, D'Aveni, & Lewin, 1996: 211). They argued that organizations should rely on dynamic capabilities to build competitive advantage in regimes of rapid change. Sanchez (1995) and Garud and Kotha (1994) suggested that strategic responses enable firms to compete successfully under such conditions.

McGrath et. al., (1995) showed that firms in dynamic environments seek to continuously renew their competitive advantage through competence-generating strategic processes of comprehension and deftness. Thomas (1996) documented that the ability to take action and adopt swiftly is a primary determinant of superior performance in many industries. In a related vein, scholars who study competition on the Internet have suggested that pervasive interconnectivity and network externalities, conditions that characterize the Internet, also require that firms adopt inherently dynamic strategies, including "product versioning," rapid product development, direct relationships with users, and frequent "partnering" (Shapiro & Varian, 1999).

Numerous studies have been carried out in the area of strategic responses but non of them have specifically centered on Citibank Limited (Njau, 2000; Kandie, 2001; Thiga, 2002; Goro, 2003; Kiptugen, 2003; Mugunde, 2003; Mugambi, 2003). These studies sought to determine response strategies for firms facing environmental changes in other institutions in Kenya. No study was done on Citibank Ltd. It is in this light that the study seeks to fill the existing gap in this area of study by answering the question: what strategic responses to the changes in the external environment have Citibank adopted? This study was different from the previous studies as it focused on Citibank Ltd.

1.3 Objectives of the Study

The study sought to fulfill the following objectives:

i. To determine the critical external environmental challenges affecting the operations of Citibank Limited.

ii. To determine the strategic responses by Citibank Limited in response to the challenges from the external environment.

1.4 Importance of the Study

The findings of this study will be of significant to the following groups: Banking industry, which is directly affected by the dynamic business environment and competition in Kenya, Scholars who will use it for further research in the same area/or related field and for teaching in universities and other institutions of learning and the government and corporate policy makers who might be interested to know the impact of a dynamic environment in respect to the competitiveness of manufacturing banking companies in Kenya

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are organization environment, strategy and environment, strategic responses and strategy and performance.

2.2 Organization Environment

Ansoff and McDonnell (1990) state that successful environment serving organizations are open systems and the open property is made necessary by two factors: firstly, continued organization survival depends on its ability to secure rewards from its environment which replenish the resources consumed in the conversion process. Secondly, continued maintenance by the organization of its social legitimacy. They further argue that a major escalation of environmental turbulence means a change from a familiar world of marketing and production to an unfamiliar world of new technologies, new competitors, new consumer's attitudes and new dimensions of social control and above all unprecedented questioning of firm's role in society. The prospect for the 1990's was for the continued escalation of turbulence.

In developing countries, Government systems regulated economic aspects of firms' behaviour which hampered competition. This practice encouraged the existence of unprofitable and inefficient firms and blocked new entrants. The restrictive trade practice resulted in benefits accruing to protected firms due to manipulation from the systems rather than from innovation and adoption of new technologies (World Bank report, 1994).

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. A fundamental change is occurring in the world economy whereby the world economies are witnessing the forces of globalization and liberalization of trade. The phenomenon of globalization, according to Hammond and Grosse (2003) refers to the fact that "people around the world are becoming more and more knowledgeable about each other," this is expected to increasingly affect the insurance sector.

In today's global environment, change rather than stability is the order of the day. Increased trade liberalization reduces country-based trade barriers, thus increasing the opportunity for cross-border entry (Ellis and Williams, 1995). If new entrants have adopted new technologies and/or developed more efficient business operations systems, the competitive intensity will increase pressure of existing industry to internationalize by weakening their competitive position. Virtually, most industries across the globe are currently experiencing increased pressures for globalization, reinsurance industry included. Environmental forces of change are the forces which are increasing pressure for globalization of the reinsurance industry and have led to trade liberalization and opening of the insurance market. These forces have also increased the rate at which companies need to alter their strategies and structures in order to survive in the market.

Despite the several players in the reinsurance industry, this study is biased towards responses of Kenya Re in regards to the challenges of globalization and liberalization of the reinsurance industry. In line with the government policy to diversity from doing business and concentrating on its core mandate, the government recently offloaded some of its shares in the Kenya Re through privatization process.

Ansoff (1987) noted that the environment is constantly changing, and so it makes it imperative for organizations to continuously adapt their activities for them to succeed. In order to survive in this very dynamic environment, organizations need strategies to focus on their customers and to deal with the emerging environmental challenges.

The Kenyan business environment has been undergoing drastic changes for sometime now. Some of the changes include the accelerated implementation of economic reforms, the globalization and liberalization of the economy, discontinuation of price controls, privatization and commercialization of the public sector and increased competition. In this changing environment, organizations have to constantly adapt their activities and internal configurations to reflect the new external realities. Failure to do this may put the future success of the organization's in jeopardy (Aosa, 1998).

