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Full Length Research Paper

Effects of strategic management practices on performance of financial institutions in Kenya: A case of Kenya Post Office Savings Bank

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This study sought to examine the relationship of strategic management practices and firm performance in Postbank. The study was guided by the following specific objectives: (i) to determine the competitive strategies adopted by Postbank; and (ii) to establish the relationship between the competitive strategies used by Postbank and its performance. A review of the relevant literature was undertaken in order to eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. The literature review is based on authoritative, recent, and original sources such as journals, books, thesis and dissertations. A case study design was used to undertake the study. The population comprised Postbank top revenue drivers, namely operations and marketing/customer service departments, which are divided into regions covering the whole country. A semi-structured questionnaire was used to collect primary data from the respondents. Statistical Package for Social Sciences (SPSS), version 19.0 was used as an aid in the analysis. Data pertaining to the profile of respondents were analyzed by employing content analysis while determining the link between the competitive strategies and organizational performance; the strategy related items were subjected to a factor analysis to test whether the strategic practices were naturally grouped into the various competitive strategies. The findings show that the strategies adopted by Postbank so as to cope with the competitive environment include vigorous pursuit of cost reductions, providing outstanding customer service, improving operational efficiency, controlling quality of products/services, intense supervision of frontline personnel, developing brand or company name identification, targeting a specific market niche or segment, and providing specialty products/services. The findings also show a significant relationship between the strategies adopted by Postbank in Kenya and their respective performances with respect to the following objective performance indicators: total revenue growth, total asset growth, net income growth, market share growth and overall performance or growth.

Key words: Competitive strategies, firm performance, cost leadership, differentiation, focus combination, diversification, market penetration, product development, market development.

INTRODUCTION

This study sought to determine the effects of strategic management practices adopted by financial institutions on their performance. Here, a discussion is made on the background to the research, research objectives, research process, structure of the thesis, and the significance of the research.

Background of the study

Strategic management is a continuous process that involves attempts to match or fit the organization with its changing environment in the most advantageous way possible (Pearce and Robinson, 2000). Strategies are the means by which long-term objectives will be achieved. “A strategy is a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization” (Pearce and Robinson, 2007; Johnson and Scholes, 1993; Thompson and Strickland, 2001). The role of strategy is to identify the general approaches that the organization utilize to achieve its organizational objectives. Therefore, the choice of strategy is so central to the study and understanding of strategic management.

The challenges of the business environment in the 1990s, characterized by fragmented markets, increased competition, rapid technological changes, shifting regulatory frameworks, and a growing dependence on non-price competition have forced many businesses to more closely scrutinize their competitive strategy. Porter (1985) argues that firms create competitive advantage by conceiving new ways to deliver superior value to customers. Innovation is a key source of competitive advantage and can occur at any stage of the value chain. However, the literature and research in this regard is biased towards technological innovation.

The increased competition has been further fuelled by communication and liberalisation of the major world economies. This has reduced the world into a global village as far as business transactions are concerned. As a result, organisations are facing stiff competition from both local and foreign competitors. In order to compete and survive in the competitive environment, different organisations are adopting different strategies. Organisations are therefore implementing various competitive strategies to achieve a sustainable competitive advantage and enhance their survival in an industry.

Strategic management

The business environment in which firms operate is dynamic and turbulent with constant and fast paced changes that often render yester-years strategies irrelevant. Top management and decision makers of firms must constantly think strategically about the future of their organizations. The environmental turbulence necessitates an equal need for rapid recognition of appropriate strengths, opportunities to be exploited, threats to be countered and weakness to be overcome (Pearce and Robinson, 2000). Strategic planning calls for the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to carry out the goals. Planning is a conscious systematic process during which decisions are made about mission, values, goals, strategies, priorities and activities that an organization, and by extension industry players will pursue if they are to survive and remain relevant in the future, amidst a constantly volatile environment. Strategic planning therefore is not a matter of coming up with a detailed plan or program but it is a “unifying theme that gives coherence and direction to actions and decisions” (Grant, 1998).

The use of strategic management enables firms define their strategies which provide a central purpose and direction to its activities to people who work in the firm and often to the outside world. Strategic planning and implementation enables firms to adapt under conditions of external pressure caused by changes in environment. Firms can and often do create their environment besides reacting to it. Strategic planning and management helps firms develop competitive strategies (Johnson and Scholes, 2002). In developing strategy, firms carry out an analysis of their environment, their industry and competitors and gauge how they can outperform their competitors. Strategic planning also helps firms focus their efforts and resources on their key success factors and cultivate a culture of being proactive. By implementing strategic plans, firms are able to respond to the turbulent environment in an appropriate manner, to ensure their continued survival and profitability hence providing the shareholders with value for money invested (Porter, 1998).

Several scholars have carried out extensive studies in the area of banking in Kenya and especially on competitive strategy. For instance, Warugu (2001) in his research, found out that focus and product differentiation are some of the major strategies that the banks have employed in their quest to outdo each other. Similarly, Kiptugen (2003) looked at the strategic responses to a changing competitive environment; in the case study of KCB, he established that proactive rather than reactive strategies such as research on changing customer needs and preferences forms the basis of its strategic planning. Mbwayo (2005) focused on the strategies applied by commercial banks in Kenya in anti-money laundering compliance programs. He concluded that strict adherence procedures and standards have been implemented to ensure that money laundering is contained in Kenya.

This research aims at exploring the strategic management practices of the Kenyan financial institutions and therefore, it provides insight knowledge about the strategic management practices of a particular industry in a developing country.

Concept of strategy

“The essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match” (Porter, 1996). According to Porter, a company must choose its activities in different ways than its competitors in order to deliver a unique set of value to its customers. Thompson et al. (2007) observed that strategy is a long term plan of action designed to achieve a particular goal, most often "winning". Strategy is essential because there is not only one ideal position in the market. If there were, operational effectiveness would be enough for the company to succeed but even operational effectiveness is not enough for the company to survive when it reaches a certain point. The company therefore needs a strategy that leads to sustainable advantage in order to differentiate itself otherwise there will be a risk of being copied. Trade-offs is important in order to stay competitive. If a company wants more of something, it has to choose less of something else. Strategy is therefore also choosing what not to do.

Porter (1980) argues that a firm can achieve a higher level of performance over a rival in one of two ways: either it can supply an identical product or service at a lower cost, or it can supply a product or service that is differentiated in such a way that the customer is willing to pay a price premium that exceeds the additional cost of the differentiation. In the former case, the firm possesses a cost advantage. In the latter, the firm possesses a differentiation advantage. In pursuing cost advantage, the goal of the firm is to become the cost leader in its industry or industry segment.

