



Pestel framework and porter's five forces model

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Abstract

The objective of the study is to carry out a strategic review of a medium sized organization in the Financial Service Sector. The Company under consideration is ABC Finance PLC is a financial service provider in Sri Lanka. Information for the analysis is based on the discussion had with and information provided by the Management, published annual reports and financial statements of the Company, press releases and other publically available information. It was identified that the competitive scope of ABC Finance PLC is "Broad" and source of competitive advantage is "Differentiation". A review and an evaluation of the current business strategy followed by the ABC Finance were then carried out in order to identify the sustainability of the strategy. The PESTEL framework helps to determine ABC Finance's success or failure strategies, putting in consideration the government of the day (i.e. politics), the state of the country's economy, sociocultural indices, technological changes, environmental factors and legal restrictions. The company should analyze their industry in a way that takes ABC competitor's activities in to account. This is crucial part of creating strategy, and it is important that managers understand how it works and how to contribute to it. Five force analysis identified the threats of substitutes are low impact and all the remaining forces are high impact on the ABC's competitive forces.

Keywords: Pestel framework, porter's five forces model, differentiation, monetary board, competitive advantage, and central bank of Sri Lanka

Introduction

ABC Finance PLC is a Licensed Finance Company licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011. The Company's principal financial services are the acceptance of deposits, granting of lease facilities, hire purchase, pawning, mortgage loans, personal loans, other credit facilities and related services in the finance business. At present ABC Finance operates in a network of 27 branches across the Country while Head Office is located in the Colombo. As at the end of the March 2015 the assets and deposits base of the Company stood at Rs. 17 Bn and Rs. 12 Bn respectively. So in terms of assets and deposits base of 47 Licensed Finance Companies, ABC Finance PLC was in the 12th and 8th place respectively. Even though the Company had been incorporated in 1974, it has been acquired by XYZ Investments (pvt) Limited owned by a veteran entrepreneur and his family in 2005. This acquisition has brought a reconstitution of the Board and the senior management team. Therefore only restructured company which has a history of 10 years has been considered under this analysis. XYZ Investments (pvt) Limited currently has a stake of 73% of ABC Finance PLC. ABC Finance is strategically independent from the parent company. ABC Finance PLC's Vision statement is "to change the financial landscape of our Country; bringing more people in more areas to become stakeholders of a national reawakening. We are driven by a relentless passion to seek out people who need help." The Company's Mission statement is "working tirelessly to formulate and offer a financial product spread that understands the pulse of the people and to search for excellence in all we do including accountability in financial stewardship and in our responsibility towards customers, stakeholders and our country." They have

formulated following strategic objectives in line with their vision and mission:

- To improve financial inclusiveness of people of Sri Lanka, specifically those who were considered "high risk" by most of traditional banks and finance companies in the past.
- To offer friendly financial solutions to customers and educate them about the best financial solutions.
- To maintain quality of the lending portfolio by adapting best methods in credit evaluations.
- To expand to strategically important locations.
- To re-engineer internal processes in order to offer simplicity to customers.
- To comply with rules, regulations and guidelines to the utmost level of expectations.
- To attract and train and retain skilled individuals and to possess probably the best employees in the industry in every area of the business.
- To maintain ethics in business, HR and social responsibility at all times.

Review of the current business strategy followed by the organization

The purpose of the Company is to provide flexible convenient financial solutions with simplicity in their processes to be helpful to customers who seek out their help. Traditionally financial institutions have been with very rigid processes and policies where an ordinary Sri Lankan had second thoughts in applying for financial facilities. So the ABC Finance's objective has been to breach this gap and to be fastest in its services and simplicity in internal processes which makes it possible to achieve above.