2.3 Strategy and Environment

According to Johnson and Scholes (2003), dealing with the environment is difficult because of three factors. First is the diversity of the different influences that affect a business. Identifying the environmental influences may be possible but it may not be of much use because no overall picture emerges of the really important influences on the organization. The second difficulty is the speed of change. Managers typically feel that the pace of technological change and the speed of global communications mean more and faster changes than ever before. Third is the problem of complexity. Managers are no different from other individuals in the way they cope with complexities; they try to simplify what is happening by focusing on those few aspects of the environment which have been important historically. It is important to avoid these tendencies whilst achieving an understanding of the environment which is both usable and oriented towards the future.

Ansoff (1980) asserts that when a firm fails to respond to a threat, the losses that result continue to accumulate. The strategic response process is initiated once the rational trigger point is reached. This is the point at which accumulated data shows that there is serious decline in performance which cannot be reversed and that special counter measures are required. Reactive management occurs if the start of the response is delayed past the trigger point. The start of response is delayed past the rational trigger point due to four factors; systems delay, verification delay, political delay and unfamiliarity delay (Ansoff and McDonnell, 1990).

Systems delay typically occurs in large firms due, in part, to the time consumed in observing, interpreting, collating and transmitting information to responsible managers. It is also partly, it due to the time consumed by these managers in communicating with one another and establishing a common understanding as well as the time necessary for processing the decisions among the responsible groups and decision levels. A verification delay may be invoked because some managers will argue that, even though the level of impact has reached unacceptable proportions, there is never an ironclad assurance that the threat is real and that the impact is permanent. They will opt for waiting a little longer to see if the threat will 'blow itself out.'

A political delay may occur if certain managers, whose domain contributes to the crisis, feel that the recognition of a crisis will reflect on their reputation and/or will cause them to lose power. Even if they are convinced that the threat is real, they will want to fight a delaying action to avoid becoming scapegoats, to gain breathing space to develop a line of defense, or to line up a line of retreat. Unfamiliarity rejection delay would contribute to the other three if, as is typical in the Western managerial culture, the managers are trained to trust prior and familiar experiences and reject unfamiliar ones as improbable and invalid.

These delays will substantially increase the total cost to the firm. Such response is referred to as reactive management. The organization will incur two types of costs as a result of delayed response to discontinuous changes. These are the cumulative loss of profit and the cost incurred in arresting or reversing the loss. The management's problem is to minimize the total losses (Ansoff and McDonnell, 1990).

To survive in a dynamic and highly competitive business environment, different organizations have had to engage various strategies to survive. One such strategy is the corporate turnaround strategy. A turnaround situation is one of pointing out to a new direction. It is a complete change in strategic direction of a firm after it has faced a corporate distress. Such a situation can easily lead to collapse of a company unless a plan of corporate survival and renewal is devised and successfully executed. 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 & Robinson (1997).

Boseman and Phatak (1989) argue that if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment, especially such relevant groups as customers, competitors, consumers, suppliers, creditors and the government and how they impact on its operations success which is dependent on productivity, customer satisfaction and competitor strength. Critical success factors are crucial to an organization because it takes into consideration fundamental changes in the environment thus making firms proactive rather than reactive (Bett, 1995). Okutoyi (1992) states that strategy has an important role in helping businesses position themselves in an industry.

Effective strategy may enable a business to influence the environment in its favour and even defend itself against competition. Aaker (1992) also adds that given the current focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths. Kotter (1998) says that to adapt to environmental changes, firms require effective leadership. He further states that, while leadership is crucial, most organizations are over-managed and others under-led. In this regard therefore it is necessary to examine the impact leadership and strategic management have on an organization in relation to its external environment. Johnson and Scoles (2002), view 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 and fulfillment of stakeholder expectations.

Porter (1985) observes that for firms to be able to retain competitive advantage, they need to examine their environment both internal and external and respond accordingly. Ansoff and McDonnell (1990) also point out that the success of every organization is determined by the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level environmental turbulence. This is because each level of environmental turbulence has different characteristics, requires different strategies and different firm capabilities. Therefore, each level of environmental turbulence requires a matching strategy and the strategy has to be matched by appropriate organizational capability for survival, growth and development. Being ahead of the game requires that firms employ competitive strategies that are sustainable and assures them of their market position. A firm without superior strategy is like a blind man leading the way, and actually, existence of strategy is not a guarantee for success. Institutionalizing those strategies, allocation of adequate resources, visionary leadership and good corporate culture, amongst others are necessary ingredients for successful business strategies. To be successful overtime, an organization must be in tune with its external environment. There must be a strategic fit between the environment wants and what the firm has to offer, as well as between what the firm needs and what the environment can provide (Wheelen and Hunger, 1995). The speed or response time to environmental challenges has been identified (Pearse and Robinson, 1997) as a major source of competitive advantage for numerous firms in today's intensely competitive global economy. It's thus imperative to quickly adjust and formulate strategies so as not to be overtaken by events.