Pearce and Robinsons (2007) observed that a firm must be able to accomplish one or more activities in its value chain activities – procuring materials, processing them into products, marketing the products, and distributing the products or support activities in a more cost effective manner than that of its competitors or it must be able to reconfigure its value chain to achieve a cost advantage. On the other hand, differentiation by a firm from its competitors is achieved when it provides something unique that is valuable to buyers beyond simply offering a low price (Porter, 1985). He argued that effectively implementing these generic strategies required total commitment and supporting of the organization. If a firm attempts to pursue both at the same time, it will result in inferior performance, so-called, "stuck in the middle" (Porter, 1980).

Competitive strategies

It is discussed by Porter (1983) that every company has a competitive strategy; either it is official or unofficial to the market. It is a plan for how a firm will compete, and how it will be formulated after evaluating how its strengths and weaknesses compare to those of its competitors; this must lead to a sustainable competitive advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage) or deliver benefits that exceed those of competing products (differentiation advantage), thus a competitive advantage enables the firm to create superior value for its customers and superior profits for itself (Porter, 1985). Competitive advantage becomes core when it is sustainable and thus the realization of sustainable competitive advantage. Sustainable competitive advantage is an advantage that enables business to survive against its competition over a long period of time.

Research by Kim et al. (2004) found that firms employing only one of Porter's generic strategies outperformed companies that applied elements from different strategies into their company. Companies who tried to achieve two or more different strategies at the same time also failed to perform at their best. They concluded that integrated strategies combining elements of cost leadership and differentiation will result in higher performance than cost leadership or differentiation do individually. But still, as Porter wrote, stuck-in-the-middle has to be avoided; the integrated strategy is to be seen as a new generic strategy. Figure 1 presents the traditional classification of competitive strategies. (a) Classification of competitive strategies with focus embedded; and (b) competitive strategy as a continuum.

Pearce and Robinson (2007) recognized the three levels of strategy: corporate, business, and functional or operational level. The corporate level strategy defines the vision, corporate goals and philosophy and culture of the firm. It includes decisions on: overall goals of the firm, the types of business the firm is involved in, and the way in which business will be integrated and managed (Porter, 1980). The business level strategy bridges corporate and functional strategies with decisions including plant location, market segmentation, geographical coverage and distribution channels, thus it broadly covers the mission, business goals and competencies. The functional level strategy is concerned with the implementation thus it is short term, low risk and quantifiable. It includes decisions on information systems, research and development, manufacturing, finance, marketing and human resources. A lot of focus is laid on business and functional strategies since it is where resources are mobilized and strategy is implemented by converting broad plans into the concrete, incremental actions and results of specific units and individuals (Pearce and Robinson, 2007).

Firm performance

Powers and Hahn (2004) looked into whether or not there are any links between competitive methods, generic strategies and firm's performance. Their article showed that in financial businesses, a cost leadership strategy did perform better than differentiation and focus. However, those, which have chosen differentiation and focus, performed better than the company that was stuck-in-the middle. Day and Wensley (1998) also say that choosing a strategy based on the positional advantage in the market will make a firm successful, because it is dependent upon which resources are available to them.

The focus of this study is to look into what strategies Postbank is implementing in order to enhance firm

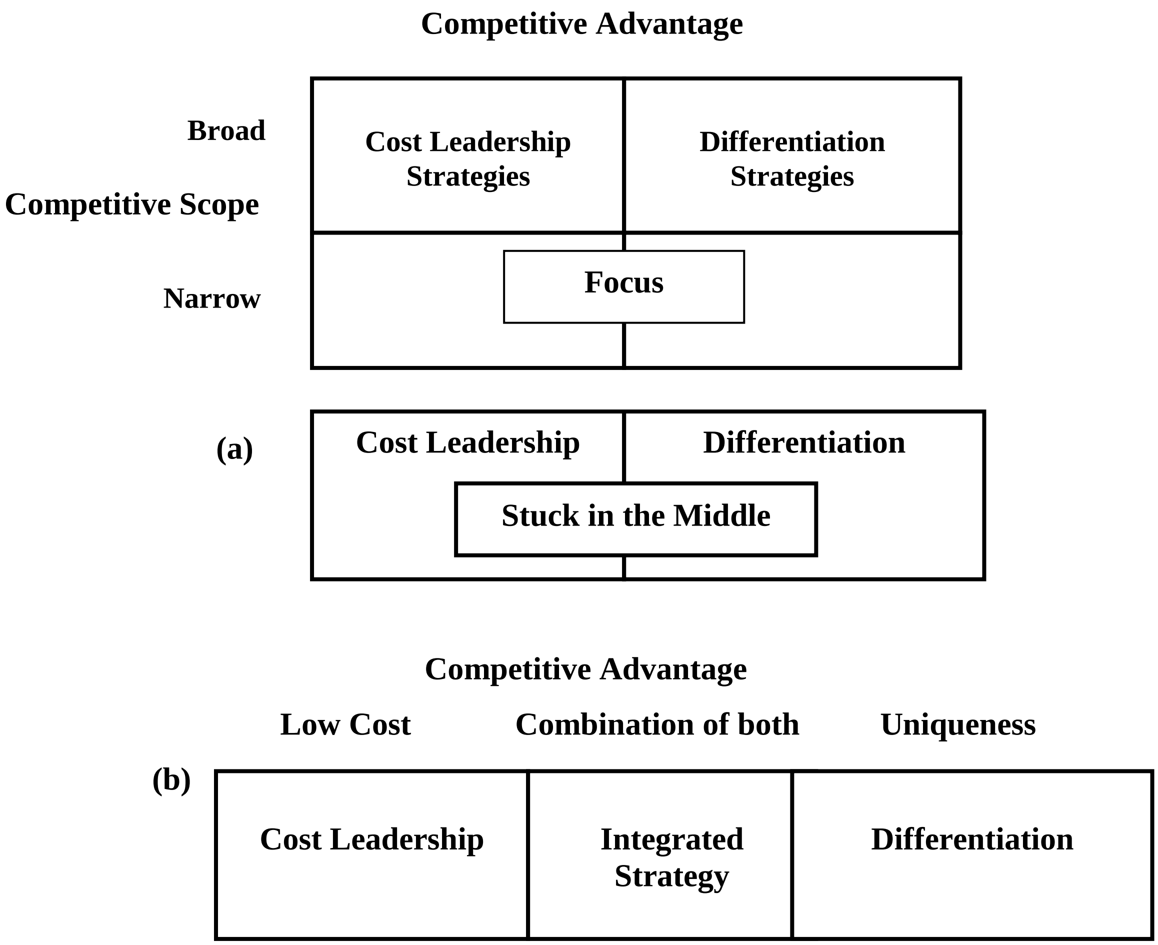

Figure 1. Classification of competitive strategies. Source: Kim et al. (2004).

performance. The study seeks to investigate if competitive strategies, among them are the generic strategies which Porter developed, are applicable in such an industry as the financial services sector. The analysis for the study will be based on work done by other strategists who can help get a broader picture of the theories on the subject to complement Porter and also criticize his strategies.