Based on their purpose they have created value proposition which is a fundamental part of a business strategy. The Management stated that the Company's value proposition is to provide basic and wider financial solutions with simplicity in process where a person who deals with them feels that they are very important to the Company and pride in association. So the Company's core values, simplicity, flexibility, trust and integrity are the value proposition that ABC Finance is promised to deliver to customers. The Company expects that their customer will be a person who strives to obtain financial services, resides in urban and semi urban areas, makes rational decisions and values trust, integrity, simplicity and flexibility. It was identified that according to the Porter's Generic Model the competitive scope of ABC Finance PLC is "Broad" and source of competitive advantage is "Differentiation". We identified that the Company's choice about market position is to be in the medium price range with a differentiated service for broad market. So the business strategic choice is to achieve differentiation in all business activities involved with. That is to carefully analyze the needs of each customer and to tailor its products, delivery channels and branches, pricing and promotional activities.

Evaluation of the sustainability of the differentiation business strategy of ABC Finance

Leasing, though it's the same generic leasing product that is marketed by every competitor, ABC Finance has been taking each customer segment need as a new product requirement and innovatively tailoring the product to suit individual customer needs such as cash flows and etc. The Company has been the fastest in responding to market needs and introduce changes to product features and new products. However sustainability of these is questionable as competitors imitate those after some period. So in order to sustain they should continue to be the fastest in service delivery and responding to market by proactively anticipating and envisaging market trends and which is witnessed in the Company. The Company keeps on introducing new products to product range of the company. E.g. Revolving Business Loans, Auto Draft, Group Personal Loans. They have focused in strategically chosen segments with strategically tailored products with specific brand, pricing, promotion, distribution and operating strategy. Recent example is their recent product of Auto Draft which launched into the market last year to alleviate some of the downturns being experienced across the industry on the lending. Auto Draft, branded as a speed draft product and deemed more economical than a bank overdraft and targeted the traders and businessmen in the market where only interest are paid monthly and capital is repaid at the end. The Company is the first to introduce this kind of product. Another example is ABC Finance was the 1st to grant delegated credit authority levels at branches and also to extend lease period of 3 wheelers to 6 years when the 3 wheeler prices went up all time high and the sales dropped in 2012. Subsequently others in the market have also followed the same. Value addition services that differentiate them from the competitors are speedy solutions (leases even within one hour), flexibility in late interest payments and settling off the loans in advance, door step services even to distant outstations with or without our branches in the region and professional and expert advice provided to customers in any area of business if requested. Their lending pricing, though not the highest or the cheapest in the market, credit quality of their

portfolio has been outstanding with Non Performing Advances (NPA), NPA ratio being much lower than the competitors. The Company's NPA ratio stood at 5% where as the industry NPA ratio was 7% as at end June 2015. They have adopted a strategy of high return- medium risk when most in the industry practice high risk-high return or low risk-low return strategy. Basic / generic Fixed Deposit product is marketed by the Company with the strength of the trust and respect well earned over the last ten years. However, value additions or any other value adding modifications are not allowed by Central Bank as it could be exploited in exceeding the allowed interest rates. Whilst many players in the same Non-Banking Financial Institutions category classified by Central Bank of Sri Lanka has been struggling in pricing their FDs, ABC Finance has been displaying a very healthy and stable outlook gaining investor confidence and maintaining better interest margins in the lending business as well. The Fixed Deposit base of the Company as at June 2015 was Rs. 13 Bn. The level of fixed deposits held by a Finance Institution is a direct and strong indication of customer confidence in the Company. Within a period of 10 years as against longstanding competitors who has been in the industry for several decades, ABC Finance has been strategically located across the island in 27 branches to cater targeting the main industries and main source of income of customers in regions, e.g. Fisheries, tourism, agriculture etc. However the Company is yet to expand for North and East where there are no branches opened yet. It was noted that senior management, corporate management and most of the operational staff have been retained with the Company from the inception and experts in providing financial solutions. The public relation maintained by staff with all stakeholders stands out to win customers and opinion leaders from competition and also good rapport with the regulator. Chairman and Managing Director, quintessential business leaders, and experienced Board of Directors are committed to sustain their unique distinctiveness of the Company. It was noted that commitment, engagement, passion, correct attitude and skills of the staff are the main strengths that has been led to continuous success. All most all of the members of Senior and Corporate Management have been working in the company for long period. The dedication, commitment, engagement and passion they had at the beginning can also be seen today. However they can be approached by Competitors as HR is not imperfectly mobile resource. Based on the above analysis and also based on the macro-environment analysis, industry attractive analysis and strategic capabilities and core competences evaluation carried out in ensuing sections, it can be concluded that even though the political and economic environment of the country is turbulent and unpredictable and increasing level of competitiveness they have been able to maintain a sustainable growth of the Company from their strategic capabilities and core competencies and continuously adding and improving products, processes, branch network, people, etc.