In his 1980 classic Competitive Strategy: Techniques for Analyzing Industries and Competitors, Porter simplifies the scheme by reducing it down to the three best strategies. They are cost leadership, differentiation, and market segmentation (or focus). Market segmentation is narrow in scope while both cost leadership and differentiation are relatively broad in market scope. Empirical research on the profit impact of marketing strategy indicated that firms with a high market share were often quite profitable, but so were many firms with low market share. The least profitable firms were those with moderate market share. This was sometimes referred to as the hole in the middle problem. Porter's explanation of this is that firms with high market share were successful because they pursued a cost leadership strategy and firms with low market share were successful because they used market segmentation to focus on a small but profitable market niche. Firms in the middle were less profitable because they did not have a viable generic strategy. Combining multiple strategies is successful in only one case and that is combining a market segmentation strategy with a product differentiation strategy. It is an effective way of matching your firm's product strategy (supply side) to the characteristics of your target market segments (demand side). But combinations like cost leadership with product differentiation are hard (but not impossible) to implement due to the potential for conflict between cost minimization and the additional cost of value-added differentiation, (Porter 1980).

2.4 Strategic Responses

According to Porter (1980) 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. 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).

Banks make strategic decisions that can be summed as asset and liability strategy. These include entering new markets through acquisitions. However, the legacy of these decisions is that the banking industry is now under-capitalized. Access to fresh capital from the stock market is limited, as regulations place a ceiling on the amount of loan stock that can be held by banks, and the stock market also frowns on rights issues called for merely to rectify financial difficulties. This underscores Llewellyn's prediction (1992) that capital adequacy will be a key factor in the strategies that banks employ.

Banks differ from most organizations in that their trading position is directly influenced by the profile of their balance sheets. This is due to regulations set by the international banking regulatory body (Trethowan and Scullion, 1997). The importance of capital to bank regulators is that it is seen as the primary insurance policy to cover risks in the industry. Banks actively manage their balance sheets to maintain capital adequacy and liquidity ratios that meet the regulatory requirements, borrowing short-term capital when necessary from the inter-bank market, and assessing the impact on the balance sheet of marketing and pricing policies. Indeed, Llewellyn (1992) argues that capital adequacy will be the key element in the formation of strategy in retail banking.

2.4.1 Strategies to Conserve Capital

Consumers of banking services have already begun to experience these strategies (that ensure capital adequacy) in their everyday dealings, as the banks seek to increase profitability in ways that reduce their reliance on capital cover. Strategies to conserve capital include banks re-examining the quality of their existing lending portfolios, and taking steps to increase the quality of future advances (Trethowan and Scullion, 1997). This usually has implications for commerce and industry as the economy seeks recovery, as banks are increasingly risk averse in their lending policies to incur fewer bad debts in the future.

2.4.2 Non-Interest Income Strategy

The main strategy employed to reduce dependence on capital is the growing emphasis on "off-balance sheet" or non-interest income, for example, commissions for services that previously were performed free of charge. In the survey by Trethowan and Scullion (1997), 74 per cent of the respondents agreed that this source of income would continue to grow in importance. Non-interest income has the added attraction to banks of incurring little risk of bad debt. This strategy is achieved in two main ways:

i. Increased emphasis on charging for services consumed through fees and commissions (Trethowan and Scullion, 1997). Banking is one of the few professional services where the consumer has come to expect cheap or even free service, as costs were traditionally absorbed by the banks when they were building market share in their mass marketing phase in more profitable times.

ii. Supplementing their non-interest income by expanding their operations to complementary non-core activities that are sources of commission income, such as life assurance brokering and manufacturing (Trethowan and Scullion, 1997).

The most radical capital strategies involve selling off subsidiaries, which is chiefly used when conditions prevent access to institutional capital, or, in extreme cases, merger with another institution (Trethowan and Scullion, 1997).

2.4.3 Strategic Market Segments

The influence of depleted capital has already been highlighted as dictating strategy in banking. The other key factor that influences progress in the industry is the market strategy adopted by the banks (Trethowan and Scullion, 1997). Capital is in short supply in banking, and with over-capacity in the financial services industry, banks are making classic strategic decisions as to which market segments they wish to service and in what ways (Trethowan and Scullion, 1997). Banks had previously attempted to be "all things to all men" as they embarked on mass marketing campaigns; now increasing efforts are being expended in determining which customer segments provide the most profit potential.

Banks are increasingly anxious to measure the profitability of their products, and with this knowledge, they are able to aggregate a customer's product portfolio to determine the profitability of each customer. Similarly, by consolidating the profitability of similar customers, segment profitability can be determined, and this indicates which segments are attractive for bank marketing. Shapiro et al. (1987) explains customer profitability as falling into quadrants as shown in the Figure 2.1

Table 2.1: Shapiro's Matrix of Customer Traits

Passive	**Carriage trade**
➢ Will pay high prices (due to high dependence or low product significance)	➢ Will pay top prices Tailored products that include quality and service
Bargain basement	**Aggressive**

➢ Sensitive to price ➢ Relatively insensitive to service ➢ Quality standards set for low costs	➢ Powerful customers ➢ Price sensitive ➢ Quality sensitive ➢ Service sensitive

These classes of customers are increasingly being recognized, with banks tailoring their strategies to target those segments that match their own positioning. Crane and Eccles (1987), suggest that business units be treated as a separate business. Once separated then each division can develop its own strategy based on the segment it serves.

