AN EVALUATION OF THE COMPETITIVE STRATEGIES IN THE BANKING INDUSTRY IN GHANA. A CASE STUDY OF BARCLAYS BANK OF GHANA LTD.

by

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DECLARATION

I hereby declare that this submission is my own work towards the award of MBA and that to the best of my knowledge, it contains no material previously published by another person nor materials which have been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

To my parents Mr. and Mrs. Afram, who taught me that even the largest task can be accomplished one step at a time and for instilling in me the importance of hard work and higher education. To my siblings Perpetual, Michael and Stephen for their motivation and encouragement.

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ABSTRACT

Barclays PLC has enjoyed a considerable financial success in the country since it commenced operations in the past nine decades. However, the overall direction of the banking industry has changed towards lower interest rates, quality customer service, tailored products, and there is also intensified competition. This paper seeks to identify and evaluate the competitive strategies adopted by BBG and identify the areas of competition in the banking industry. It will also determine the effects of competitive strategies on the performance of the bank. This study employed both qualitative and quantitative methods of research. Questionnaires as well as interviews were the tools used in gathering data. Among others, the study revealed that, the environment in which BBG finds itself is highly competitive and that BBG operates in the area of pricing, products, and customer service as well as customer assets mobilisation. BBG has adopted the niche or focus strategy to give more attention to its large corporate clients. It is recommended that, BBG continues to find ways of differentiating itself by changing its strategic direction to also focus on the middle and low earning customers and incorporate a refocus on superior customer service.

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ACRONYMS	MEANING
BBG	Barclays Bank of Ghana Ltd.
BoG	Bank of Ghana

BHEs	Banking Hall Executives
CMC	Country Management Committee
COO	Chief Operating Officer
CRn	Concentration Ratio
FINSAP	Financial Sector Adjustment Program
GDP	Gross Domestic Product
HHI	Herfindahl – Hirshman Index
HRM	Human Resource Management
IMF	International Monetary Fund
IO	Industrial Organisation
KSFs	Key Success Factors
PLC	Private Liability Company
SAP	Structural Adjustment Program
SCP	Structure Conduct Performance
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Scientist
UNCTAD	United Nations Conference on Trade and Development

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The Ghanaian economy has seen significant improvement in all of its sectors over the past decade. One of the sectors that has seen enormous growth is the banking sector. This is as a result of the economic reforms introduced by the government with the help of the International Monetary Fund (IMF). The government in the quest to salvage the then deterioration of the financial sector introduced Structural Adjustment Program (SAP) and Financial Sector Adjustment Program (FINSAP). The reforms were intended to restore fiscal and monetary discipline and realign prices by removing all controls.

Many financial institutions and banks on account of that have sprung up in the last few years and this has engendered fierce competition among rival banks. The monopoly enjoyed by few banking institutions has reduced drastically. It is argued that firms, if not all organisation, are in competition; competition for factor inputs, customers, revenues that cover the costs of their chosen manner of surviving. Porter (1980) contends that every firm competing in an industry has a strategy. In order to survive, firms have to make choices: selection of goals, choice of products and/or services to offer, the design and configuration of policies determining how the firm positions itself to compete in product markets – competitive strategy, choice of an appropriate level of scope and diversity; and the design of organisation structure, administrative systems and policies used to define and coordinate work. These choices impact on the success or failure of an organization and that it selection needs to be critically made.

Porter (1980) opines that a firm's strategy can either be explicit or implicit. The implicit strategy raises many questions, so most researchers sideline it and concentrate on the explicit because it is more measurable. According to Inkpen and Choudhury (1995), strategy is identified by examining organisational elements like product lines, markets, channels of distribution, allocation of financial resources, operational goals and objectives, and plans and policies guiding organisational decision making. Once these elements are present in every firm, it means that all firms that are viable and continuously remain profitable have strategies. Inkpen and Choudhury (1995) maintain that a firm's strategy is the result of series of activities and managerial decisions that coalesce into a pattern and logic.

Porter (2008) identifies five forces that bring competition as fierce rivalry, threat to entry, threat to substitutes, power of suppliers and power of buyers; and maintains that understanding the forces that shape industry competition is the starting point for developing strategy. Porter argues that if the forces are intense, no company earns attractive returns on investment and if the forces are benign, many companies are profitable. The configuration of the five forces differs by industry and that a company needs a separate strategy for each distinct industry.

Porter (1980) proposes three different generic strategies: cost leadership, differentiation and focus as the approaches to deal with the five competitive forces and outperform other firms in the industry. The study of Dess and Davis (1984) maintain that firms that pursued one of the pure strategies of low cost, differentiation, or focus perform better than those who were stuck in the middle. The study is consistent with Porter's assertion that a commitment to at least one of the generic strategies will create a defensible position for a firm.

By having a strategy, a firm can efficiently manage costs of operations, effectively execute projects and subsequently have superior market and economic intelligence as well as achieving competitive advantage. Barney (1991) suggests that firms obtain sustained competitive advantages by implementing competitive strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses.

1.2 Statement of the Problem

The proliferation of banks in the Ghanaian economy as a result of rapid pace of economic development and government policies favouring economic liberalisation and the adoption of free market system has made the banking industry highly competitive. As a result of the competition, banks are looking for strategies to enable them compete favourably in highly competitive marketplace.

In Ghana, the banking industry is made up of commercial banks, investment banks, co-operative banks, development banks and rural banks. Together, they act as the primary mobilisers of funds and as one of the main sources of financing to support the national economic activities. Meanwhile, the non-banking financial intermediaries, comprising development financial institutions, provident and pension funds, insurance companies, and *Susu* operators, complement the banking institutions in mobilising savings and meeting the financial needs of the economy. All these organisations provide similar services or offerings and for an organisation to survive within the industry, it needs to adopt a strategy that will give it competitive advantage over the rivals.

Barclays Bank of Ghana Ltd (BBG) used to be one of the traditional leaders in the Ghanaian banking industry. It has enjoyed considerable financial success since its inception in the country for the past nine decades.

The statement of the problem is that, lack of effective competitive strategies by the bank in the past few years has led to dwindling market share, lost of customers and its negative impact on the banks' profitability. Recently, the bank is experiencing recession in growth and in an attempt to differentiate itself and capture wide market share, the bank has put several measures in place. Among the measures is the modification of its operational strategy. There is an improvement in environment of the banking halls, reduction in time spent in queues and introduction of electronic and telephone banking and new service lines; all in the quest to better position itself in the marketplace. Strategies are meant to bring satisfaction to customers so that the bank in return will reap high sales and profitability. The extent to which these innovations put BBG ahead of competitors warrants an extensive study. The study therefore looks at the competitive strategies that BBG is putting in place to at worst be at par with the competition.

1.3 Objectives of the study

The specific objectives of the research are:

1. To identify the areas of competition in the banking industry.
2. To identify the competitive strategies being pursued by BBG to deal with the competition.
3. To evaluate the effectiveness of the competitive strategies adopted by BBG.

4. To determine the impact of competitive strategies on the performance of the bank.

1.4 Research Questions

It is important that in trying to analyse the strategies adopted by Barclays Bank of Ghana Ltd. to differentiate itself and gain competitive advantage in the banking industry, certain questions are asked. For the purpose of this study, the researcher would want to ask the following questions:

1. What are the areas of competition in the banking industry?
2. Which of the competitive strategies is employed by Barclays Bank of Ghana Ltd?
3. Can Barclays Bank achieve a basis of competitive advantage by pursuing that competitive strategy?
4. What is the impact of competitive strategies on the performance of the bank?

1.5 Significance of the Study

Critical to a corporate's growth and prosperity is gaining and retaining competitive advantage. If a company can gain a strategic advantage, then it can control its own destiny, and, to an extent it can gain an advantage difficult for competitors to remove and stay in control for longer period. The study will identify the shortcomings in the strategy employed by BBG to enable management to reconsider its strategy and revise it to meet ever increasing competition in the banking industry.

For the management of the bank, an effective strategy will yield competitive advantage which is achieved by identifying and providing customers with what they want, or need, better or more effectively than competitors. By measuring the satisfaction level of the customers and identifying the critical/key success factors (KSFs), BBG can devise a strategy that focuses on the customers to retain them and consequently attract new ones.

In a competitive situation, customers make choices on the basis of their perceptionof value-for-money, the combination of price and service design and packaging. The customers will therefore be equipped with the power of choice as they will choose a product that they perceive will give them value for money.

By identifying the areas of competition and which competitive strategies banks use to deal with them, the study will also help policy makers to be better equipped to focus on particular areas to make policies to present a level playing field for all banks and make the industry fair to operate in.

In the area of academia, the study will also serve as a reference material for further studies on competitive strategy in other areas in the banking industry or other related disciplines.

1.6 Scope of the Study

The study focuses on competitive strategies of Barclays Bank of Ghana Limited (BBG). The bank has autonomous branches countrywide with each having unique strategy for its operations which should fit in the overall strategy of the bank according to its management. The study considers the Kumasi Clusterof branches of Barclays Bank of Ghana Ltd.

1.7 Brief Methodology

This research focuses on the evaluation of competitive strategy for gaining competitive advantage of Barclays Bank of Ghana Limited. The analyses for this paper are undertaken using case study approach. It involves the in-depth study of the phenomenon using a combination of observation and in-depth face-to-face interviews of key personnel.

According to Saunder et al. (2003), there are two research approaches: the deductive approach and inductive approach. Normally, 'the deductive approach owes more to positivism and the inductive approach to interpretive'. In positivist research, there is likely to be an emphasis on theory testing. It is concerned with objective precision in measuring outcomes. On the contrary, interpretive research seeks to build theory as a result of empirical insights. Past theory may be used as foundation and may be applied at certain stages throughout the study.

The research is not about testing past theory but to seek an actual reality in a specific situation, so an interpretive qualitative research is valuable for in-depth understanding of phenomena in the market domain, in managerial and consumer context (Carson, et al., 2001). In this study, the research objectives are restricted to Barclays Bank of Ghana Ltd (BBG). Qualitative methods including case study, content analysis and in-depth interview will be conducted in this study.