Macro environmental analysis of the industry through the use of PESTEL Framework

ABC Finance PLC has been building on these three strong solid pronged suitable strategies for years which are; long term relationships, trust and confidence and this has been leading them to the Pinnacle of Success, because strategy is not a destination but a journey. ABC Finance PLC is strategically positioned to

meet the present needs and future needs of their customers (i.e. being customer-centric in nature), thereby setting a benchmark for their competitors. And this has become a competitive advantage to them in the sense that whenever their competitors try imitating them, they step up a little bit higher than them with their continuous evolving and innovative skills and ideas that leads to expansion as well as the business trust (i.e. goodwill) which is inimitable that they have grown around the business for some time now. It should be noted that the environment is what gives organizations their means of survival. Therefore one of the major reasons for using the macro-environment analysis to analyze ABC Finance PLC is because of its influence on the decision making processes of the business as well as its impact on the performances and strategies of the industry either positively or negatively. Another sole aim of using the PESTEL framework is to bring out the point that ABC Finance PLC cut across several sectors in the country's economy, as well as involving the people of the society in their business activities, which is also one of their main reasons for their long-term survival in their business environment. Such areas are what make-up the PESTEL framework. This in full means Political, Economic, Sociocultural, Technological, Environmental, and Legal. This PESTEL analysis will be analyzed showing their interconnectedness below.

Political

The continuous upgrading of infrastructural facilities required to promote regional industrialization, provision of fiscal concessions, and technical assistance are all extended incentives continually used by the government to develop the sector. All these have helped in keeping ABC Finance PLC in business. It should be noted that change in government can equally lead to change in the government policies. And the present government policies have been favouring the financial industry.

Economic

As a result of the government roles from the above, many regulatory policies have been introduced in 2014 to help strengthen the risk management and public confidence in the financial sector. And this has led to the growth of the industry which is bolstered by the manufacturing and construction activity and has accelerated to 11.4 per cent, thereby enhancing its share in the national output to 32.3 per cent in 2014. And ABC Finance PLC is not left out in these developments. And this stability of the government policies has helped the financial industry to be active, at the same time leading to the growth of the country's economy. It should be noted that national economic climate may affect the business of the company as it may affect any other businesses.

Sociocultural

As a result of the growth in the sector from the above, there is now increase in employment opportunities which have led to decline in unemployment rate as well as reduction in the Labour Force Participation Rate (LFPR). The culture of volunteerism also creates rooms for employment opportunities. ABC Finance PLC corporate social responsibilities in ensuring that lives are well enriched as well as affecting lives positively through their blood donation campaign to save lives is a strategic move to provide the needs of the people. And this simply means that ABC

Finance PLC is customer-centric in nature, in the sense that its customers were happy to join in its blood donation campaign.

Technological

It becomes easy for ABC Finance PLC to expand its business environment, engage in real-time business brokerage via teleconferencing, and checkmate cyber scams on their clientele, as a result of the government's provision of technical assistance and upgrading of infrastructural facilities.

Environmental

ABC Finance PLC strategically positioned its businesses across various places in the Island of Sri Lanka as a result of its ambition to expand its business in order to create employment opportunities as well as to meet the needs of the people staying in those places. This expansion has made ABC Finance PLC to open up the vicinities of their operations to new allied industries, thereby attracting social development.