2.4.4 Cross-Selling Strategy

The basic thrust of bank marketing strategies is to increase the penetration of products to their existing customers through more effective cross- selling (Trethowan and Scullion, 1997). Gavigan (1992) has articulated this strategy as:

i. it is much easier, and cheaper, to sell to "warm bodies"; and

ii. Farming an existing account base is much better than hunting for new customers.

Products are no longer seen as providing banks with sustainable competitive advantage (Trethowan and Scullion, 1997). However extending the range of services that are available through branches may improve the effectiveness of these channels. Banks have the people and the systems to distribute "information-based" products that are linked to their core activities, such as travel services, house sales and conveyance.

2.4.5 Relationship Strategy

A retail bank may adopt a relationship strategy based on attracting the low profit cash transmission business of customers in the "carriage trade" segment, and then deepen the relationship by superior service, to cross-sell more profitable products (Trethowan and Scullion, 1997). The same bank may use another division to service the "bargain basement customers", through a non-branch telephone banking system, which has a product based focus. Obviously those banks that operate on low costs and have good credit policies can offer lower prices, and will dictate prices in the industry.

Huge relational databases are being built that capture data on customers from their day-to-day transactions through the bank's Information Technology (IT) systems. This provides bank marketers with information to improve techniques to identify customer segments and predict customer needs. Segmentation, in the past, was a crude affair used to blanket the market with fairly unsophisticated marketing techniques such as the ubiquitous mail shot (Trethowan and Scullion, 1997). The objectives of segmentation today are to profile the lifestyle of those in the customer base (in addition to their demographics) in order to tailor products and delivery to meet the needs of the selected segments.

Changing lifestyles and increased affluence have led to higher service expectations by the customer. This has made distribution the key marketing variable (Trethowan and Scullion, 1997). The traditional delivery channel is the branch network. The mass marketing era saw the establishment of branches on every main thoroughfare; however, as this investment took place, it was not fully recognized that these new non-business customers did not have the same discretionary time to visit the branches as the business community on which banks had traditionally focused.

This new mass market was engaged in earning their incomes in the 10.00 a.m. until 3.30 p.m. slot that the banks chose to do their business. Prior to the introduction of computers, banks needed time to perform manual account administration, at which times the public were seen as an "inconvenience". This is now changing, with 9.00 a.m. until 5.00 p.m. opening, and late evening and Saturday opening returning (Trethowan and Scullion, 1997).

2.4.6 Direct Marketing

The introduction of widespread networks of cash machines and the willingness of retailers to give cash on the growing numbers of debit cards is reducing the need for personal customers to come into a branch (Trethowan and Scullion, 1997). The delivery of products to the personal sector is an important area of strategic thinking, as there is a perception of non-availability of branch service, and this is coupled with the increasing number of non-branch outlets for obtaining cash. Pottruck (1992) states that product innovation no longer offers banks a source of sustainable competitive advantage, as sophistication in IT means that products can be quickly copied.

Marketing strategy is thus increasingly focused on delivery. The survey by Trethowan and Scullion (1997) shows that 84 per cent of respondents believe that the numbers of banks offering an alternative to the traditional branch network will increase, and 84 per cent also believe that direct marketing and branch networks will also increase. Direct marketing offers the advantages of convenience, total sales orientation and low maintenance costs (Trethowan and Scullion, 1997). Branch networks are the primary delivery channels for bank services, and also act as a barrier to entry in the industry (Trethowan and Scullion, 1997).

Many branches were designed in the past to reflect the solidity of the parent bank, not the needs of the mass market personal customer. However, their architectural features have attracted preservation orders making them difficult to renovate for today's needs. This increasingly leads to the following strategic issues (Trethowan and Scullion, 1997):

i. Are all branches necessary and in appropriate locations? Is a high street presence valued over convenient car parking?

ii. Will an acceptable payback be achieved by amalgamating or relocating selected branches?

2.4.7 Quality of Sales and Service

Banks at present use a mix of advertising and sponsorships at national, regional, and local levels (Trethowan and Scullion, 1997). Many banks' promotion strategies are now turning to building a cultural identity of sales and service excellence that will be recognizable to their customers and the marketplace in general. Whitley (1991) suggests four points to achieve good third party reputations through the quality of their sales and service.

First, service quality must be intertwined. This requires commitment to the concept from the whole organization. The burden should not fall solely on front-line staff in each "moment of truth" for quality, to achieve the required standards of service. The production and support process must be tracked back through the organization and the contribution of all involved should meet these standards. Secondly, there should be consistency in product and delivery standards. This requires careful design of both factors to minimize the variability of the human resource. Thirdly, control of standards must be achieved by adopting techniques that will turn service into tangible measurements. Lastly, quality will continue to improve, and therefore what was good today may not be good enough in a year's time. For this reason, chosen quality levels must be kept under review.