1.8 The Organisation of the Study

The thesis is organised in five chapters. Chapter one, introduces the topic with the background of the study, statement of the problem, objectives of the study, research questions and significance of the study.

Chapter two details the review of current literature on competitive strategies with emphasis on Porter's five competitive forces model and his three competitive strategic propositions, nature of competition in the banking industry and a brief history of banking in Ghana. The chapter reviews papers both theoretical and empirical related to competition and strategy.

Chapter three explains the methods employed in conducting the research and gathering data for the study. It describes the research strategy, population, sample and sampling procedure and data collection tools. Chapter four presents the data, analysis and discussion of findings from the primary data gathered from the field. The chapter makes inferences and linkages from the literature with respect to Porter's five competitive strategies. Finally, chapter five gives the summary of findings and conclusion of the study. Recommendations are provided in this chapter as well.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter reviews the concept of competition, competitive strategies with emphasis on Porter's five competitive forces model, and his proposal of three competitive strategies, nature of competition in the banking industry and a brief history of banking in Ghana. The chapter also reviews papers that are both theoretically and empirically related to competition and strategy.

2.2 Competition

Allen and Gale (2000), defined competition as a rivalry in which every seller tries to get what other sellers are seeking at the same time: sales, profit, and market share by offering the best practicable combination of price, quality, and service. Where the market information flows freely, competition plays a regulatory function in balancing demand and supply.

When a lay person thinks of competition, he or she probably has one of two images in mind. The first is a sporting event, in which two evenly matched opponents, play a spirited, but closely contested. The second is a market that resembles a crowd in a rugby match with numerous firms scrambling for every scrap of business -- the more numerous, the more competitive.

Economists see competition differently. An economist sees competition not in terms of rivalry per se, but in terms of market performance. An economist would say that a market is perfectly competitive when firms price their output at marginal cost and costs are minimized by internal efficiency. This does not necessarily require a large number of rivals. Where entry and exit are costless, markets can be perfectly competitive even with only one firm serving the entire market (Allen and Gale, 2000). Similarly, some models of oligopoly show that, in some markets prices may be driven to marginal cost, even where there are entry barriers, with as few as two competitors. In both types of markets, allocative and productive efficiency may be perfectly aligned even at relatively high levels of concentration, so that no rearrangement of productive assets could enhance total economic welfare. In these markets, antitrust intervention to preserve or create a larger number of rivals would harm consumer welfare and worsen economic performance.

In other markets, especially those driven by innovation, there may be a tension between allocative efficiency on the one hand and productive or dynamic efficiency on the other.

For example, where firms need to invest in order to innovate, prices will need to be above short-term marginal cost to provide an incentive to make the needed investments. As Schumpeter (1942) observed, these markets are often marked by "gales of creative destruction," in which one firm may serve the entire market or at least a large portion of it for a period of time, only to be displaced by another firm with a leapfrogging technological innovation that delivers dramatically improved performance or dramatically lower cost.

In these markets an efficient monopolist, constrained by overall market demand and the threat of entry, will often charge quality-adjusted prices that, while above marginal cost, are still below the prices that would be charged by a group of less efficient competitors. To an economist, the competitive process is working in these markets, even if it results in only one firm serving the entire market for some period of time. In such markets, government intervention to preserve rivals or create new ones will again worsen overall economic performance.

One way to look at competition is by industry analysis. Competition drives down rates of return on invested capital. If the rate is competitive, it will encourage investment, if not, it will discourage competition. Porter(1985) looked at the forces influencing competition in an industry and the elements of industry structure.

2.3 Porter's Five Forces Model of Competition

Michael Porter's five forces model is largely used in sector and industry analyses. The model is to assist in identifying what the key factors of success within an industry are. According to the model, there are five primary forces that drive profitability (Porter, 2008). The five forces are below discussed.

2.3.1 Threat of New Entrants

It is often agreed that, the average person cannot come along and start up a bank, although there are other financial services, such as microfinance and susu schemes, on which entrepreneurs can take advantage of. Banks are fearful of being squeezed out of the payments business, because it is a good source of revenue because it is fee based. Another trend that poses a threat is companies offering other financial services. For example it would not take so much for an insurance company to start offering mortgage and loan service. Also, the entrance of bigger and foreign banks into the market poses a real threat. There is always this possibility especially when a country enjoys sound political and economic environment making it attractive for investors to target.

2.3.2 Power of Suppliers

The suppliers of capital might not pose a big threat, but the threat of suppliers luring away human resources does. If a talented individual is working in a smaller local bank, there is the chance that person will be enticed away by bigger banks, investment firms, etc.

2.3.3 Power of Buyers

The individual does not almost always pose much of a threat to the banking industry. However, one major factor affecting the power of buyers is relatively high switching costs. If a person has a mortgage, car loan or personal loan with one particular bank, it can be extremely tough for that person to switch to another bank. In an attempt to lure in customers, banks try to lower the price of switching, but many people would still rather stick with their current bank for reasons as the above or simple loyalty.

On the other hand, large corporate clients have banks wrapped around their fingers. Their base in the bank is so much to be underestimated. Financial institutions therefore, by offering better exchange rates, more services, and exposure to foreign capital markets work extremely hard to get high-margin corporate clients.

2.3.4 Availability of Substitutes

As you can probably imagine, there are plenty of substitutes in the banking industry. Banks offer a range of services over and above taking deposits and lending money, but whether it is insurance or fixed income securities, chances are that there is a non-banking financial services company that can offer similar services. Microfinance, Corporative Unions and Savings and Loans Schemes are all over in Ghana lately. On the lending side of the business, banks are seeing competition rise from unconventional companies. Even elsewhere, car companies are offering 0%

financing so why would anyone want to get a car loan from the bank and pay interest?

2.3.5 Competitive Rivalry

The banking industry is highly competitive. The financial services industry has been around for years, and just about everyone who needs banking services already has them. Because of this, banks must attempt to lure clients away from competitor banks. They do this by offering lower financing, preferred rates and other investment services. The banking sector is in a race to see who can offer both the best and fastest services, but this also causes banks to experience lower returns. They then have an incentive to take on high-risk projects. In the long run, we are likely to see more consolidation in the banking industry. Larger banks could prefer to take over or merge with another bank rather than spend the money to market and advertise to people.

Figure 2.1 Porter's five forces influencing competition

Source: Porters (2008), The Five Competitive Forces that shape Strategy

2.4 Competitive Strategies

Strategy is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations (Porter, 2008).

A competitive strategy is a plan for how a firm will compete, formulated after evaluating how its strengths and weaknesses compare to those of its competitors in order to gain competitive advantage over other firms in the industry.

The ultimate purpose of competitive strategy is to anticipate competitor moves and countermoves, and take the initiatives to thwart the effectiveness of their plans, thus gaining competitive edge.

Following on from his work analysing the competitive forces in an industry, Michael Porter suggested three generic business strategies that could be adopted in order to gain competitive advantage. The three strategies relate to the extent to which the scope of a business' activities are narrow versus broad and the extent to which a business seeks to differentiate its products.

Porter (1980) proposed three different `generic’ strategies by which an organisation could achieve competitive advantage: `overall cost leadership’, `differentiation’ and `focus’. There is much debate as to exactly what each of these categories means. In particular many confuse Porter’s `cost leadership’ with “low price”. The three generic strategies are discussed along with the advantages and risks inherent with each strategic option.

Porter's generic strategies framework constitutes a major contribution to the development of the strategic management literature. Generic strategies were first presented in two books by Professor Michael Porter of the Harvard Business School (Porter, 1980, 1985). Porter (1980, 1985) suggested that some of the most basic choices faced by companies are essentially the scope of the markets that the company would serve and how the company would compete in the selected markets. Competitive strategies focus on ways in which a company can achieve the most advantageous position that it possibly can in its industry (Pearson, 1999). The profit of a company is essentially the difference between its revenues and costs. Therefore high profitability can be achieved through achieving the lowest costs or the highest prices vis-à-vis the competition. Porter used the terms ‘cost leadership' and ‘differentiation', wherein the latter is the way in which companies can earn a price premium.

Companies can achieve competitive advantages essentially by differentiating their products and services from those of competitors and through low costs. Firms can target their products by a broad target, thereby covering most of the marketplace, or they can focus on a narrow target in the market (Lynch, 2003). According to Porter, there are three generic strategies that a company can undertake to attain competitive advantage: cost leadership, differentiation, and focus.

2.4.1 Cost leadership

The companies that attempt to become the lowest-cost producers in an industry can be referred to as those following a cost leadership strategy. The company with the lowest costs would earn the highest profits in the event when the competing products are essentially undifferentiated, and selling at a standard market price. Companies following this strategy place emphasis on cost reduction in every activity in the value chain. It is important to note that a company might be a cost leader but that does not necessarily imply that the company's products would have a low price. In certain instances, the company can for instance charge an average price while following the low cost leadership strategy and reinvest the extra profits into the business (Lynch, 2003). Examples of companies following a cost leadership strategy include Ryan Air, and EasyJet, in airlines, and ASDA and Tesco, in superstores.

The risk of following the cost leadership strategy is that the company's focus on reducing costs, even sometimes at the expense of other vital factors, may become so dominant that the company loses vision of why it embarked on one such strategy in the first place.

2.4.2 Differentiation

When a company differentiates its products, it is often able to charge a premium price for its products or services in the market. Some general examples of differentiation include better service levels to customers, better product performance etc. in comparison with the existing competitors. Porter (1980) has argued that for a company employing a differentiation strategy, there would be extra costs that the company would have to incur. Such extra costs may include high advertising spending to promote a differentiated brand image for the product, which in fact can be considered as a cost and an investment. McDonalds , for example, is differentiated by its very brand name and brand images of Big Mac and Ronald McDonald.