The Kenyan banking industry

As the banking fraternity continues to make forays into the retail segment of the market, it is becoming more paramount that customers be given value for their hard-earned deposits (Nyangosi, 2011). The new banking environment is about differentiating banking products, increased choices, security and accessibility. The ability of financial institutions to deliver products and services in the most efficient and effective manner, will therefore be the key to performance and relevance.

In Kenya, majority of banks have introduced internet banking, mobile banking and other e-banking facilities, to enhance delivery channels to their customers. It is however, important that the introduction of these products be accompanied with programs to broaden consumer horizon by enhancing their knowledge in the new and more innovative way of conducting banking business. For example, while Internet banking is a fast and convenient mode of conducting banking transactions, this is yet to gain acceptance among banking consumers, due to fears of apprehension in this mode of banking. Like many other developing countries, e-banking in Kenya is at its nascent stages (Nyangosi, 2011). Not many banks have embraced e-banking but majority have at least one or two technology based delivery channels. The non-adoption of e-banking by banks has been attributed to impaired non-availability of infrastructure and legislation to support e-banking.

The major indicator of e-banking is ATM banking. According to the survey conducted by financial sector deepening Kenya in association with Central Bank of Kenya, it was indicated that Kenya had a total number of 968 ATMs by the end of December 2007. Further indication was that an increase of 31.3% from 2006 was experienced, when the industry had 737 ATMs. Apart from individual bank ATMs, Kenyan Banks who are members of two organizations, which provide e-banking outsourcing partnership, will have access to 272 ATMs. The two organizations include, Pesapoint limited and Kenya switch (Kenswitch). Customers of banks which are members of Pesapoint can access 120 Pesapoint ATMs and those banks which are members of Kenya switch can access 152 ATMs of Ken switch banks plus Pesapoint's giving access to a minimum of 272 ATMs (Nyangosi, 2011).

Among the innovative banks in Kenya is Equity Bank which had more ATMs (232) as at December 2007. Research reveals that only 22 out of 41 banks have their own ATMs. Kenya commercial bank and Barclay's banks are in the second and third rank with 19.92 and 14.7% of total ATMs in Kenya. All information and communication technology developments are attributed to the realization of the advantages of technology integration in the banking industry, e-banking: “This is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution” (FinCen, 2000). e-banking is the use of electronic means to deliver banking services, mainly through the Internet. The term is also used to refer to ATMs, SMS Banking, Self Service (PC) Banking, POS Banking (Credit and Debit cards) telephone banking, Interactive TV, Intranet, Branchless Banking and use of plastic money, mobile phone banking and electronic funds transfers.

Kenya Post Office Savings Bank

The Kenya Post Office Savings Bank (Postbank) was established in 1910. Similar savings services were offered across the East Africa region. When the East African Community broke up in 1977, the Kenya Government established its own savings bank. Postbank is primarily engaged in the mobilization of savings for national development and operates under the Kenya Post Office Savings Bank Act Cap 493B. In addition, the bank offers local and international credit cards under the sponsorship of a commercial bank, funds remittance collections and disbursement service (Postbank, 2010).

Postbank was established primarily to encourage thrift and mobilize savings, and has carried out this mandate successfully, through expansion of its outreach and development of products and services that meet the expectations of its customers. In 2008, the bank rolled out a new service delivery system - The New Business Model - that enables the customer to use a Debit card to transact both at the Point of Sale Terminals and ATM machines. In this system, we offer paperless banking as no forms are completed for debit and credit card transaction. The card and PIN number are all you will need to make a transaction. Internet banking at Post Bank offers a unique opportunity to reach a higher number of the target customers without necessarily increasing physical branches and enhancing the product offering through innovation (Postbank, 2011). As a savings bank, the bank offers 25 products and services including savings accounts for businessmen, salary payments, the youth, pensioners and children. We also sell stocks at the Nairobi stock exchange on agency basis for individual and household savers; safe custody and international money transfer services such as Western Union, Money Gram and M-Pesa. Postbank also offers credit access through the Postbank Visa Card. Postbank customers can now access banking services at their convenience by using the SMS banking service.

The bank is also engaged in a variety of programs. One of them is the Junior Achievement Job shadow. In this program, young boys and girls from different schools in Kenya visit the bank to learn more about the working environment and to get a glimpse of what happens around the business world. The Students in Free Enterprise is another program supported by the bank that encourages college students on business skills and how to become entrepreneurs. Postbank is ISO 9001:2008 certified in line with initiatives by the bank to improve service quality to our customers within the requirements by the Ministry of Finance. To our customers, this means quality of services and high standards that meet their expectations. Postbank also has a service charter that entails the banks commitment to high standard of service in all aspect of business and initiatives feedback from those who use the bank's services.

Statement of the problem

Strategic management positions and relates the organization to the environment to ensure its success (Ansoff and McDonnel, 1990). Organizations, in order to achieve their goals of providing quality products, profitability and competitive advantage over their rivals must practice strategic planning. Strategic management involves organizations carrying out environmental analysis. This encompass scanning the internal and external environments, this information is used to make intelligent and informed choice of the most appropriate course of action for the future. Implementation is putting the selected course into action. This requires competencies and recourses which the organization must be able to identify and properly allocate.

A number of studies related to competitive strategies have been done in Kenya including but not limited to: Ochako (2007), who investigated the strategic issue management practices by mobile telephone companies operating in Kenya; and Muthangya (2007), who performed a study on strategic response to competitive environment: A case of Postbank. It established that in response to competitive environment, Postbank adopted the 3 Porter's generic strategies among others; Olunga (2007), response of Postbank limited to changes in the financial services sector in Kenya. The study established that Postbank responded to the changes by investing in new market driven products and adoption of the most appropriate distribution channels; Rumba (2008), strategic responses by mobile phone companies in Kenya to environmental changes. The study indicated the implementation of various competitive strategies, among which are cost-leadership and differentiation.

In addition, to date, few researchers have addressed the strategy-making processes of financial institutions (O'Regan and Ghobadian, 2000).

The limited research that has been undertaken is deeply rooted in the business sector and relates to the strategy development process.

Furthermore, little or no research has been undertaken on the difficulties that firms experience in the deployment of their strategic plans. For instance, Abdullahi (2000) did a study on the strategic responses by Kenyan insurance companies following liberalization. Njau (2000) did a study on the strategic responses by firms facing changed competitive conditions and focused his study on East African Breweries Limited. Kandie (2001) focused on Telkom Kenya Ltd, Goro (2003) focused on the banks while Kiptugen (2003) focused on the Kenya Commercial Bank.

None of the aforementioned study focused on strategic planning practices of Kenya Post Office Savings Bank. It is evident from these studies that competitive strategies are aimed at bettering performance but there is a gap for this linkage. Therefore, there is need to bring out the effect of the various competitive strategies on firm performance. This study focused on the relationship of competitive strategies and firm performance, more so in the financial services sector in Kenya.