Banks today need to work hard to repair their image; it is a paradox that when the consumer is seeking higher standards of quality, much of the focus of bank strategy is on managing to survive with depleted capital following past strategic mistakes (Trethowan and Scullion, 1997).

It is evident that various strategic areas already discussed cannot be viewed discretely; capital adequacy is influencing marketing strategy, which in turn is influencing human resource and IT strategies. These in turn are closely linked to how banks operate and organize themselves.

At present, banks are highly bureaucratized organizations that are set up to excel in administrative procedures rather than as retailers (Trethowan and Scullion, 1997). This is achieved by using the divisionalized form supported by machine bureaucracies that have served the banks well and will continue to predominate. This provides tight controls of standards and performance, both in the internal operation of banks, and in facilitating fairness and standards to the customer. This is especially so as a major part of their operation entails performing a number of routine tasks many times and across a large number of remote locations.

Banks will continue to fine-tune their organizations to facilitate change, to be more market-oriented and to save costs. This will be achieved by implementing wider, flatter organizations with improved internal communication (Trethowan and Scullion, 1997):

2.4.8 Human Resource Strategies

The importance of human resource strategy is crucial to banks, as the performance and cost of those employed in the industry is fundamental to its future success. The survey by Trethowan and Scullion (1997) shows 84 per cent agreement with this statement. This is another area where banks are attempting to raise quality and at the same time cutting costs.

Human resource strategies must support the strategic direction of the organization. Cost is a major differentiator in financial services and all major participants must pay attention to staff costs, which is their major cost driver, to remain competitive. Players in the industry will continue to match each other around the market price, so other forms of differentiation are needed, with service quality being increasingly important in achieving competitive advantage. The strategic challenge is thus to reduce costs while simultaneously improving quality (Trethowan and Scullion, 1997).

In the past, banks needed large numbers of clerical staff to process the paper that snowballed because of the business generated by the mass marketing campaigns. Technology is increasingly providing solutions to the administration of the banks' business (Trethowan and Scullion, 1997). The obvious place for capital-hungry banks to save costs is in reducing their biggest cost area - staff. The reduction in overall numbers is being contrasted by the rising proportion of part-time staff and contractors. The process will be achieved by voluntary and compulsory redundancy schemes and by early retirement.

Contracting out services is fairly limited at present, confined to areas such as IT development, cash transportation and cheque printing (Trethowan and Scullion, 1997).

Thus all banks individually engage in non-core activities which lead to dis-economies of scale in premises, capital and manpower, and raises the general level of costs in the industry. A greater emphasis on contractors will only happen when suppliers emerge that will provide the same services at a lower cost than the banks currently incur for the service. As well as being part of the value chain, contractors will also be part of the quality chain, and must therefore be as reliable as the systems that the banks currently pay dearly for to control themselves.

2.4.9 Information Technology

Money has frequently been described as "information in motion" and banks are among the biggest users of information technology. Over the past two decades IT has allowed banks to expand their activities to the mass market. However the survey results by Trethowan and Scullion (1997) show that 85 per cent of retail bankers are not fully satisfied with their IT systems. The first generation of automation has now passed, and in retrospect three main failings have been identified (Trethowan and Scullion, 1997). The first failure is that they were initially designed with a product focus. This has led to systems in banking resembling patchwork quilts, constantly in a state of repair and modification. Problems associated with systems that no longer match the needs of the business include line staff being unable to cope with the administrative burden, caused by the work generated to achieve operating plans' as well as customers of one division not being identified as common customers of the group as the types of products banks offer expand. This resulted in poor performance in cross-selling, which is the very area that banks are staking out as their main marketing strategy.

The second failure is that of user involvement in the design and implementation of the systems (Trethowan and Scullion, 1997). The first generation of system analysts consulted with users and then disappeared until implementation date when it was too late for users to comment on the systems that they would have to use every day. Finally, banks set up their initial IT accounting systems at account level, to reflect the way they had administered their old manual systems (Trethowan and Scullion, 1997). It was easy to detect the extent of a customer's overall relationship by examining physical ledger pages. However, automating this arrangement gave banks real headaches in retrieving customers' files from all around their systems. Paradoxically, just as banks' systems are addressing this issue, the banks' voluntary code of practice is placing constraints on how they use information on their personal customers.

Although capital is scarce in the industry, banks continue to invest huge sums in IT, as it is acknowledged that lack of investment in this area damages a bank's ability to compete effectively (Trethowan and Scullion, 1997). Banks are making the transition to customer-based information being held on relational databases in their efforts to become more market-oriented and to resolve the difficulties of holding details of customers at account level. The details of individual accounts are clustered around the customer's static details records, such as name and age.