Differentiation has many advantages for the firm which makes use of the strategy. Some problematic areas include the difficulty on part of the firm to estimate if the extra costs entailed in differentiation can actually be recovered from the customer through premium pricing. Moreover, successful differentiation strategy of a firm may attract competitors to enter the company's market segment and copy the differentiated product (Lynch, 2003).

2.4.3 Focus

Porter initially presented focus as one of the three generic strategies, but later identified focus as a moderator of the two strategies. Companies employ this strategy by focusing on the areas in a market where there is the least amount of competition (Pearson, 1999). Organisations can make use of the focus strategy by focusing on a specific niche in the market and offering specialised products for that niche. This is why the focus strategy is also sometimes referred to as the niche strategy (Lynch, 2003). Therefore, competitive advantage can be achieved only in the company's target segments by employing the focus strategy. The company can make use of the cost leadership or differentiation approach with regard to the focus strategy. In that, a company using the cost focus approach would aim for a cost advantage in its target segment only. If a company is using the differentiation focusapproach, it would aim for differentiation in its target segment only, and not the overall market.

This strategy provides the company the possibility to charge a premium price for superior quality (differentiation focus) or by offering a low price product to a small and specialised group of buyers (cost focus). Ferrari and Rolls-Royce are classic examples of niche players in the automobile industry. Both these companies have a niche of premium products available at a premium price. Moreover, they have a small percentage of the worldwide market, which is a trait characteristic of niche players. The downside of the focus strategy, however, is that the niche characteristically is small and may not be significant or large enough to justify a company's attention. The focus on costs can be difficult in industries where economies of scale play an important role. There is the evident danger that the niche may disappear over time, as the business environment and customer preferences change over time (Lynch, 2003).

According to Porter (1980), a company's failure to make a choice between cost leadership and differentiation essentially implies that the company is stuck in the middle. There is no competitive advantage for a company that is stuck in the middle and the result is often poor financial performance (Porter, 1980). However, there is disagreement between scholars on this aspect of the analysis. Kay (1993) and Miller (1992) have cited empirical examples of successful companies like Toyota and Benetton, which have adopted more than one generic strategy. Both these companies used the generic strategies of differentiation and low cost simultaneously, which led to the success of the companies.

Firms can choose from one of the three generic strategies to compete in the marketplace, regardless of the context of industry (Porter, 1980). Note that companies that are successful at making use of the cost leadership strategy are often positioned to capitalize on a value proposition which emerges from their low cost emphasis, like the classic success story of Tesco in the UK. These companies typically focus their efforts on value-oriented customers in the market. Value products are focused on providing value-oriented customers with products that are indeed value-for-money, relative to competitive offerings. Interestingly, an emphasis on cost leadership in this sense can act as a form of differentiation. Successful implementation of a cost leadership strategy would benefit from process engineering skills, products designed for ease of manufacture, access to inexpensive capital, tight cost control and incentives based largely on quantitative targets (www.wikipedia.org). McDonalds, restaurants, for example, achieve low costs through standardized products, and centralized buying of supplies etc. Despite the benefits that the cost leadership strategy entails, there is limited empirical evidence that supports successful implementation of cost leadership strategies.

Contrary to the cost leadership strategy, there is empirical evidence to support the differentiation strategy (Pearson, 1999). Hall (1980) investigated sixty-four American companies and the findings of the study revealed that companies following a differentiation strategy had superior performance compared to those companies that were not following the same. It is important for analysts to note that there is more than one way in which a company can make use of differentiation. Differentiation can be achieved through a differentiated product, superior quality, and customer service etc. A key question to ask is whether the customers of the company perceive the point of difference as one that is worth a price premium.

The focal point for the company pursuing a differentiation strategy should be the customer, and not per se the competitors. Note that for a differentiation strategy to be successful, the point of differentiation perceived by customers as valuable should coincide with the distinctive competence of the company (Pearson, 1999). For example, Orange succeeded by providing the most basic requirements for mobile phone communication, better than the competition, and in that the company created a differentiation in the minds of the consumers. Orange provided the customers with mobile phone communication requirements like better network coverage, network reliability, and charging customers for only what they use, instead of features like free phone calls, which even have a higher cost for provider (Barwise et al, 2004). Therefore, a customer-focused differentiation strategy when implemented with a clear vision benefits the company in many ways including price premium, brand loyalty and sometimes even reduced costs, like the case of Orange. In order to effectively maintain a differentiation strategy, the firm should have strong skills in Research and Development, product engineering, change management, marketing, advertising, and HRM. Continuous innovation plays a vital role in case of differentiation.

Notably, a number of small and medium sized companies have found that the niche strategy is the most useful strategic area to explore for them (Lynch, 2003). While most companies employ cost leadership strategy, differentiation, or a mix of these two strategies, there are relatively fewer companies that adopt a niche strategy. Perhaps one of the most important elements to consider in case of a niche strategy is whether the size of the market is appropriate from the revenue potential aspect, and if the company has the capability to provide the specialised products that the consumers in the niche market need and want.

According to Parnell (2006), the stuck in the middle phenomenon received considerable support in the 1980s (Dess et al, 1984; Hawes et al 1984) but was later challenged by numerous scholars (Buzzell and Gale, 1987; Proff, 2000). It has been noted that a shortcoming of the low-cost-differentiation dichotomy, is that the two strategies are not opposites in entirety, and are neither always mutually exclusive (Parnell, 1997). Notably, most successful firms exhibit one or more forms of differentiation, along with forms that are directly associated with cost leadership and even the focus orientation. This is one of the trickiest areas in the analysis of generic strategies that the reality can be different and more subtle than the stark contrasts that are highlighted by Porter (1980). It is important to conduct the analysis with an open mind, and to explore the relative advantages, disadvantages, and risks that the various strategies may offer to a company vis-à-vis the competition and overall business environment.

Information Technology and the advent of the Internet have caused major changes in the business environment and have accelerated the speed of change. Kim et al (2004) have argued that Porter's generic strategies of differentiation and cost leadership will be applicable to e-business firms in a broad sense, while the focus/niche strategy will not be as viable for e-business firms, compared to their traditional counterparts. They suggest that an integration of cost leadership and differentiation strategies would be the most promising in the e-business context, but individually differentiation will show superior performance compared to cost leadership. As more and more companies are transforming their bricks-and-mortar existences to brick-and-click, it is vital for analysts to understand the role that generic strategies are playing in the digital era.

2.5 Limitations of Porter's Generic Strategies Analysis

During the 1980s, the generic strategies were regarded as fundamental to strategy and the ideas suggested by Porter were used extensively. It became clear over time that in reality there were some shades of grey in the distinction between differentiation and cost, compared to the black and white that is projected in theory.

It is very difficult for most companies to completely ignore cost, no matter how different their product offering is. Similarly, most companies will not admit that their product is essentially the same as that of others (Macmillan et al, 2000).

It is important to bear in mind that Porter's generic strategies should be considered as a part of a broader strategic analysis. The generic strategies only provide a good starting point for exploring the concepts of cost leadership and differentiation. Perhaps a major limitation of the generic strategies is that they may not provide relevant strategic routes in the case of fast growing markets (Lynch, 2003).

2.6 Competition in Banking

Competition has always been argumentative in the past in the banking industry. Traditionally, regulators have tried to curb competition in the sector with the aim of avoiding extreme risk-taking. The point however changed from the 1980s where totally fledged liberalization processes were put in place in many countries making way for the transformation of the banking business and a restructuring of the sector materializing. This resulted in a notable increase in banks.

It does not require a lot of thinking therefore to conclude that the situation before the liberalization was far from the balance between enjoying the optimal benefits of competition and increasing the potential for instability.

Prior researches however have found that almost all variations in competitive conduct occur with the entry of a second or third firm into the market (Bresnahan and Reiss, 1991). In other words, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. The banking industry is no exception and studies have even shown that the conduct can be substantially competitive with only two banks (Shaffer and DiSalvo, 1994).

Competition in the financial sector matters for a number of reasons. As in other industries, the degree of competition in the financial sector can matter for the efficiency of the production of financial services, the quality of financial products, and the degree of innovation in the sector. Specific to the financial sector is the link between competition and stability, long recognized in theoretical and empirical research and, most importantly, in the actual conduct of prudential policy towards banks (Vives 2001). It has also been shown, theoretically as well as empirically, that the degree of competition in the financial sector can matter for the access of firms and households to financial services and external financing, in turn affecting overall economic growth.

While some relationships between competition and banking system performance have been analyzed in the theoretical literature, empirical research on the issue of competition is still in an early stage. Data problems were previously a hindrance for the research since little bank-level data were available in a lot of developing countries.

However, recently established databases allow for better empirical work. Another hindrance to the interpretation of existing empirical work has been that a number of theoretical issues that are not taken into account. The long-existing theory of industrial organization has shown that the competitiveness of an industry cannot be measured by market structure indicators alone, such as number of institutions, or Herfindahl and other concentration indexes (Baumol, Panzar, and Willig 1982). The threat of entry can be a more important determinant of the behaviour of market participants (Besanko and Thakor 1992). Theory also suggests that performance measures, such as the size of the banking margins or profitability, do not necessarily indicate the competitiveness of a banking system. These measures are influenced by a number of factors, such as a country's macro performance and stability, the form and degree of taxation of financial intermediaries, the quality of the country's information and judicial systems, and bank-specific factors, such as scale of operations and risk preferences. As such, these measures can be poor indicators of the degree of competition.

Rather, testing for the degree of effective competition requires a structural, contestability approach, along the lines pursued in much of the industrial organization (IO) literature. As in other sectors, the degree of competition in the banking system should be measured with respect to the actual behaviour of bank conduct. The actual behaviour should be related not only to banking market structure but also to entry barriers, including barriers on foreign ownership, and the severity of activity restrictions since those can limit the degree of intra industry competition.