Objectives of the study

This study was guided by the following objectives:

(i) To determine the competitive strategies adopted by Postbank Kenya Limited.
(ii) To establish the relationship between the competitive strategies used by Postbank Kenya Limited and its performance.

Importance of the study

This study sought to raise ideas and issues in the hope that the various stakeholders and persons directly addressing issues related to competitive strategies and performance in various organizations will continue the discussion.

It did not presume to offer a prescription for the ideal measures to be employed by the stakeholders so as to reverse the trends. Specifically, it is hoped that the findings of this study will be beneficial to various key stakeholders as discussed subsequently.

The management of Postbank

The management of Postbank will gain a better understanding of the competitive strategies the firm has adopted, the relationship between the competitive strategies used by the firm and performance, and the challenges faced by the firm in implementing the adopted strategies. On the basis of the findings of this study, the management of Postbank will implement corporate strategies from an informed position.

The Government

The financial services sector is vital to the economic growth of the country. It aids trade, source of revenue to the government through taxation and it also offers employment opportunities to the citizens. The Government is charged with the responsibility of ensuring protection to both the industry players and the citizens. On the basis of the findings of this study, the Government will make informed decisions when formulating policies and investing in the financial services sector.

Central Bank of Kenya

Central Bank of Kenya (CBK) is charged with the responsibility of regulating the financial services sector and enforcing the relevant government policies. CBK will acquire insight into the involvement of financial service providers in competitive strategies and accommodate it in their policies where applicable.

Academicians and researchers

The symbiotic relationship between competitive strategies and organizational performance is an explored concept. The academic world should definitely consider the enormous potential of this strategic intersection. This study will make a significant contribution to the growing body of research on competitive strategies. The findings may be used as a source of reference for other researchers. In addition, academic researchers may need the study findings to stimulate further research in this area and as such form a basis of good background for further researches.

Scope of the study

This study was carried out at the Kenya Post Office Savings Bank Headquarters in Nairobi even though the bank has a wide branch network; the sample population selected was representative enough.

LITERATURE REVIEW

Competitive strategies

Porter's five forces model

In his book, "Competitive Advantage", Porter claims that companies competing in a given industry must fulfill many different activities that form cost and create value for the buyers. By using the competitive strategy, a company targets to position itself in a sustainable and profitable position against the forces shaping the industry (Porter, 1985).

The structural analysis of industries

The main variable determining a firm's profitability and competitiveness is the attractiveness of an industry. There are five forces defining the rules of the competition in an industry: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors. Since those affect the prices, costs, and investments required, the industry profitability is a total function of them. The constitution of the industry may change as the change in the structure converts the overall and relative importance of the forces. (Porter, 1985)

Intensity of rivalry

It has been claimed that rivalry depends on more than one factor; one of them is industry concentration. A larger number of firms will enhance the rivalry as firms will struggle to capture market share to be leader serving the same customers and resources. Slow market growth induces firms to fight for expanding market share aggressively; "High fixed costs" is another factor that leads to increase in rivalry; thus firms endeavor to sell large quantity of product or service with lowest unit of costs; "Low switching costs" is the paramount element to increase rivalry, as if a customer freely switches from one product to another; it shows that there is a greater struggle to capture customers. A low level of product differentiation is associated with higher levels of rivalry. High exit barriers head pressure on firms to enter in and exit due to high cost on abandoning the product (Porter, 1985).

Pressure from substitute products

In Porter's model, the price change of substitute products immensely affects the demand on the product. In addition, if the product is price-sensitive, switching to other products is expected to be fast. Therefore, the threat of substitute products restrains the profit generated from industry by putting a lid on the prices for which the product/service in the industry is available (Porter, 1985).

Potential entrants

The potential entrants in an industry enhance the level of competition for capturing market share, thus creating threats for existing companies. Strength and effect of threat is closely related to the entry barriers for a given industry as increase of entry barriers will induce the decrease in the threat coming from new entrants. The roots of entry barriers are required capital investments for initiating a business, accessibility of raw materials and distribution channels, requirements posed by economies of scale and product/service differentiation (Porter, 1985)

The buyer bargaining power

The buyer bargaining power improves if many suppliers are competing for the same product and therefore buyers can switch from one supplier to another easily, especially for the undifferentiated products. Another factor that enhances the buyer power is to purchase the products in large quantities from one supplier. Thereby, buyers with strong bargaining power can ask for suppliers to reduce the price, raising service or goods quality with better terms and conditions (Porter, 1985).

Supplier bargaining power

The supplier bargaining power exists if the demand for product is higher than the supply, also the existence of fewer suppliers in certain industry triggers more power to exert over buyers. However, availability of substitutes for the suppliers' products immensely affects the supplier power. Suppliers can gain and enhance their power through offering highly differentiated products, or creating unique products (Porter, 1985).

Porter's generic competitive strategies

Strategy is an essential part of any effective business plan. Porter (1985) asserts as shown in Figure 2 that there are basic businesses strategies – differentiation, cost leadership, and focus – and a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Karnani, 1984; Miller and Friesen, 1986; White, 1986; Hill, 1988). Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage (Parker and Helms, 1992; Kippenberger, 1996; Surowiecki, 1999; Ross, 1999).

Cost leadership

One of Porter's generic strategies is cost leadership (Malburg, 2000). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Porter, 1987; Anon, 1998; Cross, 1999; Hyatt, 2001; Davidson, 2001). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Malburg,

COMPETITIVE SCOPE		
Broad	Cost Leadership Strategies	Differentiation Strategies
Narrow	Cost Focus Strategies	Differentiation Focus Strategies

Figure 2. Porter's concept of generic competitive strategies. Source: Reed (2002: 98).

2000). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001). Porter (1985) purports only one firm in an industry can be the cost leader (Venu, 2001; Sy, 2002) and if this is the only difference between a firm and competitors, the best strategic choice is the low cost leadership role (Malburg, 2000). As a low cost leader, an organization can present barriers against new market entrants who would need large amounts of capital to enter the market (Hyatt, 2001). The leader then is somewhat insulated from industry wide price reductions (Porter, 1980; Malburg, 2000; Hlavacka et al., 2001). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a firm lowers prices too much, it may lose revenues (Cross, 1999).

Differentiation

Differentiation is also one of Porter's key business strategies (Reilly, 2002). When using this strategy, a company focuses its efforts on providing a unique product or service (Porter, 1996; Cross, 1999; Hlavacka et al., 2001). Since the product or service is unique, this strategy provides high customer loyalty (Porter, 1985; Cross, 1999; Hlavacka et al., 2001). Product differentiation fulfills a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. Aaker (1984) further argues that a differentiation strategy is often but not always associated with a higher price because it usually makes price less critical.