The speed at which technology continues to develop makes predicting the future of systems in banking difficult. IT solutions to business problems must provide information support to place the customer in the centre of their operations; aid in-time compression in the development of banks' products and services; and reduce overall costs by improving productivity throughout the organization (Trethowan and Scullion, 1997).

2.5 Strategy and Performance

Strategy is the broad way in which an organization seeks to maintain or improve its performance. This is relatively enduring and unlikely to change substantially in the short term (Zajac and Shortell 1989). A broad range of management research supports this contention. For example, the literature on population ecology argues that once an organization is established so is its structure and overall approach (Hannan and Freeman, 1977), and a range of evidence indicates that organizations are relatively inert; once routines are set they are difficult to change (Amburgey, et al., 1990; Barnett and Freeman 2001).

Earlier on, Porter (1980 and 1986) pointed out that a firm can gain its competitive advantage by producing value to its customers. The author emphasized that a firm can gain its competitive advantage by performing the chain of strategically important activities (such as production, marketing, sales, service, human resource management, technology development and procurement) cheaply or better than its competitors. Based on these activities, Porter developed the following three generic business strategies; low cost, differentiation and focus (niche). In a low cost strategy, the firm attempts to reduce cost and increase profit as well as sales by using economies of scale, scope and technology. In a differentiation strategy, the firm emphasizes on developing ways to make products appear unique and different. Finally, in a niche (focus) strategy, the firm focuses on product development and marketing efforts in a particular market segment that the firm has a cost or differentiation advantage.

Using the Porter's three generic competitive strategies (low cost, differentiation and focus), Schroeder, et al., (1995) indicated the linkage between the generic strategies and manufacturing technology. In addition, Mosakowski (1993) found that entrepreneurial firms that adopted focus and differentiation strategies performed better than firms that do not use these strategies.

Although, many studies have found that different companies in different countries tend to emphasize on different performance measurement, the literature suggests financial profitability and growth to be the most common measures of organizational performance. Nash (1993) claimed that profitability is the best indicator to identify whether an organization is doing things right and hence profitability can be used as the primary measure of organization success. Furthermore, Doyle (1994) pointed profitability as the most common measure of performance in western companies. Profit margin, return on assets, return on equity, return on sales are considered to be the common measures of financial profitability (Robinson, 1982; Galbraith and Schendel, 1983). Abu Kassim et. Al (1989) found sales, sales growth, net profit and gross profit were among the financial measures preferred by the manufacturing firms.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a case study design meant to investigate strategic responses to external environmental challenges by Citibank Limited. Terry & Franklin (1997) define a case study as a description of a situation involving problems to be solved. A case study is also an in-depth investigation of an individual, group, institution or phenomenon (Mugenda O & N. Mugenda 1999).

3.2 Data Collection

In this study, emphasis was given to primary data. The primary data was collected on the external environmental challenges facing Citibank Limited and the strategic responses there-to. The primary data was collected using interview guides. Interview guide was chosen for it allows for flexibility in the direction of question hence comprehensive data collection is ensured and the interviewer can direct the interviewees in case of difficulty in answering a question. The interview guide was structured into three sections named Section A, Section B and Section C; Section A was on general information, Section B was on the external challenges while Section C was on strategic response to the external challenges. The interview was done on 5 senior employees of Citibank Limited; the number is small enough to eliminate duplicity and redundancy of data collected and large enough to ensure comprehensive and exhaustive data collection on the external challenges that Citibank Limited faces and the strategic responses there-to. The interview was administered through personal interviews with the sampled interviewees after the researcher booked appointments with the five senior managers at Citibank Limited.

3.3 Data Analysis

Being that the data collected was qualitative in nature, the study employed thematic content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 1999). The analyzed data was then presented in prose.

CHAPTER FOUR: DATA ANALYSIS FINDINGS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the data analysis and interpretations of the findings. Data was analyzed using thematic content analysis and presented in prose. All the 5 sampled interviewees including heads of finance, risk management, human resources, marketing and research division, and public affairs and communication division were interviewed which makes a response rate of 100%. The commendable response rate was achieved at after the researcher made personal calls and visits to remind the interviewees to honor the interview appointment that they had accepted earlier.

4.2 Demographic Information

The study was conducted on the interviewees who 3 males and 2 females senior managers from various departments; human resource, research and development, external affiliation, customer relations and finance. The study found that Citibank have around sixty five employees in the two branches combined with several interns and contract staffs who help in offsetting perennial increase in service demand.

4.3 Major Challenges in the External Environment

To the question on whether the Bank assesses the impact of external environment so as remain vibrant and successful in the long run, the interviewees were in agreement and further intimated that the Bank assesses the relevant groups as customers, competitors, consumers, suppliers, creditors and the government or political climate.

The study proceeded to determine whether the organization was faced by major challenges in the environment. All the interviewees agreed that the organization was face by external environmental challenges. The study then proceeded to inquire from the respondents the various external environmental challenges that had a major impact on the operations from the environment. The interviewees cited competition from firms within the banking and non banking industry, global economic crisis, political instability and low technological advancements. The interviewees further confided that fluctuation in the foreign exchange market, the perception that the bank is foreign owned hence individual customers shunned it; the extensive branch network by other banks more than it had has affected its operations.