2.7 Competitiveness of Ghana's Banking Sector

A study on Ghana by Buchs and Mathisen (2005) used the Panzar–Rosse framework in determining the degree of competition in the Ghanaian banking sector. In their study, two reduced-form revenue equations are estimated; one for total (including interest) revenue scaled using total assets and the other for unscaled total (including interest) revenue. The explanatory variables used for this study are the three-dimensional vector of factor prices; namely the ratio of personnel expenses over total loans and deposits, the ratio of interest expense over total deposits, and the ratio of other operating and administrative expenses over fixed assets.

Other explanatory variables representing the bank-specific variables include total assets, which is the scale variable and depicts size of banks, the risk factors, namely the ratio of past due loans to total loans and the ratio of total loans to total assets and dummies for types of ownership. Treasury bill rates and inflation are used to capture the impact of the macroeconomic environment. The findings from the analysis by Buchs and Mathisen (2005) indicate that the Ghanaian banking industry is characterized by monopolistic competition based on the Panzar–Rosse categorization with an average *H*-statistic of 0.56. Their results also indicate that the unit price of labour (or personnel costs), the unit cost of funds (or cost of capital) and the scale variable (or size) are major determinants of interest and total revenue of banks in Ghana.

The loan ratio is found to be important in explaining total revenue but unimportant for explaining interest revenue, which is an indication of loan recipients paying a sizeable portion of bank commissions and fees. Foreign-owned banks are also found to be the most competitive in generating both interest and non-interest income and also the most profitable. The study also revealed that interest rates (both nominal and real) play a very crucial role in explaining both total and interest revenues of banks in Ghana. The Panzar–Rosse method has been used in studies by Prasad and Ghosh (2007) for India and Hauner and Peiris (2005) for Uganda.

According to Buchs and Mathisen (2005), for most of these studies, focus has been on the banking sector. Most evidence point to the existence of monopolistic competition in the banking sector in these countries. Among the major determinants of bank revenues and output pricing of loans identified in these studies are total equity to total assets, non-performing loans to total customer loans and total deposits to assets ratio. The equity to assets ratio is used to account for the leverage reflecting differences in the risk appetite or preference across banks. The non-performing loans ratio is also introduced as a risk measure. Total deposits ratio is used to denote local aggregate demand for bank services. Most of the studies also find evidence of the existence of monopolistic competition in the banking sectors of developing economies, with the degree of competition increasing overtime with financial sector reforms. There is also evidence of increasing competition in the financial sector, following sector reforms in these studies.

2.8 Competition Effects on Banks

Some of the recent research on the effects of bank competition allows for the possibility that different sizes of banks may affect competitive conditions differently. Small banks are often considered to be "community banks" with different competitive advantages than large banks. Relative to large banks, small banks tend to serve smaller, more local customers, and to provide more retail-oriented rather than wholesale-oriented financial services (DeYoung, Hunter, and Udell 2004).

As well, banks of different sizes may deliver their services using different technologies. Large banks may have comparative advantages in lending technologies such as credit scoring that are based on 'hard' quantitative data. Small banks, in contrast, may have comparative advantages in lending technologies such as relationship lending that are based on "soft" information that is difficult to quantify and transmit through the communication channels of large banking organizations (Stein 2002) and may create agency problems that require a closely-held organizational structure (Berger and Udell 2002).

Consistent with these arguments, large banks relative to small banks have been found to lend proportionately less of their assets to SMEs (Berger, Kashyap, and Scalise 1995). They will prefer to lend to larger, older firms. Besides, when they want to lend to SMEs, preference will be given to more financially secure SMEs (Haynes, Ou, and Berney 1999) and to have shorter and less exclusive relationships (Berger, Miller, Petersen, Rajan, and Stein 2002). Rather they will to larger organizations more often on an impersonal basis and at a longer distance (Berger, Miller, Petersen, Rajan, and Stein 2002), and to base their lending decisions more on financial ratios than on prior relationships (Cole, Goldberg, and White 2000).

Thus, the literature is strongly consistent with the hypothesis that large banks tend to make hard-information-based transactions loans to larger, safer, more transparent borrowers, while small banks tend to make more soft-information-based relationship loans to smaller, riskier, more opaque borrowers.

Despite the consistently strong findings about the differences between large and small banks, only a relatively few studies directly examined the competitive effects of the market shares of banks in different size classes. That is, most studies of the effects of market structure continue to use concentration measures like HHI and CRn that treat the competitive effects of large and small banks equally. Some of the research that allows for differences found that greater shares for large banks in U.S local markets are associated with lower interest rates on SME loans, consistent with the hypothesis that large banks tend to serve safer customers using hard information (Berger, Rosen, and Udell 2003).

An international comparison also found that greater shares for small banks were associated with faster GDP growth, higher SME employment ratios, and more overall bank lending (Berger, Hasan, and Klapper 2004).

However, studies of local U.S. markets also found that the shares of large versus small banks had little association with SME credit availability (Jayaratne and Wolken 1999, Berger, Rosen, and Udell 2003).

Combined with the consistent strong finding that large and small banks serve different SME borrowers, this finding suggests that in the dynamics of banking markets, banks and customers are reasonably able to sort themselves to find mutual advantage. Some research on the dynamic effects of bank mergers and acquisitions (M&As) is also consistent with this possibility. Large banks that are involved in M&As appear to reduce their SME lending significantly, presumably reducing their supply of soft-information-based relationship loans (Berger, Saunders, Scalise, and Udell 1998).

However, the supply of SME credit in the local markets of these banks appears not to change substantially because of "external effects" or general equilibrium reactions of other banks. Other incumbent banks may respond by increasing their own supplies of SME credit (Berger, Saunders, Scalise, and Udell 1998, Berger, Goldberg, and White 2001, Avery and Samolyk 2004) or new small banks may be created that tend to devote large portions of their portfolios to SME loans.

Investigators have expanded the research agenda to include analysis of the effects of competition on economy-wide growth, credit availability to SMEs, and the performance of nonfinancial industries. The Structure-Conduct-Performance (SCP) hypothesis predicts restricted credit through higher prices from greater concentration, whereas an alternative hypothesis predicts that high concentration encourages banks to invest in lending relationships because the borrowers are less likely to find alternative future sources of credit (Petersen and Rajan 1995).

Other restrictions on competition, such as barriers to new bank entry, interstate banking prohibitions, and implicit or explicit limits on cross-border banking may have the same unfavorable or favourable effects on SME credit, industry performance, and economic growth. The empirical research yields mixed findings. Some studies find unfavorable effects from high concentration and other restrictions on competition, including less new firm creation, expansion, and employment,less economic growth and slower exit of mature firms (Jayaratne and Strahan 1996, 1998, Black and Strahan 2002, Cetorelli and Strahan 2002, Beck, Demirgüç-Kunt, and Levine 2003a, Cetorelli 2003, Berger, Hasan, and Klapper 2004).

Other studies find favourable effects of bank competition, such as higher growth rates and greater access to credit by new firms and other SMEs (Bonaccorsi di Patti and Gobbi 2001, Cetorelli and Gambera 2001, Zarutskie 2003).

Some studies have also examined the effects of bank concentration and competition on the stability of a nation's financial system. These studies often involve international comparisons and go beyond the implications for the risks for individual banks.

The predictions from economic theories on the role of bank size and national concentration are mixed. According to the "concentration-stability" view, a concentrated banking system with a few large institutions is more stable because the banks may be more profitable, better diversified, and easier to monitor, and therefore more resilient to shocks (Allen and Gale 2000).

In contrast, the "concentration-fragility" view predicts less stability from high concentration and a few large institutions because these institutions may be likely to take on more risk due to implicit 'too-big-to-fail' policies or preferences with regard to the risk-expected return trade-off (Boyd and Runkle 1993, Mishkin 1999). Carletti and Hartmann (2002) offer a survey of the literature on competition and financial stability.

2.9 Structure of the Banking Sector in Ghana

The Ghanaian banking system is rather diverse. Of the 27 banks operating in Ghana, there are 19 commercial banks, 5 merchant banks, and 3 development banks. The three largest commercial banks account for 55% of total assets of the banking sector, which is relatively moderate compared with other countries in the region. However, about 25% of total assets and 20% of deposits are held by a single state owned commercial bank. The development banks and merchant banks, which focus on medium- and long-term financing and corporate banking, respectively, together share about 30%. The five small commercial banks operate on a much smaller scale. Foreign investors hold about 53% of the shares in eight commercial banks, which is below the sub-Saharan Africa average, and three banks are state-owned. The banking penetration ratio, at one bank branch per 54,000 inhabitants, is relatively high, but formal banking reaches only 5% of the population and the coverage varies widely. This reflects the fact that 35% of bank branches are in the greater Accra region even though this region represents less than 13% of the country's population. About half of all bank branches in the interior belong to the dominant state owned bank. Commercial banks engage in traditional banking business, with a focus on universal retail services. Merchant banks are fee-based banking institutions and mostly engage in corporate banking services. Development banks specialize in the provision of medium- and long-term finance.

As measured by the aggregated total-assets-to-GDP ratio, the banking sector grew rapidly between 1996 and 2000, reflecting partly financial deepening, as well as loose monetary conditions. After reaching 44% in 2000, the ratio dropped to 38% in 2001 and further to 31% at end-2003, reflecting tightened monetary conditions. The same trend characterized the share of commercial banks' foreign operations: the share of bank assets denominated in foreign currency reached 35% in 2000 and then declined to 30% in 2001, probably reflecting the increased stability of the cedi exchange rate.

Following the tightening of monetary policy in 2001, domestic credit to the private sector has remained at around 10% of GDP, which is low even by African standards.

This essentially reflects a typical crowding-out effect, as most of the banks' resources are absorbed by the public sector, either in the form of loans to state-owned enterprises or holdings of government securities. As shown in Figure 1, increasing government financing requirements led to very high real treasury bill yields, especially in periods of tight monetary policy, and by extension, to high lending rates. During 1998-2003, net loans averaged 34% of total assets (peaking at 43% in 2001), as banks preferred to invest their resources in liquid, low-risk assets, such as government securities, the latter constituting about 25% of total assets during the period.