Focus

The focuser firm chooses a specific segment or group of segments in the industry. A firm that does not have an overall competitive advantage optimizes its strategy in order to serve the needs of the target segments and achieve a competitive advantage in them. Cost focus and differentiation focus rely on the differences of the given segment from the other segments in the industry, that is, differences in cost behavior or the unique needs of a segment. It means that tailoring the activities to a specific segment exclusively which is not served properly by broadly-targeted competitors. However, sometimes firms choose to create separate business units under the same corporate entity (Porter, 1985).

Combination

An organization may also choose a combination strategy by mixing of the aforementioned generic strategies. For example, a firm may choose to have a focused differentiation strategy. This means the organization has a unique product offered to a targeted market segment. An organization may also choose to have a focused cost-leadership strategy. In this instance, an organization would use a cost leadership strategy targeted to a specific market segment. There is much debate as to whether or not a company can have a differentiation and low-cost leadership strategy at the same time (Helms et al., 1997). Porter felt differentiation and cost-leadership were mutually exclusive (Helms et al., 1997). However, research shows this is not the case (Buzzell and Wiersema, 1981; Hall, 1983; Phillips et al., 1983).

Ansoff growth strategies: Product/market matrix

The Ansoff Product/Market Growth Matrix is a marketing tool created by Igor Ansoff and first published in his article "Strategies for Diversification" in the Harvard Business Review (1957). The matrix allows marketers to consider ways to grow the business via existing and/or new products, in existing and/or new markets. There are four possible product/market combinations and this matrix helps companies decide what course of action should be taken given the current performance. The matrix consists of four strategies:

Market penetration (existing markets, existing products)

Market penetration occurs when a company enters/penetrates a market with current products. The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting non-users of your product or convincing current clients to use more of your product/service, with advertising or other promotions. Market penetration is the least risky way for a company to grow.

Product development (existing markets, new products)

A firm with a market for its current products might embark on a strategy of developing other products catering for the same market (although these new products need not be new to the market, the point is that the product is new to the company). Frequently, when a firm creates new products, it can gain new customers for these products. Hence, new product development can be a crucial business development strategy for firms to stay competitive.

Market development (new markets, existing products)

An established product in the marketplace can be tweaked or targeted to a different customer segment, as a strategy to earn more revenue for the firm. Again, the market need not be new in itself; the point is that the market is new to the company.

Diversification (new markets, new products)

This is the most risky of all the four growth strategies since it requires both product and market development and may be outside the core competencies of the firm and has often been referred to by some as the "suicide cell". However, diversification may be a reasonable choice if the high risk is compensated for by the chance of a high rate of return.

Competitive strategies and firm performance

There are several researchers who have empirically investigated the impact of Porter's generic strategies on the performance of companies. Dess and Davis (1984) examined the performance effects of generic strategies based on a sample of non-diversified manufacturing firms. They found that those firms can be classified into four clusters based on the strategies they adopt: cost leadership, stuck in the middle, focus, and differentiation. In terms of sales growth, the four groups were found to be significantly different from one another. The focus cluster was found to have the highest sales growth, followed by cost leadership, differentiation, and stuck in the middle clusters. In terms of return on total assets, the performance difference was not significant among the four groups. While the highest return was evident in the cost leadership group, the lowest was evident in the focus groups.

Powers and Hahn (2004) examined the performance impact of generic strategies in banking. Their study indicated that banks fall into five clusters based on the type of strategy they used: general differentiation strategy, focus strategy, stuck in the middle, cost leadership strategy, and customer service differentiation strategy. They found that, overall firms employing a strategy perform better (in terms of return on assets) than the ones that are stuck in the middle. The performance of cost leadership followers was significantly higher than that of stuck in the middle firms. However, other strategy followers could not gain significant performance advantage over the stuck in the middle group.

Firm performance measures

While researchers may not always agree on the best strategy, or strategy combination, most if not all, support the long-term benefits of strategic planning for the successful performance of an organization or business unit. However, measuring the performance of a company is challenging. Researchers (Buckley et al., 1988; Littler, 1988; Day and Wensley, 1988) disagree about how to both define and operationalize performance. Most studies on organizational performance use a variety of financial and non-financial success measures.

Financial Measures

Researchers employ financial measures such as profit (Saunders and Wong, 1985; Hooley and Lynch, 1985; Baker et al., 1988), turnover (Frazier and Howell, 1983), return on investment (Hooley and Lynch, 1985), return on capital employed (Baker et al., 1988), and inventory turnover (Frazier and Howell, 1983).

Bench marking

It is important to determine how a firm compares with its industry competitors when assessing firm performance (Dess and Robinson, 1984). Benchmarking is the process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries. Dimensions typically measured are quality, time, and cost. Improvements from learning mean doing things better, faster, and cheaper. It involves management identifying the best firms in their industry, or any other industry where similar processes exist, and comparing the results and processes of those studied (the "targets") to one's own results and processes to learn how well the targets perform and, more importantly, how they do it.

The balanced score card

It is originated by Dr. Robert Kaplan (Harvard Business

School) and Dr. David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more ‘balanced’ view of organizational performance. The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:

The learning and growth perspective: In the current climate of rapid technological change, knowledge workers must be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization. Kaplan and Norton emphasize that ‘learning’ is more than ‘training’; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed.

The business process perspective: This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether or not its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions, these are not something that can be developed by outside consultants.

The customer perspective: Customer focus and customer satisfaction are important in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups.

The financial perspective: Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. But the point is that the current emphasis on financials leads to the “unbalanced” situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category. In conclusion, even though the impact of competitive strategies on firm performance has been discussed for a long time, empirical tests in this regard are scarce. Most of the past literature presents conceptual arguments and statistical evidence to describe the impact of competitive strategies on financial services providers, its potential to revolutionize business activities, benefits achieved by organizations, and barriers faced by organizations in implementing competitive strategies into organizations.

RESEARCH METHODOLOGY

Research design

A case study design was used to undertake the study. Yin (2004) describes a ‘case study’ as an empirical inquiry of a modern phenomenon looking into a real-life situation; especially in the event that the divide between the two are not obvious and there exists multiple sources of evidence. A case study generally aims to provide insight into a particular situation and often stresses the experiences and interpretations of those involved. It may generate new understandings, explanations or hypotheses. However, it does not usually claim representativeness. Therefore, researchers using case studies should be careful not to over-generalize. Case studies involve collecting empirical data, generally from one or a small number of cases. It usually provides rich detail about those cases, of a predominantly qualitative nature (Yin, 2004).

Data collection

Primary data were collected using a questionnaire with both closed and open ended questions. The questionnaire was self administered through personal interviews with the Chiefs, Head of Departments, Regional managers and Area managers of Postbank. Personal interviews were preferred because of having the potential to yield the highest quality and quantity of data compared to other methods since supplementary information can be collected in the course of the interview (Parasulaman, 1986). Closed ended questions were presented on a Likert type scale. The Likert type scale, commonly used in business research was applied because it allows participants to provide their perceptions and opinions both in terms of direction (positive or negative) and intensity (degree of agreement or disagreement). The ratings were on a scale of 1 (lowest or least important) to 5 (highest or most important). Additionally, secondary data related to Postbank will also be explored namely the financial results.