Legal

ABC Finance PLC operates under the purview of the Central Bank of Sri Lanka (CBSL) as a Licensed Finance Company (LFC) in terms of the Finance Business Act No. 42 of 2011 and also a Registered Finance Leasing Establishment in terms of the Finance Leasing Act No.56 of 2000. And this made ABC Finance to be under the controlling laws of CBSL in order for their license not to be revoked by CBSL. As a Quoted Public Company listed in Colombo Stock Exchange of Sri Lanka, ABC Finance PLC is subjected to the rules of the CSE, CDS and SEC. It should be noted that in 2010, ABC Finance PLC listed its ordinary shares on the Colombo Stock Exchange (CSE). The patronage of the clients is one of the things still keeping ABC Finance PLC in the business. This also has led to their long term survival. Favourable government policies, stable growth of the country's economy, sociocultural achievements, checkmating cyber scams (i.e. technological) and environmental expansion are the most important environmental factors i.e. the key drivers for change that has high impact on the success of ABC Finance strategy. In conclusion, the PESTEL framework generally will help ABC Finance in their future decision making as well as be a guiding tool in terms of their performances and strategies both now and in the future.

Porter's five forces model

Threat of Entry - HIGH

ABC Finance PLC is a relatively young company (after restructuring) which is comes under non-banking category. Major barriers were identified to prevent new rivals entering the market such as government legislation/policies regarding capital requirement, licensing and liquidity etc. Based on the CBSL Annual Report 2014, finance and leasing companies represents 7 per cent of Sri Lanka's financial system. One of the major entry barriers for this industry is the company registration requirement set by the Central Bank. When registering the Finance Company core capital of not less than Rs 400 million is mandated as per the government regulation. The ABC Finance present core capital and total capital amount of Rs 1.50 billion and Rs 2.26 billion respectively comfortably exceeding the regulatory requirements. At present Central Bank stop processing a new licensing issue for new finance companies. Therefore the government licensing

regulation has an impact for new entrants. There is new requirement of liquidity that should fulfill by the finance companies. In order to be stabilized finance company sound level of liquidity requirement to meet urgent cash requirements. Based on the CBSL Annual Report, the overall statutory liquid assets available in the LFC and SLC sector by end of 2014 were a surplus of Rs. 29.5 billion from the stipulated minimum requirement of Rs. 52.8 billion.

The Threat of Substitute - Low

ABC is service oriented and their major businesses activities are line with accepting deposits and lending. Industry's largest threats of substitution are not from rival LFCs or SLCs but from the non-financial competitors. There are informal marketer borrowing and also illegal money lenders and financiers are still available in the island despite cracking down of few such illegal competitors in the recent past by authorities. In order to analyze the substitute effect following factors are considered such as brand loyalty of customers, close/quality customer relationships, switching costs for customers and substitute performance is equal or superior to industry product performance. ABC Finance place as a growing company and launched advertising and business promotional expenses by 10.59 per cent to buildup ABC brand loyalty. The employees training and development are focused on knowledge gain culture across the company, forms and integral trust and professionalism. This will support to build closer customer relationships with quality service. When interview the operational staff, there are customers highly associated with ABC due to the trust and quality services. However, customer's switching cost is low. For an example, customer can continue their deposits in any financial or non-financial institute at any given time.