To the question on the changes that have taken place due to political climate, the interviewees cited low cash flows, reduced foreign investments in the country, entry of many competitors due to liberalization of the economy; regulation and receptive attitude of potential customers since the bank is foreign owned.

The study also proceeded to determine whether the organization had been faced with technological changes due to challenges posed by the same. The interviewees concurred that the Bank had been faced with technological changes like establishment of various areas that technology had taken toll like adoption Information Communication Technology such as Management Information System (MIS), putting up of Automated Teller Machines (ATM) and mobile banking system.

4.4 Strategic Responses to the External Environment

To the question on the type of strategic responses to the changes in the corporation's external environment, the interviewees intimated that strategic responses were both proactive and reactive to the changes in the corporation's external environment.

The interviewees further intimated that the Bank had put up various measures to mitigate the effect of these challenges. The interviewees said that the responses were strong financial strategies (operation cost reduction), innovation (product, technology) and invention (new product and technological) strategies and research and development ventures aimed at developing the relevant customer knowledge. The interviewees also cited investment in technology strategies that had been adopted in response to the challenges.

On technology the interviewees said that the Bank has a powerful technological infrastructure supporting CitiService such as multitasked environment, access to bank applications, internal messaging system and fax gateway, automatic call distribution system and automated query handling systems.

So as to develop a competent staff to match those of their competitors the respondents said that the Citibank provides diverse world-class challenging career opportunities by developing, recognizing and rewarding performance. The management style consists of a robust and transparent process of assessment, coaching, training and reward, which enables the employees to realize their full potential in line with their career aspirations. The interviewees further said that the Bank ensures that the most competent employees enter its stream by recruiting graduates who have first class or second class upper or GPA 3.4+ from an internationally recognized university. The Bank also ensures that the candidate is competent in the area of financial aptitude, excellent communication skills and leadership potential. The interviewees confided that these ensure that the employees deliver quality and innovative services to the customers.

The interviewees also said that, due it's in extensive branch network, two branches, Citibank made a decision to exit from retail business and SME's because they could not compete with the large local banks that have wide branch networks to service this industry. Thus, Citibank's target customers are the middle to top-end corporate clients. The interviewees further said that the Bank has overcome the lack of branch network through partnerships with other institutions for the delivery of their services, for example, Postbank for payments and G4 Security Group for cash collections

The interviewees further confided that though, the bank faces competition from the large banks, they manage to keep them at bay with their superior automated product delivery (such as their payments system) which differentiates them. However, the interviewees acknowledged that the lead gap they've had is narrowing

Due to global financial crisis, the interviewees confided that the bank has cut down its human resources in its Mombasa branch as a strategic response to reduce salary expenses. The interviewees further said that since superior service delivery is critical for Citibank, hence internally, the Bank's business segments work closely together e.g. the product group and relationship managers

CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings from chapter four, conclusions and recommendations of the study based on the objectives of the study

5.2 Summary of the Findings

5.2.1 Social Demographic Information

The study was conducted on the interviewees who 3 males and 2 females senior managers from various departments; human resource, research and development, external affiliation, customer relations and finance. The study found that Citibank have around sixty five employees in the two branches combined with several interns and contract staffs who help in offsetting perennial increase in service demand.

5.2.2 External Environmental Challenges Affecting the Operations of Citibank Limited.

The study found out that the Bank assesses the impact of external environment so as remain vibrant and successful in the long run by focusing on the relevant groups as customers, competitors, consumers, suppliers, creditors and the government or political climate. The study's findings indicated that the Bank faces major challenges from the external environment which affects its operations, such as, competition from firms within the banking and non banking industry, global economic crisis, political instability and low technological advancements.

The study further found out that several changes have taken place due to change in political and technological climate. In political climate, the changes were: low cash flows, reduced foreign investments in the country, entry of many competitors due to liberalization of the economy; regulation and receptive attitude of potential customers since the bank is foreign owned while on technological environment the changes were:

adoption Information Communication Technology such as Management Information System (MIS), putting up of Automated Teller Machines (ATM) and mobile banking system.

5.2.3 Strategic Responses to Challenges of the External Environment

The study found out that the bank adopted both reactive and proactive strategies in order to combat the challenges brought about by external environment. The Bank had put up various measures to mitigate the effect of these challenges such as strong financial strategies (operation cost reduction), innovation (product, technology) and invention (new product and technological) strategies and research and development ventures aimed at developing the relevant customer knowledge and investment in technology strategies.

On technology the study found out that said that Citibank Limited has a powerful technological infrastructure supporting CitiService such as multitasked environment, access to bank applications, internal messaging system and fax gateway, automatic call distribution system and automated query handling systems.