In order to satisfy the first objective of the study, a listing of the various possible generic strategy practices

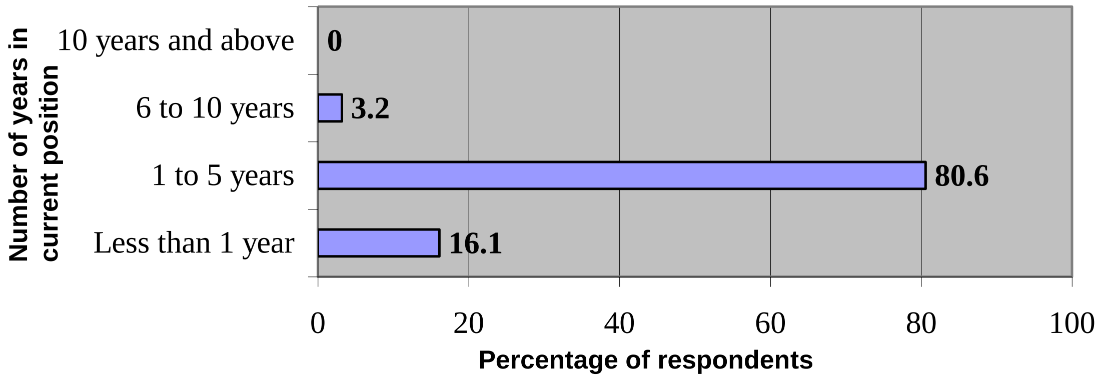

Figure 3. Period respondent had been in current position.

was provided and the respondents were asked to tick (√) as appropriate, the extent to which they have adopted each of the strategies along a five-point scale. In order to satisfy the second objective, the respondents were provided with performance indicators and asked to indicate along a five point scale, into which category their regions fall as far as performance is concerned.

Data collection procedure

The questionnaire was pre-tested on a small number of respondents who were selected on a judgmental basis. The researcher emailed the questionnaires to the managers with a letter of introduction, explaining the purpose of the study. In addition, the researcher made telephone calls to the respective respondents to further explain the purpose of the study and set a time frame for the completion of the questionnaires. The respondents were given a period of one week to complete and return the questionnaires.

Data analysis and presentation

The Statistical Package for Social Sciences (SPSS) was used as an aid in the analysis. The researcher preferred SPSS because of its ability to cover a wide range of the most common statistical and graphical data analysis. The collected data from the questionnaire and secondary sources was systematically organized in a manner to facilitate analysis. The data pertaining to profile of the respondents and the organizations was analyzed using content analysis. Cooper and Schindler (2005) stated that content analysis may be used to analyze written data from experiments, observations, surveys and secondary sources.

For purposes of the proposed study, descriptive statistics were used in the analysis of the data. In order to determine the relationship between Porter's Generic Strategies and firm performance, correlation and regression analyses were undertaken. Measures of central tendency (mean scores and percentages) and measures of dispersion (range, variance and standard deviation) were computed as appropriate. In addition, bar charts, pie charts and graphs were also used. The information was presented and discussed as per the objectives.

FINDINGS AND DISCUSSION

Introduction

The current study sought to investigate the impact of competitive strategies on performance of Postbank. A combination of both quantitative and qualitative techniques was used in data collection. Out of the 34 questionnaires that were distributed to the respondents, 31 of them, representing 91.18% of the questionnaires were returned completed. The high response rate could be attributed to the personal efforts of the researcher, who made a follow up of every questionnaire sent out. The data pertaining to the profile of respondents was analyzed by employing content analysis while descriptive statistics were used to analyze data pertaining to the two objectives of the study. Computation of frequencies and percentages, standard deviations and mean scores were used in data presentation. The information is presented and discussed as per the objectives and research objectives of the study.

Demographic data

Period respondent had been in current position

The respondents were asked to indicate the period of time they had worked in their current positions. The responses are summarized and presented in Figure 3.

The findings in Figure 3 show that 16.1% of the respondents had been in their current positions for less than 1 year, 80.6% of the respondents had been in their current positions for a period of between 1 and 5 years, and only 3.2% of the respondents had been in their current positions for between 6 and 10 years. The

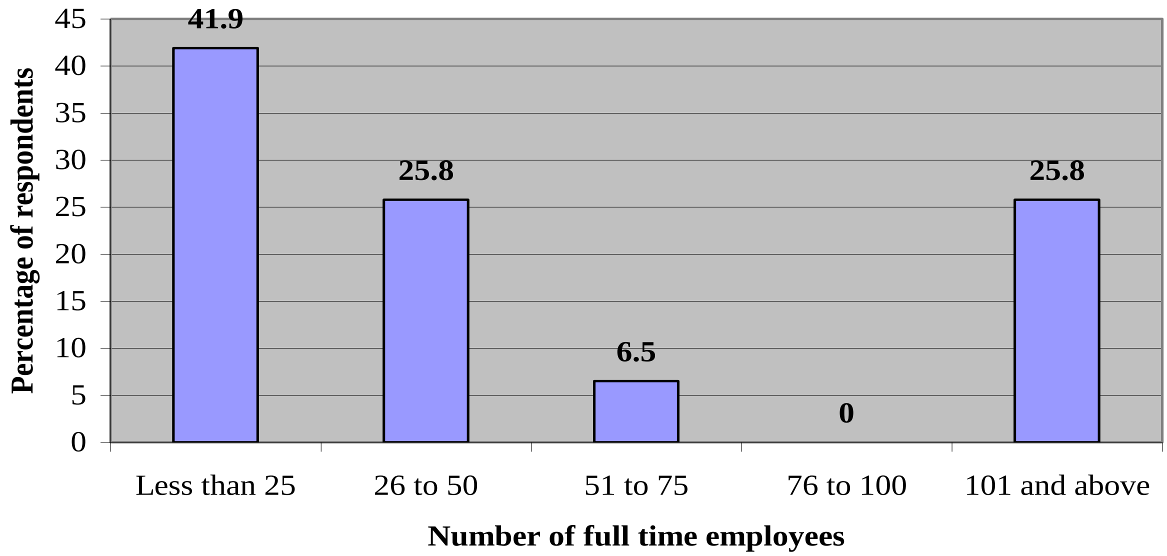

Figure 4. Number of full time employees.

Table 1. Period worked in the organization.

Period respondent had worked in the organizations	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Less than 1 year	1	3.2	3.2		
Between 1 and 5 years	18	58.1	61.3		
Between 6 and 10 years	12	38.7	100.0		
Total	31	100.0		2.35	0.551

responses show that majority of the respondents (83.8%) had been in their current positions for at least 1 year. The responses were thus expected to be objective.