Power of Buyers - High

Financial Institutions buyer's bargaining power refers to the pressure consumers can exert on business to get them to provide higher quality products, better customer service, and lower prices. ABC customers have gain access to both lending and deposit facilities. When analyzing there bargaining power of ABC customers does affect a threat to the institutions. However, major factors are affecting the power of buyers is relatively low to the switching costs, and the bargain power of buyers is high. Switching from one institute to another can be due to low quality products, low level of customer service and lower prices. Consumer price sensitivity and education regarding the product will have an impact on their buying power. According to the CBSL Annual Report 2014 clearly implies that the sector deposits grew by 22.7 per cent (Rs 414 billion). Mainly because of the higher deposit rates are offered by LFC's. When referring the lending, ABC leasing and hire purchase are accounting for 74 percent of the total lending portfolio. Fixed Deposits grew significantly by 30.78 percent to reach the Rs 12.16 billion at the end of March 2015, which have built trust and confidence as evidenced by a decade of close relationships. ABC progress is highlights the price sensitivity of the customers and allocate sum for the advertising and marketing to educate the customer about the products they offer and customers are more concerned with interest rate, exchange rate and other benefits packages before making lending or deposit.

Power of Supplier - High

Bargaining power of supplier described as borrowing from bank overdraft facilities, term loan facilities and securitized borrowings. Bargaining power of supplier is high due to few producers dominate suppliers have more power over buyers and high demand prevails for funds as against the limited availability. Another factor can consider as high switching cost, buyers moving from one to another supplier are expensive and disruptive. According to the ABC Annual Report of 2014-2015, the borrowing portfolio is decrease by 1.72 per cent standing at Rs 763.06 billion. Total Interest bearing borrowings increased by 56.63 per cent to Rs 2.62 billion. This interest consists with Rs 1 billion debenture issue raised in order to strengthen the capital. When compared to the sector, total borrowings reached up to 217 billion and increase by 12.9 per cent as at the end of 2014.

Competitive Rivalry - High

ABC as a progressive financial solutions provider in the country offers similar products and services aimed at the same customer group in the market. There are several factors directly affecting the degree of competitive rivalry in the sector. Intensity of rivalry is high when there are numerous competitors. As explained above there are number of banking, financial and non-financial institutions are established in the market. As per the CBSL report the sector growth comprised of 48 LFC's and 8 SLC's at the end of 2014. The similar products offered in Banking sectors and Direct Competitors such as LB Finance, People's Leasing and Finance, Central Finance. There is an increased competition for the same customers and products resources. When an industry is growing rapidly, firms are able to increase profits because of the expanding industry. In order to attract and retain potential and existing customer ABC differentiated their services then their competitor by providing flexible convenient financial solutions with simplified process also state of art technology has been used to smooth operation of the company. As per the ABC net profit increase of 22.66 per cent and Rs 372.79 million this year is certainly remarkable. However industry profitability in LFC and SLC sectors recorded high in Rs 13.8 billion in 2014. In industries where the fixed costs are high, firms will compete to gain the largest amount of market share possible to cover the fixed costs. ABC should analyze their industry in a way that takes ABC competitor's activities into an account. As an example, flex loan offered by LOLC and flex deposits offered by People Leasing Finance. The model analysis determining the industry attractiveness and provides insights on profitability. It determines the entry or exit of the companies in the industry. The model can impact on ABC's forces within their own organization with and their competitors. Competitors may have different options to react on changes in competitive forces from their different resources and competences. When link with PESTL analysis, it also revealed the potential insights on the future attractiveness of the industry and that influences the five competitive forces in the industry structures. Excluding the threats of substitute, powers of the other factors are high in the finance industry. So it is highly impact on the ABC should develop strategies to influence them in a way that improves their own competitive position with new strategic direction.

Identify Strategic capabilities and core competencies of the company

Value chain analysis

ABC Finance PLC has promised of delivering four values as simplicity, flexibility, trust and integrity to the customers. The company has been following Differentiation strategy as the business strategy to ensure to deliver core values. Value Chain Analysis was used to evaluate how the Company organized their activities to support for their business strategy and obtained competitive advantages over the competitors.

Firm infrastructure

Maintaining a flat structure for granting loans to simplify the process and reduce the time to deliver service. Therefore with the simplicity in processes, customers feel convenient than going through complex and lengthy processes that are usually found when obtaining loan or credit facility from many other financial institutions. So the ability of providing speed service to customer is a source of advantage to the Company.