Apart from the financing constraints imposed by Ghana's large fiscal deficits, the banks' holdings of government securities is also sustained by high secondary reserve requirements that require banks to hold 35% of their deposit liabilities in such securities.

In addition, state-owned enterprises have attracted sizable amounts of lending from commercial banks recently, thereby exacerbating the crowding-out effect. As a result, during the last few years, bank lending to the public sector has typically absorbed more than half of total available resources. The residual resources available for lending to the private sector (about 35% of total assets in 2003) have been mainly channelled to the manufacturing sector (25% of credit to the private sector), commerce and finance (9%) and services (8.5 %).

The agriculture, forestry, and fishing sectors have received less than one-tenth of total bank credit although agriculture accounts for 36% of GDP. With the exception of the national oil refinery plant—this is the sector's largest exposure.

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CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter describes and explains the methodology deployed in this study and the research methods which informed my choice of methods. This research was conducted in order to identify the areas of competition within the banking industry and to evaluate the competitive strategies adopted by BBG to cope with the competition. The assessment of BBG's competitiveness vis-a-vis the strategies it has taken up was also part of the objectives of this study.

In order to gather relevant data for the study, several research designs can be used. This chapter presents the research design, methods used to gather data. This chapter discusses the research design, population, sampling techniques, data collection tools and procedure.

3.2 Research Designs

Research design is a plan or a framework for guiding a study. The design connects the questions or objectives of the study to the data gathered. Hussey et al. (1997) summarises the numerous research designs by which a study can be described or a researcher can adopt for a study and categorises them according to purpose, process, logic, and outcome of the research. They further add that one particular project may be described in number of ways as it will have purpose, process, logic and outcome.

Quantitative research looks at many cases, people, or units, and measure limited features about them in the form of numbers. By contrast, a qualitative study usually involves qualitative data and examines many diverse features of a small number of cases across either a short or long time period and then describes it. The mixed research on the other hand combines qualitative and quantitative research design.

This study employs a mixed approach, so that the limitations of qualitative and quantitative are complemented. The mixed method is believed to provide more perspectives on the phenomena being studied. The qualitative approach generates verbal information rather than numerical values (Polgar & Thomas, 1995). Instead of using statistical analysis, the qualitative approach utilizes content or holistic analysis to explain and comprehend the research findings. With this, inductive and not deductive reasoning is used. The main point of the quantitative research method is that measurement is valid, reliable and can be generalized with its clear anticipation of cause and effect (Cassell & Symon, 1994).

The research used survey, because it enabled the researcher to use smaller groups of people to make inferences about larger groups which was prohibitively expensive to study (Holton and Burnett, 1997).

3.3 Population

The study evaluates competitive strategy of Barclays Bank of Ghana Ltd. The strategies of the bank is developed by the Country Management Committee comprising the managing director, head of Consumer banking, Chief Operations Officer (COO) and human resources director and for that matter all were in the study. With regards to data on the competitiveness, workers and customers from the twelve branches of the Bank in Kumasi Metropolis were in the study. The population of the study is made up of management of BBG and staff of its 12 branches in Kumasi estimated at about 190 as well as customers of the 12 branches.

3.4 Sample Size and Sampling Procedure

The three top executives of the Bank at the head office who are involved in developing strategies for the bank were included in the study. Customers included in the study were conveniently sampled from the twelve branches in Kumasi. From each branch, 10 customers were randomly selected, making a sample size of 120 customers. In addition, 48 staff, 4 from each branch were purposively sampled according to their level of education and the role they play. In all 171 participants were selected for the study. Convenient sampling method is designed for the collection of information from participants of the population who are available to provide it (Sekaran, 2003), while the purposive sampling allows the researcher to consider participants knowledgeable on the topic to be considered. These are non-probability sampling strategies that are used when the elements are not given equal chance of being included in the study and when especially the elements are disperse.

3.5 Data Collection

The data needed for a study can be collected either as secondary data or as primary data. Hussey et al. (1997), explain primary data to be data collected at source whereas secondary data is data which already exists. In this thesis both secondary and primary data were utilized.

3.5.1 Secondary data

Secondary data for this thesis are collected from literature (books, journals, articles, magazines, etc.), Internet, and databases. The bank’s operational manual and policy documents were also studied for some information. Books from libraries and on-line formed the substantial part of the literature review.

3.5.2 Primary data

Primary data can be both qualitative and quantitative, where interviews and some observations fall under qualitative research methods, and other observations and surveys fall under quantitative research methods. The primary data were derived from the answers the participants gave during the survey process. In this thesis a seemly suitable method to collect the primary data was interview and questionnaire survey.

3.6 Data Collection Tools and Procedures

Although several tools exist for gathering data, the choice of a particular tool depends on the type of research. Among the tools are focus group discussion, observation, interview and questionnaire. In this thesis an appropriate method to collect the primary data was interview and questionnaire survey. Content analysis of relevant document such as the Bank's strategic plan and internal report were examined for additional information.

Data collected from customers was by the use of questionnaires which were administered randomly by the Banking Hall Executives (BHEs) whilst the customers are in the queues and so were retrieved instantaneously.

3.6.1 Interview

The aim of the research is to identify the areas of competition for BBG within the banking industry and to evaluate its strategies as well as assessing its competitiveness in the industry. Since the Bank's strategies are developed by top executive officers, these officers, three in all were interviewed to solicit relevant information on strategies of the Bank. Interviews are conducted to ascertain vital information and clarification on issues that could not be fully captured through the use of questionnaires.

One-on-one interview method involving the researcher and respondents was conducted among the three executives with the help of a semi-structured interview guide. The interview guide approach ensures that the same questions are asked and similar information is also obtained. It provides more focus than a conversational approach, but still allows a degree of freedom and adaptability in getting the information from the interviewee. Kumar et al. (1993) argue that the selection of key informants knowledgeable about the problem being researched minimises response error, hence the selection of the top executive.

In order to limit biases and improve reliability of the information gathered, the three executives were contacted and agreed on convenient dates. Advance information sheet was given to the interviewees to study for a week before the interview. This was done to ensure that detailed and authentic information is obtained within a limited time frame. Each interview lasted for two to three hours and the responses were recorded and replayed for analysis.

3.6.2 Questionnaire

To gather data from the customers and the workers of the Bank for the study, survey questionnaire was developed. The literature guided the development of questionnaire. The survey questionnaire is seen as appropriate; it allows data from both sampled groups to be collected in a quick and efficient manner. The use of survey questionnaire makes it possible for descriptive, correlation and inferential statistics analysis (Saunders et al., 2007).

Two different questionnaires made up of open-ended and close-ended questions were administered to the customers and staffs with the help of representatives in the various branches. The set of questions related to competition, strategies and satisfaction were given to workers and customers to answer.

Both questionnaires were divided into two main sections: profile of respondents and the survey proper. Majority of the questions were structured using the Likert format. In this type, five choices were provided for every question or statement. The choices represent the degree of agreement to the given question. The choices ranged from strongly agree through agree, uncertain and disagree to strongly disagree. Other questions also provided respondents with choices ranging from the best, better than most, same as most, not good as most and don't know to select from. The Likert type of questions enabled the respondents to answer the survey easily. In addition, these allowed the research to carry out the quantitative approach effectively with the use of statistics for data interpretation.

However, some questions on the questionnaire were open-ended, requiring respondents presenting their thoughts and views. In other words, the researcher did not provide respondents with options. These questions also aided in enriching the qualitative methodology effectively.

In order to test the validity of the questionnaire used for the study, the researcher pilot tested the questionnaire to five respondents. These respondents as well as their answers were not part of the actual study process and were only used for testing purposes. After the questions have been answered, the researcher asked the respondents for any suggestions or any necessary corrections to ensure further improvement and validity of the instrument. The researcher revised the survey questionnaire based on suggestions of these respondents. The researcher then excluded irrelevant questions and changed vague or difficult ones in order to ensure comprehension and subsequently achieve purpose. In all 168 questionnaires were administered, 48 to workers and 120 customers of the bank.

3.7 Data Analysis

The data collected from the interviews and questionnaires were analysed descriptively and statistically with Statistical Package for Social Scientist (SPSS) version 16.0 to perform descriptive statistics. Microsoft Excel 2007 was used to generate charts after the SPSS for the study. The results of the survey were presented in tables. Extracts from the interview process were also integrated based on the analysis outline.

3.8 Limitations of the Study

Firstly, being a worker and a student made it difficult to collect data for this research. However, with the help field assistants, I was able to gather the relevant data for this research. Secondly, getting access to some sensitive information posed a great challenge. The researcher was able to overcome this through negotiation. Lastly, there was the issue of funding for the research. This was managed efficiently by allocating personal savings for the research.