Number of full time employees

The respondents were asked to indicate the number of full time employees in their respective work stations. The researcher sought to determine the size of the work stations by establishing the number of full time employees. The higher the number of full time employees, considering that all operations of the organization are automated, the more the operations and hence the bigger the size of the work stations. The responses are summarized and presented in Figure 4.

The findings in Figure 4 show that whereas 41.9% of the respondents indicated having less than 25 full time employees in their respective work stations, 25.8% of the respondents indicated that their respective work stations had between 26 and 50 full time employees, 6.5% of the respondents indicated that they had between 51 and 75 full time employees while 25.8% of the respondents indicated that they had 101 full time employees and above. The mean score was 2.42.

Period worked in the organization

The respondents were asked to indicate the period of time they had worked in their respective organizations. It is assumed that the longer one worked in an organization, the more they understood the organization and hence the higher the ability to articulate issues pertaining to the organization.

The responses are summarized and presented in Table 1.

Findings in Table 1 show that while 3.2% of the respondents had worked in the organization for less than 1 year, 58.1% of the respondents had worked in the organization for between 1 and 5 years, and 38.7% of the respondents had worked in the organization for between 6 and 10 years.

The findings show that majority of the respondents (78%) had worked in their respective organizations for more than 5 years, a period long enough to understand operations of their respective Postbank workstations. The responses were thus expected to be objective.

Table 2. Vigorous pursuit of cost reductions.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Somehow	7	22.6	22.6		
Much	12	38.7	38.7		
Very much	12	38.7	100.0		
Total	31	100.0		4.16	0.779

Table 3. Providing outstanding customer service.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Very little	1	3.2	3.2		
Somehow	1	3.2	6.5		
Much	4	12.9	19.4		
Very much	25	80.6	100.0		
Total	31	100.0		4.71	0.693

Table 4. Improving operational efficiency.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Very little	1	3.2	3.2		
Somehow	3	9.7	12.9		
Much	11	35.5	48.4		
Very much	16	51.6	100.0		
Total	31	100.0		4.35	0.798

The impact of competitive strategies on Postbank

The competitive strategies adopted by Postbank

In order to meet the first objective of this study, “to determine the competitive strategies adopted by Postbank”, the respondents were provided with a listing of possible strategic practices used by organizations and asked to indicate the extent to which their respective work stations used each of the listed strategic practices. The responses are summarized and presented in Table 2.

The findings in Table 2 show that vigorous pursuit of cost reductions is one of the competitive strategies used by Postbank. This is confirmed as 22.6% of the respondents indicated “somehow”, 38.7% of the respondents indicated “much” and 38.7% of the respondents indicated “very much”.

The findings in Table 3 indicate that provision of outstanding customer service is one of the competitive strategies adopted by Postbank. This finding is confirmed as 3.2% of the respondents indicated “somehow”, 12.9% of the respondents indicated “much” and 80.6% of the respondents indicated “very much”.

Findings in Table 4 show that improving operational efficiency is one of the competitive strategies adopted by Postbank. This finding is confirmed as 9.7% of the respondents indicated “somehow”, 35.5% of the respondents indicated “much” and 51.6% of the respondents indicated “very much”.

Findings in Table 5 show that controlling quality of products/services is one of the strategies adopted by Postbank to remain competitive, as indicated by 3.2, 45.2 and 48.4% of the respondents, whose response was “somehow”, “much” and “very much” respectively.

The findings in Table 6 show that intense supervision of frontline personnel is one of the strategies adopted by Postbank, as indicated by 22.6, 58.1 and 19.4% of the respondents who indicated “somehow”, “much” and “very much” respectively.

Findings in Table 7 show that developing brand or company name identification was adopted by Postbank, as indicated by 6.5, 22.6 and 64.5% of the respondents whose response was “somehow”, “much” and “very much” respectively.

Findings in Table 8 show that Postbank adopted the targeting of specific market niche or segment in order to remain competitive, as indicated by 22.6, 38.7 and 29%

Table 5. Controlling quality of products/services.

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Very little	1	3.2	3.2		
Somehow	1	3.2	6.5		
Much	14	45.2	51.6		
Very much	15	48.4	100.0		
Total	31	100.0		4.39	0.715

Table 6. Intense supervision of frontline personnel.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Somehow	7	22.6	22.6		
Much	18	58.1	80.6		
Very much	6	19.4	100.0		
Total	31	100.0		3.97	0.657

Table 7. Developing brand or company name identification.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Very little	2	6.5	6.5		
Somehow	2	6.5	12.9		
Much	7	22.6	35.5		
Very much	20	64.5	100.0		
Total	31	100.0		4.45	0.888

Table 8. Targeting a specific market niche or segment.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Very little	3	9.7	9.7		
Somehow	7	22.6	32.3		
Much	12	38.7	71.0		
Very much	9	29.0	100.0		
Total	31	100.0		3.87	0.957

Table 9. Providing specialty products/services.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Very little	1	3.2	3.2		
Somehow	2	6.5	9.7		
Much	15	48.4	58.1		
Very much	13	41.9	100.0		
Total	31	100.0		4.29	0.739

of the respondents whose response was “somehow”, “much”, and “very much” respectively.

The findings in Table 9 show that provision of specialty products/services is one of the strategies adopted by

Table 10. Total revenue growth.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Lowest (1 - 20%)	8	25.8	25.8		
Lower (21 - 40%)	5	16.1	41.9		
Middle (41 - 60%)	2	6.5	48.4		
Next (61 - 80%)	3	9.7	58.1		
Top (81 - 100%)	13	41.9	100.0		
Total	31	100.0		3.22	1.69

Table 11. Total asset growth.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Lowest (1 - 20%)	1	3.2	3.2		
Lower (21 - 40%)	5	16.1	19.3		
Middle (41 - 60%)	6	19.4	38.7		
Next (61 - 80%)	7	22.6	61.3		
Top (81 - 100%)	12	38.7	100.0		
Total	31	100.0		3.69	1.24

Table 12. Net income growth.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Lowest (1 - 20%)	2	6.5	6.5		
Lower (21 - 40%)	2	6.5	13.0		
Middle (41 - 60%)	5	16.1	29.1		
Next (61 - 80%)	8	25.8	54.9		
Top (81 - 100%)	14	45.1	100.0		
Total	31	100.00		4.00	1.17

Postbank in a bid to remain competitive. The responses show that whereas 6.5% of the respondents indicated “somehow”, 48.4% indicated “much” and 41.9% indicated “very much”.

The relationship between the competitive strategies used by Postbank and its performance

In order to meet the second objective of the study, “to establish the relationship between the competitive strategies used by Postbank and organizational performance”, the respondents were asked to rate how the organization compared with competitors on the basis of listed performance indicators over the most recent three year period. The responses are summarized and presented as follows:

With respect to total revenue growth (Table 10), 25.8% of the respondents indicated that their organization belonged to the lowest bracket (1 - 20%), 16.1% of the respondents indicated that their respective organizations belonged to the lower bracket (21 - 40%), 6.5% of the respondents indicated that Postbank workstations belonged to the middle bracket (41 - 60%), 9.7% of the respondents indicated that Postbank workstations belonged to the next bracket (61 - 80%) and 41.9% of the respondents indicated that Postbank workstations belonged to the top bracket (81 - 100%).