Human Resource management

They have expanded the staff yearly and majority of the staff members are age less than thirty years, for example at the end of 2014 financial year it was recorded as 77%. Although the Company has a professionally qualified staff, they might be less experience in the field as they are very young. Therefore company invest on training programs which mainly focus on operations, legal and regulatory framework, risk management, treasury operations, corporate planning, leadership skills, marketing, customer relations and Information Technology. Introduced compensation program intended to encourage worker creativity and productivity. Highest integrity of employees towards organization has identified as another source of competitive advantage for the Company.

Technology Development

Company invested significantly in enhancing our IT systems to enable continuous improvement and speed of systems and processes. Also they have introduced ERP systems with Lending, FD and GL modules and a new gold loan management system for the Pawning product which has been fully integrated with the existing systems. They are currently working on a project to establish a virtualization environment of the servers to reduce the energy and space requirements in the data. ABC also jointed the National electronic Fund transfer Network and Sri Lanka Interbank Payment System which offers the same day fund transfers to personal or corporate account. This joint network allows up to Rs 5 million per transaction and given our extensive range of technology advancements. The investment in branch expansion and technology improvement of the existing organizations in this situation will aggressively defend their market share and investment from potential rivals.

Operations

The company has major departments such as credit, FD, recovery to simplify the operations. Structured and standardized credit evaluation process has been established in order to assess credit exposures prior to facilities being committed to customers. When it comes to customer need and wants and adjusting the process to suit the customer needs as an example when a customer needs to

settle a Lease before the lease period expiry unlike many other financial institutions the Company is flexible enough to settle the facility and close the agreement without any additional fees or charges. Also with ABC Finance leased asset replacements and lease transfers are possible with as per customer needs. Ability to be flexible is another source of competitive advantage.

Marketing and sales

Company has placed many hoardings, street name boards and bill boards at strategic locations to effectively communicate about products, services and innovations. They also present exhibitions such as Colombo motor show for promotional on leasing products.

Services

Services that differentiate them from the Competitors are speedy solutions (leases even within one hour), flexibility in late interest payments and settling off the loans in advance, door Step Services even to distant outstations with or without our branches in the region and professional and expert advice provided to customers in any area of business if requested add value to the company.

Strategic capabilities and core competencies

ABC PLC is relatively young organization (after restructuring) which supposes to compete with giant corporate organizations in the industry but they have ability to foresee the market which the competitors haven't access so far. For example they have introduced several innovative products such as revolving business loans, Auto Draft in order to obtain the first-mover advantages in the market and gain competitive advantages. Other players still have not introduced similar products to the market. The knowledge that the employees have gained through experience is an distinctive intangible resource of the company. Therefore Company has ability to coordinate tangible resources in a productive manner, build organization's rules, routines and procedures and ability to make decisions to achieve organizational objectives through unique human resources of the company. As explained above experience and skills of the Management and staff is a core competency which has created competitive advantages for the organization. Trust has built over the years with customers makes it much stable compared to competition in terms of attracting and retaining depositors and investors. To have such place in the industry company has a competitive advantage of having visionary leadership by its top management, especially Chairman and Managing Director. The Chairman is a visionary entrepreneur with interests in diverse ventures who is also the chairman of leading conglomerates in Sri Lanka. His chairmanship has been the driving force for the organization as the strength of the Group created by him is extremely provides benefits to the organization. The brand loyalty of other companies operates under the same chairperson also indirectly affect to the company brand image as well. So the ability to face challenges in the business environment owing to the strength of the Group is another core competency of the Company. As above discussed we have identified strategic capabilities and core competences. VRIO Framework has been used to analyze whether they are absolutely unique that create sustainable competitive advantages for the ABC.