3.9 Brief Profile of Barclays Bank of Ghana Ltd

3.9.1 History

BBG is a wholly owned subsidiary of Barclays PLC of the United Kingdom, one of the largest global financial institutions and a major force internationally in both corporate and retail banking. Barclays has operated in Ghana for ninety four years. The first Barclays branch in Ghana was commissioned on 14th February 1917. Its mother company in the UK, Barclays PLC, is quoted on the London, New York and Tokyo Stock Exchanges. Barclays Bank of Ghana Limited has an expansive retail and commercial banking network in the country with about 74 branches, 7 agencies and over 130 ATMs currently in all regional capitals and major towns. It also has about 10 premier life centers and 2 premier Suites. www.ghanabankingguide.com

3.9.2 Mission and Vision Statement

The bank's mission is to be one of the most admired financial services organizations in the world, recognized as an innovative, customer-focused company that delivers superb products and services, ensures excellent careers for the people and contribute positively to the communities in which we live and work. Its vision is to become the best bank in Ghana, making lives much easier for its customers, employees and other stakeholders. www.ghanabankingguide.com

3.9.3 Products and Services

Barclays offers a wide range of innovative commercial, Retail and Treasury products and services. Its products and services are targeted particularly at the business and corporate organizations, as well as retail customers. It also offers local business banking product and services for Small Medium Enterprises and indigenous businesses. In June 2009, Barclays launched its Bancassurance proposition in partnership with Enterprise Life Assurance Company Limited (ELAC) to enhance our product range with insurance product such as Family Funeral Plan and Education Plan for the convenience of its customers. The Bank's Premier Banking offers tailor made solutions and one-on-one banking to its high net worth. The Premier proposition amongst others offers; dedicated banking suites, financial planning, lifestyle alliances, global access to Premier lounges (airport) etc. In addition Premier

Life, a new service proposition to replace Prestige Banking has been introduced. It is targeted at customers who require convenient banking, quick and efficient service as well as a level of privacy and recognition. Industries financed by Barclays include cocoa, the backbone of the country's economy; timber; gold as well as business in the manufacturing sector and commerce. www.ghanabankingguide.com

3.9.4 The Barclays Brand

One of the greatest strengths of the bank is its brand. Built over many years of hard work and dedication, the Barclays brand today has come to represent trusted and reliable financial services. The depths of appreciation that Barclays has for the financial market is what distinguishes the Barclays brand from the others. Indeed Barclays is "fluent in finance". The size of Barclays Bank comes with a strong capital base which is often leveraged to the advantage of the bank's clients and customers. As one satisfied corporate client remarked, "You don't just transact business with Barclays Ghana, you have the entire resources and expertise of the whole Barclays Group at your disposal." www.ghanabankingguide.com

3.9.5 Barclays' five guiding principles:

These are key to the way the business operates.

- **Winning together –** achieving collective and individual success
- **Best people –** developing talented colleagues to reach their full potential, to ensure Barclays retains a leading position in the global financial services industry
- **Customer and client focus –** understanding customers and serving them brilliantly
- **Pioneering –** driving new ideas, adding diverse skills and improving operational excellence

Trusted – acting with the highest integrity to retain the trust of customers, external stakeholders and colleagues. www.ghanabankingguide.com

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

The study examines the competitive strategies of Barclays Bank Ghana Ltd. The analysis centers on the areas of competition in the banking sector and the strategies the bank is using to deal with the competition and to assess its competitiveness. The chapter presents the competitive position of Barclays Bank of Ghana Ltd. in relation to satisfaction of the services provided, since customer retention, a by-product of customer satisfaction is a predictor of competitiveness of the bank. The findings are organized and presented in the form of frequency distributions, descriptive statistics, chart and tables to enable effective examination and description on the patterns of the responses.

4.2 Survey Response Rate

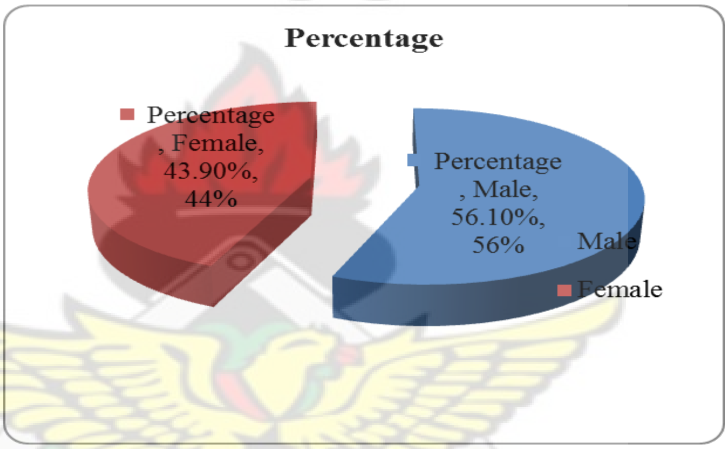
The researcher administered two separate questionnaires; one to staffs of Barclays Bank of Ghana Ltd., Kumasi branches to solicit information on the competition in the banking industry and the competitive position of the bank. The other questionnaire was given to customers to solicit information on the satisfaction level of customers with the services provided by the bank. The researcher administered 48 and 120 questionnaires to staffs and customers of the bank respectively. However, out of the 48 questionnaire given out to staffs 41 were retrieved, yielding response rate of 85.4% while 109 questionnaires were retrieved from the 120 administered to customers, yielding 90.8% response rate. By aggregation, 150 questionnaires were retrieved from 168 given an overall response rate of 89.3%, which is satisfactory and high for a meaningful statistical analysis.

4.3 Demographic Characteristics of Respondent

4.3.1 Staffs of the Bank

Out of the 41 questionnaires retrieved from the staff of BBG, 56.1% of the respondents were male and 43.9% were female.

Figure 4.1: Gender of Respondents



Source: Fieldwork, June 2011

Table 4.1: Staff position in the bank

Status	Frequency	Percentage
Lower Level Management	15	36.6%
Middle Level Management	19	46.3%
Senior Level Management	7	17.1%
Total	**41**	**100**

Source: Field Work, June 2011

Majority of the respondents, 46.3% are middle level staff, 36.6% in lower level and the least 17.1% being senior level staff. This presupposes that the information in this data represent middle level staff of the Bank.

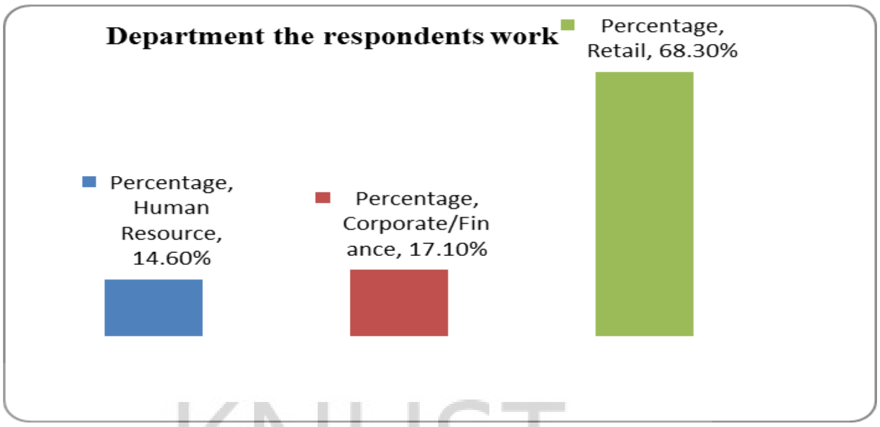
Table 4.2: The age of the respondents of staff questionnaire

Age	**Frequency**	**Percentage**
20-30	19	46.3%
31-40	22	53.7%
41-50	-	-
51-60	-	-
Total	**41**	**100**

Source: Field Work, June 2011

The age limit of the respondent ranges between 20 – 40; 46.3% of respondents have attained the age ranging between 20 – 30 and 53.7% have attained the ages ranging between 31 - 40. It can also be said that Barclays Bank of Ghana Ltd (BBG) employment system focuses on the youth and after working for period of 10 years, it is likely the worker move to another organization. This is supported by an item inquiring for number of years a worker has worked with the Bank. The responses indicated that 70.7% of respondents have worked for 1-5 years, 14.6% have worked for 6-10years or 11 and above years with the bank.

Figure 4.2: Department of respondents of staff questionnaire



Source: Field Work, June 2011

The respondents work in the various department: 14.6% in human resource, 68.3% in retail and 17.1% in corporate/finance departments of the bank.

4.3.2 Customers of the Bank

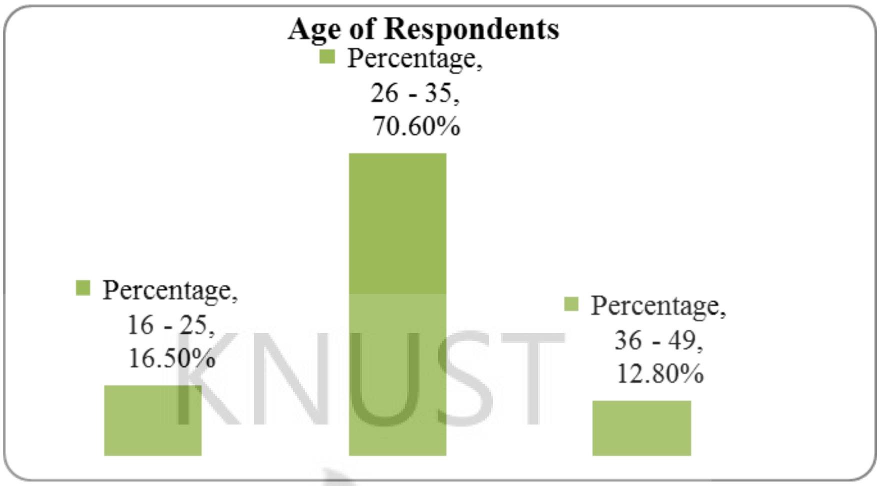
Out of the 109 questionnaires retrieved from the customers of BBG, 60.6% of the respondents were male, 37.6% were female and 1.8% did not indicate it and treated as non response.

Table 4.3: Gender of respondents of customers' questionnaire

Gender	Frequency	Percentage
Male	66	60.6%
Female	41	37.6%
Non Response	2	1.8%
Total	**109**	**100**

Source: Field Survey, June 2011

Figure 4.3: Age range of customers who responded to the questionnaire



Source: Field work, June 2011

Out of the 109 of the customers' questionnaire retrieved, the age group of the respondents (customers) revealed 16.5% for ages 16-25 years, 70.6% for ages 26-35 years and 12.8% for ages 36-49 years.