With respect to total asset growth (Table 11), the responses show that 3.2% of the respondents indicated that Postbank belonged to the lowest bracket (1 - 20%), 16.1% of the respondents indicated that Postbank belonged to the lower bracket (21 - 40%), 19.4% of the respondents indicated that Postbank belonged to the middle bracket (41 - 60%), 22.6% of the respondents indicated that Postbank belonged to the next bracket (61 - 80%) and 38.7% indicated that Postbank belonged to the top bracket (81 – 100%).

With respect to net income growth (Table 12), the findings show that 6.5% of the respondents indicated that Postbank belonged to the lowest bracket (1 - 20%), 6.5%

Table 13. Market share growth.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Lowest (1 - 20%)	7	22.6	22.6		
Lower (21 - 40%)	4	12.9	35.5		
Middle (41 - 60%)	7	22.6	58.1		
Next (61 - 80%)	3	9.7	67.8		
Top (81 - 100%)	10	32.2	100.0		
Total	31	100.00		3.14	1.55

Table 14. Overall performance or growth.

Response	Frequency	Valid percent	Cumulative percent	Mean score	Standard deviation
Lowest (1 - 20%)	2	6.5	6.5		
Lower (21 - 40%)	3	9.7	16.2		
Middle (41 - 60%)	10	32.2	48.4		
Next (61 - 80%)	3	9.7	58.1		
Top (81 - 100%)	13	41.9	100.0		
Total	31	100.00		3.61	1.34

of the respondents indicated that Postbank workstations belonged to the lower bracket (21 - 40%), 16.1% of the respondents indicated that Postbank workstations belonged to the middle bracket (41 - 60%), 25.8% of the respondents indicated that Postbank workstations belonged to the next bracket (61 - 80%) and 45.1% of the respondents indicated that Postbank workstations belonged to the top bracket (81 - 100%).

Findings in Table 13 show that with respect to market share growth, 22.6% of the respondents indicated that Postbank workstations belonged to the lowest bracket (1 - 20%), 12.9% of the respondents indicated that Postbank workstations belonged to the lower bracket (21 - 40%), 22.6% of the respondents indicated that Postbank workstations belonged to the middle bracket (41 - 60%), 9.7% of the respondents indicated that Postbank workstations belonged to the next bracket (61 - 80%) and 32.2% of the respondents indicated that Postbank workstations belonged to the top bracket (81 - 100%).

With respect to overall performance and growth, findings of this study in Table 14 show that 6.5% of the respondents belonged to the lowest bracket (1 - 20%), 9.7% of the respondents belonged to the lower bracket (21 - 40%), 32.2% of the respondents belonged to the middle bracket (41 - 60%), 9.7% of the respondents belonged to the next bracket (61 - 80%) and 41.9% of the respondents belonged to the top bracket (81 - 100%).

Conclusions

Findings of the study show that the strategies adopted by Postbank so as to cope with the competitive environment include vigorous pursuit of cost reductions, providing outstanding customer service, improving operational efficiency, controlling quality of products/services, intense supervision of frontline personnel, developing brand or company name identification, targeting a specific market niche or segment, and providing specialty products/services. The findings also show a significant relationship between the strategies adopted by Postbank in Kenya and the organization’s performances with respect to the following objective performance indicators: total revenue growth, total asset growth, net income growth, market share growth and overall performance or growth.

RECOMMENDATIONS

For improvement

In view of the findings of this study, the following strategies were recommended for adoption by Postbank in order to cope with the competition: Adoption of vigorous pursuit of cost reductions, provision of outstanding customer service, improving operational efficiency, controlling quality of products/services, intense supervision of frontline personnel, development of brand or company name identification, targeting a specific market niche or segment, and providing specialty products/services. The more of the stated strategies the telephone service providers adopt, the more competitive they will be.

For further research

It is hoped that the findings of this study will contribute to the existing body of knowledge and form a basis for future researches. The following areas of further research are thus suggested: Whereas the current study focused on competitive business strategies and firm performance in the financial services industry in Kenya, future studies should seek to establish whether or not the same strategies are applicable to other sectors of the economy. Further studies should also focus on the challenges faced in implementation of the competitive strategies and the possible mechanisms that could be employed to overcome these challenges.

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APPENDIX I: QUESTIONNAIRE

SECTION I: BACKGROUND INFORMATION

1. Name of the department (Optional) ______________________________________

2. For how long have you been in the current position? (Tick as appropriate)

(a) Less than 1 year [ ]
(b) 1 to 5 years [ ]
(c) 6 to 10 years [ ]
(d) 10 Years and above [ ]

3. How many full time employees does the section have? (Please tick as appropriate)

(a) Less than 25 [ ]
(b) 26 to 50 [ ]
(c) 51 to 75 [ ]
(d) 76 to 100 [ ]
(e) 101 and above [ ]

4. For how long have you worked in the organization? (Tick as appropriate)

(a) Less than 1 year [ ]
(b) Between 1 and 5 years [ ]
(c) Between 6 and 10 years [ ]
(d) Between 11 and 15 years [ ]
(e) 16 years and above [ ]

SECTION II: THE IMPACT OF COMPETITIVE STRATEGIES ON POSTBANK

5. Competitive strategies used by Postbank

Listed below are possible strategic practices used by organizations. With respect to your department, indicate the extent to which each of the listed strategic practice is used (Tick as appropriate).

Strategic practices used	Response				
	Very much (5)	**Much (4)**	**Somehow (3)**	**Very little (2)**	**Somewhat enough (1)**
Vigorous pursuit of cost reductions					
Providing outstanding customer service					
Improving operational efficiency					
Controlling quality of products/services					
Intense supervision of frontline personnel					
Developing brand or company name identification					
Targeting a specific market niche or segment					
Providing specialty products/services					
Others (Specify)					

6. Performance of Postbank

Rating of how your organization compares to competitors on the basis of the listed performance indicators. Compare of region's performance level to other regions for each of the five items, over the most recent three-year period.

Objective performance indicators	Average over three years					
	Lowest (1-20%)	Lower (21-40%)	Middle (41-60%)	Next (61-80%)	Top (81-100%)	Not applicable
Total revenue growth						
Total asset growth						
Net income growth						
Market share growth						
Overall performance or growth						

7. Performance of Postbank over the last 5 years

Year	2007	2008	2009	2010	2011
Total revenue growth	34.97b	47.44b	61.36b	70.48b	83.9b
Total asset growth	23.77b	32.79b	42.64b	55.9b	70.3b
Net income	8.43b	12.01b	13.85b	10.54b	15.15b
Market share growth (subscribers)	3.94m	6.1m	10.2m	13.36m	15.79m