Table 1

	Valuable?	Rare?	Costly to Imitate	Exploited by Organization	Competitive Implications
Ability to foresee the market and introduce innovative products	Yes	Yes	No		Temporary advantage
Experience and skills of the Management and staff	Yes	Yes	Yes	Yes	Sustained Advantage
Visionary leadership by its top management	Yes	Yes	Yes	Yes	Sustained Advantage

Ability to foresee the market is rare, in the sense competitors do not identify certain opportunities before they implement. Therefore company was obtained first mover advantage for certain products such as revolving business loans, Auto Draft. Those products are valuable for the company as they create strong demand and increase market share. But rivals can copy the products easily within a short period of time as there's no barrier to imitate. Therefore it only provides a temporary advantage for the company. The human capital of the organization is a valuable, rare resource for the organization in term of the experience and professionally qualified people. Company has been provided attractive incentive schemes to retain the valuable human capital within the organization. As the majority of the staff is young, there's a possibility to get more innovative ideas and more flexibility and commitment towards the task. This has created through the company recruitment processes, HR policies and compensation schemes and therefore organization has exploited the capability. Imitating such capability tends to be more difficult to imitate based on the way in which decisions are made and processes are managed deep within the company. Although the most of the competitors also attract professionally qualified people and those who worked for competitive organizations and have the experience in similar industry, the synergy which has built within the company cannot copy easily. Hence, it has created sustainable the competitive advantage for the company. Visionary leadership of the top management is extremely valuable and rare for the company as it becomes the driving force of the company success. Leadership of the chairman and top management directly helps to build the trust and brand image of the company in customers, as they were well recognized personalities in the industry. This unique capability of the management leadership which has created distinctive competencies, has built a greater barrier to imitate and therefore more sustainable competitive advantage to the company.

Conclusion

ABC Finance PLC has been building on these three strong solid pronged suitable strategies for years which are; long term relationships, trust and confidence and this has been leading them to the Pinnacle of Success, because strategy is not a destination but a journey. ABC Finance PLC is strategically positioned to meet the present needs and future needs of their customers (i.e. being customer-centric in nature), thereby setting a benchmark for their competitors. And this has become a competitive advantage to them in the sense that whenever their competitors try imitating them, they step up a little bit higher than them with their continuous evolving and innovative skills and ideas that leads to expansion thereby creating convenience and easy access to the customers, as well as the business trust (i.e. goodwill) which is inimitable that they have grown around the business for some time now. Five forces analysis can reveal insights about the potential future attractiveness of the industry. When come to

ABC Finance PLC, the knowledge about the intensity and power of competitive forces helps organization to influence them in a way that improves their own competitive position. The results could be driving a direction of differentiation for competitive product. From the above, it is seen that the ABC Finance PLC has maintained a sustainable growth as a result of the long term relationships that exist between them and their senior and corporate management. And this has become ABC Finance core competence in the sense that its competitors haven't bought them over to themselves all these years. Company has created temporary advantage based on the ability to foresee the market and introduce innovative products. As rivals can copy the products easily within a short period of time as it has not created sustainable competitive advantages. The capabilities and skills of the staff and management have built a synergy within the company which cause to create sustainable competitive advantages. The unique capability of visionary leadership of management has created distinctive competencies, and sustainable competitive advantage to the company. As a result of the effective implementation of the above suitable present strategies that are still highly operational in ABC Finance, they will go a long way in settling their future challenges. The reason is because of the durability of the strategies and the profound understanding of its competitive environment. Diversifying of ABC Finance PLC business portfolios is also one of their suitable strategies that will help them face their future challenges headlong. In order for the company to capture the market share in the future, the company will introduce the differentiation of product range by adding new products to the existing products of Leasing and Fixed Deposit. With the above analysis and all these strategies still highly operational, ABC Finance PLC does not fear any future challenges that might crop up. The right application of the porter's five forces model can lead to firm performance (Nwokwu, Dharmadasa, & Rathnasingha, 2018; Nwokwu, Atapattu, & Azeez, 2019; Nwokwu, 2018; Nwokwu, Rathnasingha & Pradeep, 2019) ^[3, 2, 3, 2].

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