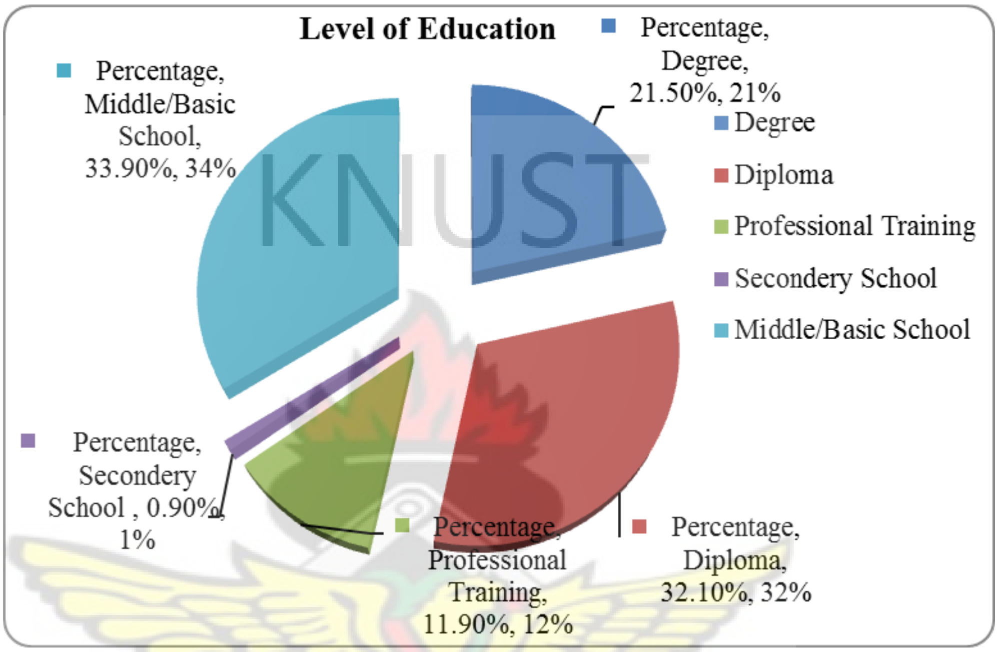
Table 4.4: Number of year's respondents has been with the bank

Year Range	Frequency	Percentage
1-5	64	58.7%
6-10	44	40.4%
11-15	1	0.9%
Total	**41**	**100**

Source: Field work, June 2011

With regards to number of years the customers have been with the bank, the responses indicated that 58.7%, 40.4% and 0.9% have been with the bank for 1-5, 6-10 and 11-15 years respectively.

Figure 4.4: Educational level of customers



Source: Field work, June 2011

The majority of the respondents were Middle School/Basic School Leavers (33.9%), followed by Diploma holders (32.1%), Degree holders (21.5%), Professional training (11.9%) and Secondary school leavers (0.9%).

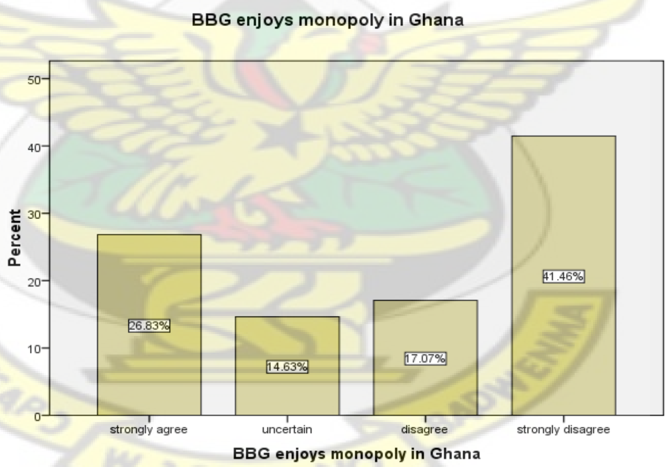
4.4 Level of Competition in Banking Sector

Competition in the banking sector has become so intense and worst, particular in this current trend of business where companies and multi-national companies can freely move from one country to another to operate as a result of globalization and trade liberalization (Mishra et al., 2010). A lot of studies maintain that banks around the world are experiencing intense competition from both local and overseas banks as well as new entrants (Bloemer *et al.*, 1998, Griffiths *et al.*, 2001; Hemple &

Simonson, 1998) as a result of globalization and deregulation (Cheron *et al.,* 1999; Mishkin & Eakins, 1997; Lowe & Kuusisto, 1999), which leads to the decrease in profit margins.

In a quest to find an answer to one of the research questions about what the areas of competition in the banking industry are, management of the bank indicated that, areas of competition in the industry cut across all facets of banks' operations. BBG competes with others in areas such as pricing, products and/or services as well as market share.In particular, customer assets mobilisation and growth, customer service and a focus on colleague agenda, i.e. staff remuneration and development formed the huge area of competition among players in the industry.

Figure 4.5 BBG enjoys Monopoly



Source: Field work, June 2011

In the past, BBG used to enjoy some kind of monopoly. This edge, the bank seems to have lost lately. More than half of the respondents disagree with this view. 17% of disagree and 41.46% strongly disagree. About 27% strongly agree that BBG enjoys monopoly in Ghana and 14.63% remain uncertain.An interview with management revealed that Barclays Bank of Ghana Ltd. (BBG) used to enjoy some kind of monopoly as an international bank but in the current climate, competition in the banking industry is so intense, especially with new entrants and other financial service providers emerging all the time.

Table 4.5 Level of Competition

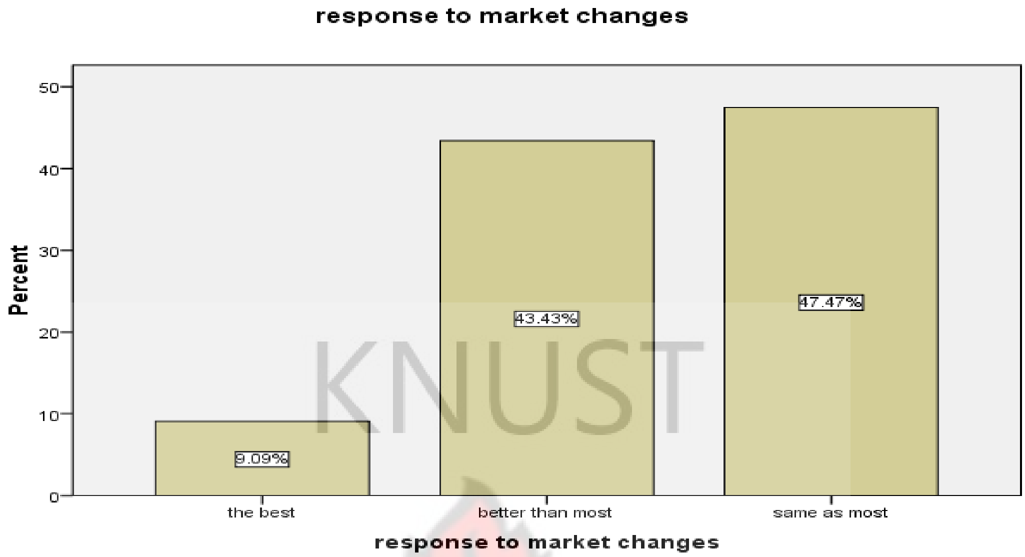
Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total responses
The degree of competition is high in the banking industry in Ghana	29 70.7%	6 14.6%	- -	6 (14.6%)	- -	41 100
The Bank's charges are higher than others	11 (26.8%)	- -	6 (14.6%	7 (17.1)	17 (41.5%)	41 100
Competition is necessary	22 (53.7%)	13 (31.7%)	6 (14.6%)	- -	- -	41 100
The central bank (BoG) encourages competition	11 (26.8%)	30 (73.2%)	- -	- -	- -	41 100
Many banks have sprung up resulting in competition	23 (56.1%)	18 (43.9%)	- -	- -	- -	41 100
Increase in customer awareness and sovereignty has fuel competition	11 (26.8%)	30 (73.2%)	- -	- -	- -	41 100

Source: Fieldwork, June 2011

The intensity of competition in an industry is seen as neither a coincidental nor a bad luck. Rather, competition in an industry is rooted in its underlying economic structure which goes beyond the behaviour of current competitors (Porter, 1980). The findings revealed that competition in the banking industry is as a result of favourable banking policies of Bank of Ghana (BoG), the central bank, which encourage new entrants and welcome foreign investors as well. According to table 4.5, 73.2% agree to this and 26.8% strongly agree.The respondents responded that there are proliferations of new banking institutions in the country; 56.1% strongly agree while 43.9% agree that many banks have sprung up as well as different kinds of financial institutions operating as Susu, rural banking, co-operative unions, microfinance institutions and many others, offering virtually the same financial services to customers. There is no doubt that competition in the banking industry in Ghana is so intense making the industry a highly competitive one. Table 4.5 indicates 70.07% of respondents agreeing to this opinion and that 53.7% and 31.7% strongly agree and agree respectively that it is a necessity for this industry.

Because of numerous financial institutions in the country, customers have also become aware of the operations of the banks and that service operations which fall below expectation is deemed inferior and will warrant a switch of customer from one bank to another. Responses from the field indicate significantly (73.2%) in table 4.5 agree and 26.8% strongly agree that customer awareness and sovereignty has increased tremendously and that has resulted in competition among banks. Parallel to this statement is the claim that customers are becoming increasingly aware of the options on offer in relation to the rising standards of service (Krishnaveni et al., 2004). To maintain a customer requires that the bank holds the customer as a 'king' and try satisfying his/her needs all the time and even exceeding them. Sachdev et al. (2004) argue that with the current trend of competition, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust andproducts, or service and efficiency.

Figure 4.6 BBG's response to market changes



Source: Field work, June 2011

4.5 Strategies of Barclays Bank of Ghana Ltd. to deal with competition

Having to gain and sustain and improve a competitive advantage are essential for competitiveness. Competitive advantages are those features and resources that enable organization to surpass other competitors (Ling, 2000).

In management literature, successful companies are those who have an appropriate understanding about the time and place of utilising different resources. In other words, if managers use their processing, institutional, technological financial, intellectual, innovation and client capitals to increase the organisation's competitiveness, the key results of their performance will improve significantly (Shurchuluu, 2002).