So as to develop a competent staff to match those of their competitors the study found out that Citibank provides diverse world-class challenging career opportunities by developing, recognizing and rewarding performance. The management style consists of a robust and transparent process of assessment, coaching, training and reward, which enables the employees to realize their full potential in line with their career aspirations. The study further found that the Bank ensures that the most competent employees enter its stream by recruiting graduates who have first class or second class upper or GPA 3.4+ from an internationally recognized university. The Bank also ensures that the candidate is competent in the area of financial aptitude, excellent communication skills and leadership potential, all these, the study findings indicated that, ensure that the employees deliver quality and innovative services to the customers.

The study's findings indicated that the Bank, due its in extensive branch network (two branches), made a decision to exit from retail business and SME's because they could not compete with the large local banks that have wide branch networks to service this industry. Thus, Citibank's target customers are the middle to top-end corporate clients. The study further found out that the Bank has overcome the lack of branch network through partnerships with other institutions for the delivery of their services, for example, Postbank for payments and G4 Security Group for cash collections. Though the bank faces competition from the large banks, they manage to keep them at bay due to their superior automated product delivery (such as their payments system) which differentiates them. Due to global financial crisis, the study's findings illustrates that the bank has cut down its human resources in its Mombasa branch as a strategic response to reduce salary expenses. The study further found that since superior service delivery is critical for Citibank, hence internally, the Bank's business segments work closely together e.g. the product group and relationship managers

5.3 Conclusion

The study concludes that Citibank had been faced by various external environmental challenges. However the organization had made various arrangements to mitigate the consequences of these challenges. These included having a visionary leadership as the main ingredient of successful business, good corporate culture and institutionalizing of competitive strategies. Institutionalizing of competitive strategies, allocation of adequate resources, visionary leadership and good corporate culture, amongst others are necessary ingredients for successful business strategies in response to environmental challenges. To be successful over time, an organization must be in tune with its external environment. There must be a strategic fit between the environment wants and what the firm has to offer, as well as between what the firm needs and what the environment can provide.

Since human resources are the most important asset and most difficult to control, creating an environment that suits them is a good strategy for an organization, Citibank thus so as to produce the most quality product and services, provides diverse world-class challenging career opportunities by developing, recognizing and rewarding performance. The bank also ensures the same by recruiting graduates who have first class or second class upper or GPA 3.4+ from an internationally recognized university.

The study further concludes that the Bank, due its in extensive branch network (two branches) as contrasted to the extensive branch network of other banks exited from retail business and SME's because they could not compete with the large local banks that have wide branch networks to service this industry and target customers are the middle to top-end corporate clients. The study further concludes that the Bank has mitigated the same through partnerships with other institutions for the delivery of their services, for example, Postbank for payments and G4 Security Group for cash collections.

5.4 Recommendations

The study recommends that for Citibank to able to overcome external environmental challenges, the institution needs to employ human resource strategies. The importance of human resource strategy is crucial to banks, as the performance and cost of those employed in the industry is fundamental to its future success.

The study also recommends that for Citibank to overcome competition as an environmental challenge, measures taken need to have a flexible approach so that they can adapt and improvise to the changing conditions to put their best foot forward. These may include competitive products and technological advancements.

5.5 Limitations

The study was limited in that it was only carried out on one institution that is Citibank Kenya Ltd. Hence the findings were only related to the institution whereas there are various other banks with different strategic responses on environmental challenges

5.6 Areas of further research

The study focuses on strategic responses on external environmental challenges. Further studies need to be done on areas such as responses on globalization and on technological developments.

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DATE 20/10/09

TO WHOM IT MAY CONCERN

The bearer of this letter PHOEBE NYOKABI GITAU

Registration No: D61/P/8412/2003

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

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DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM

Appendix I: interview guide:

Strategic Responses by Citibank Limited to External Environmental Challenges

Please fill in all parts as sincerely as possible by putting a tick on one of the options given, where applicable. For those that require your opinion, please use the space provided.

SECTION A: DEMOGRAPHIC QUESTIONS

1. Gender

   ....

2. Name of the department ....

3. What is the size of your organization in terms of employees?

   ....

SECTION B: ENVIRONMENTAL CHALLENGES

4. List the challenges that have had major impact on your operations from the environment.

   ....
   ....
   ....

5. What changes has taken place due to challenges posed by, political and technological environment?

   ....
   ....
   ....
   ....

……………………………………………………………………………………

SECTION C: STRATEGIC RESPONSES

6. Did you make any arrangements to mitigate the consequences of these challenges? How

7. ……………………………………………………………………………………
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……………………………………………………………………………………

8. Which responses led to fruitful results? Indicate briefly why?

……………………………………………………………………………………
……………………………………………………………………………………
……………………………………………………………………………………

9. Do you consider the various response strategies adopted by Citibank Limited to be proactive or reactive to the changes in the corporation's external environment?

……………………………………………………………………………………
……………………………………………………………………………………
……………………………………………………………………………………

10. What are the strategic responses that the bank has adopted to the challenges posed by the external environment?

……………………………………………………………………………………
……………………………………………………………………………………
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……………………………………………………………………………………

Thank you.