Table 4.6 Strategies of BBG in dealing with competition

Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total Responses
Barclays charges higher fees to make profit	11 (26.8%)	- -	19 (46.3%)	5 (12.2%)	6 (14.6%)	41 (100%)
Barclays charges lower fees to attract more customers	6 (14.6%)	29 (70.7%)	6 (14.6%)	- -	- -	41 (100%)
Expanded branch network	13 (31.7%)	11 (26.8%)	- -	11 (26.8%)	- -	35 (85.3%)
Vigorous advertising and promotion	5 (12.2%)	36 (87.8%)	- -	- -	- -	41 (100%)
Introduction of mystery shoppers to branches to improve customer service	17 (41.5%)	18 (43.9%)	6 (14.6%)	- -	- -	41 (100%)
Barclays has integrated IT in the Bank's operation	11 (26.8%)	11 (26.8%)	13 (31.7%)	6 (14.6%)	- -	41 (100%)

Source: Field work, June 2011

According to management, the fundamental principle to BBG's philosophy is to include the interests of all; from customers, employees, shareholders and the wider community in route to providing a valued and prosperous circumference of satisfied stakeholders. It is important that BBG become flexible in order to respond rapidly to the competition and market changes. It is also important that it benchmarks continuously to achieve best practices.

It is against this backdrop that the Country Management Committee (CMC) of BBG has had to change its strategic direction. Focus is now shifted to large corporate clients. This is not to suggest negligence of the other customers in other segments. However, interview with management revealed that, large corporate clients formed about 35% of the entire customer base of the bank, and transactions with these clients produced a whopping 85% of profit made last year. It does not require a lot of thinking therefore to give this segment a little more attention.

Effectively, BBG is now adopting the niche or focus strategy as proposed by Porter (1985) answering the research question, which of the competitive strategies is employed by BBG.

Subsequently, this direction has had to force the bank to reduce its number of branch outlets. 14 branches have been closed down already and it is hinted that this number could rise to 18 before the end of the year. A reduction in branch outlets logically means a reduction in the number of staff. A downsizing exercise has already taken place. Management introduced a voluntary exit package for staff that wanted to leave and basically targeted older staff. A compulsory redundancy exercise also followed targeting non-performers. The whole exercise has resulted in about 180 people leaving and it is feared that more are yet to go.

In assessing the competitiveness of this strategy, it can be well said that BBG is on track. At the moment, there is less competition in this area and as a result BBG can employ the use of this strategy. The bank can offer specialised products like assets leasing and financing; which is an area of expertise for the bank. The competitive advantage can only be achieved in this target segment. It will provide the bank the opportunity to charge premium fee/price for superior services.

However, in this competitive environment, a particular trait of this strategy can be a downside. The market for this segment is always comparatively small. Therefore, overtime when others also focus their attention on them, it becomes less advantageous for the bank. Also, costs can be quite enormous in adopting this strategy. This is especially significant when economies of scale come into operation.

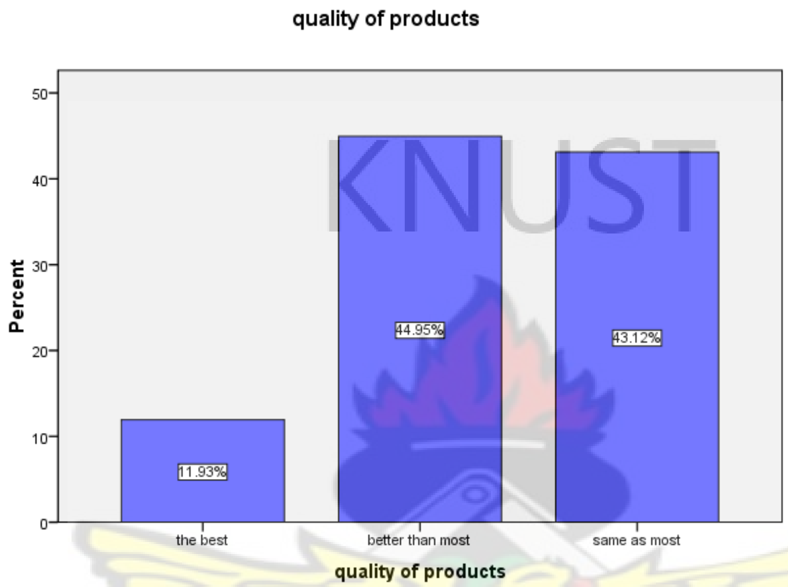
The bank has also embarked on vigorous advertising campaign through buying airtime on selected Television stations during prime times or peak periods. 87.8% agree to this from table 4.6. Responses from the table also indicate that, 43.9% and 41.5% agree and strongly agree respectively, that the bank has introduced mystery shopping to improve customer service. The bank has also had to lower some charges to attract more customers. 70.7% agree to this. Unparallel to this is the 26.8%who think the bank charges higher fees to make profit whilst 46% are uncertain. However, 14.6% uncertain whether the bank charges lower fees and a same percentage strongly agree. 31.7% is uncertain whether the bank has integrated IT into its operation as against 26.8% who agree. 14.6% also strongly disagrees. In the broader picture, according to customers, IT integration in the banks operation is not quite conspicuous and calls for attention. Management indicates some commitment in the bank's budget towards an IT upgrade this year but results are yet to be realized.

Besides all these measures put in place by management, the survey revealed, according to Figure 4.6 that 43.43% believed that BBG's response to the competition is better than most of its competitors whilst 47.47% thought it was just the same as most.

Management accedes to this accession claiming that roll-out of this new direction will effectively take off next year.

4.6 Quality of Products

Figure 4.7 Quality of products



Source: Field work, June 2011

Simply put, quality refers to a collection of features and characteristics of a product that contribute to its ability to meet given requirement. For a bank it is necessary to gain the confidence of its customers and it is possible only when products and services provided are reliable in that, they are able to meet stated and implied needs. Nearly 45% of respondents indicated that quality of products and services offered by BBG is better than most of its competitors. 43% also believed that BBG's quality of products is just about the same as other players in the sector. Only about 11% thought BBG is the best in the industry when it comes to product/service quality. An interview by the researcher revealed that, product development at BBG is a very critical exercise. Personnel dig deep to find out the real needs of the customers and design products that suits these specific needs. In other words, products are designed with the specific needs of customers in mind. Table 4.8a gives credence to this. 74.3% of respondents agree that BBG understands their needs and about 60% also agree that they are offered tailored services that meet their exclusive needs.

4.7 Effects of Competition on Barclays Bank Ghana

Competition between firms is the lifeblood of strong and effective markets. Competition helps consumers get a good deal. It encourages firms to innovate by reducing waste and scrap and providing incentives for the efficient organisation of production. As such, competition is a central driver for productivity growth in most economies. Its effects on firms are enormous and BBG has received its share of these.

Table 4.7 Effects of Competition on BBG

Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total Responses
There has been increased customer base	28 (68.3%)	- -	13 (31.7%)	- -	- -	41 (100%)
The market share of the bank has increased	28 (68.3%)	- -	13 (31.7%)	- -	- -	41 (100%)
There has been a rise in revenue	5 (12.2%)	17 (41.5%)	6 (14.6%)	- -	- -	28 (68.3%)
There is enhanced customer service	6 (14.6%)	23 (56.1%)	7 (17.1%)	- -	- -	36 (87.8%)
There is an increased customer waiver of charges	6 (14.6%)	30 (73.2%)	- -	5 (12.2%)	- -	41 (100%)
There is increase in profit margin	- -	28 (68.3%)	13 (31.7%)	- -	- -	41 (100%)

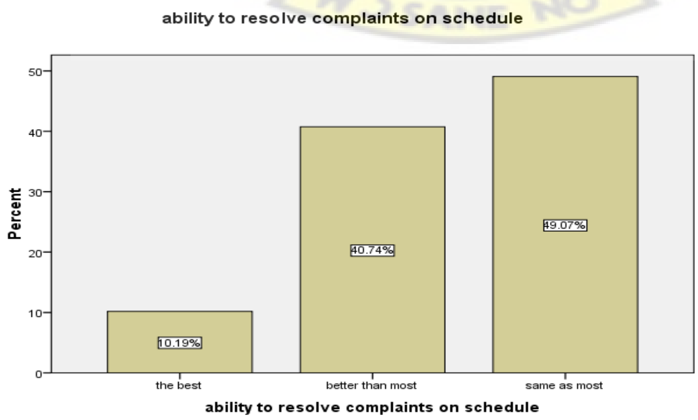
Source: Field work, June 2011

Essentially, management shares that it has helped to increase the customer base of the bank. Referring to table 4.7, staffs agree with management. 68.3% strongly agree that customer base and market share of the bank has increased. The same percentage also agrees that competition has increased the profit margin of the bank. 56.1% agrees that competition has led to the bank in enhancing its customer service. Management reveals that, in order to maintain and encourage a certain segment of the customer base to access some of its services, it was forced to waive some charges the customer previously had to bear. A common one is the waiver in ATM charges. 73.2% of respondents agree that, the competitive nature of the industry has resulted in the increase in customer waiver of charges.

4.8 Complaint Management

Within the Ghanaian banking industry, complaints management has become an integral part of business, especially from a customer service standpoint. Simply stated, complaints management is the formal process of recording and resolving a customer complaint or grievance. It means listening to dissatisfied customers and taking actions to remedy issues they raise, where appropriate.

Figure 4.8 Ability to resolve complaints on schedule



Source: Field work, June 2011

Because loyal customers can raise profit significantly, it is important that their issues are addressed appropriately as soon as possible. An interview by the researcher elucidated how an effective complaint management can contribute to gain high customer loyalty and that BBG recognized the benefits and advantages of a customer-oriented complaint management.

BBG has a formal complaints-handling procedure in place. They encourage customers to deal with its various branches, or the business unit in which the problem originated. The bank's goal is to resolve these complaints at the branch level within Service Level Agreements (SLAs) which should not exceed a period not more than 72 hours of receipts of complaint. When this is unsuccessful, however, other options exist like escalating to the next level.

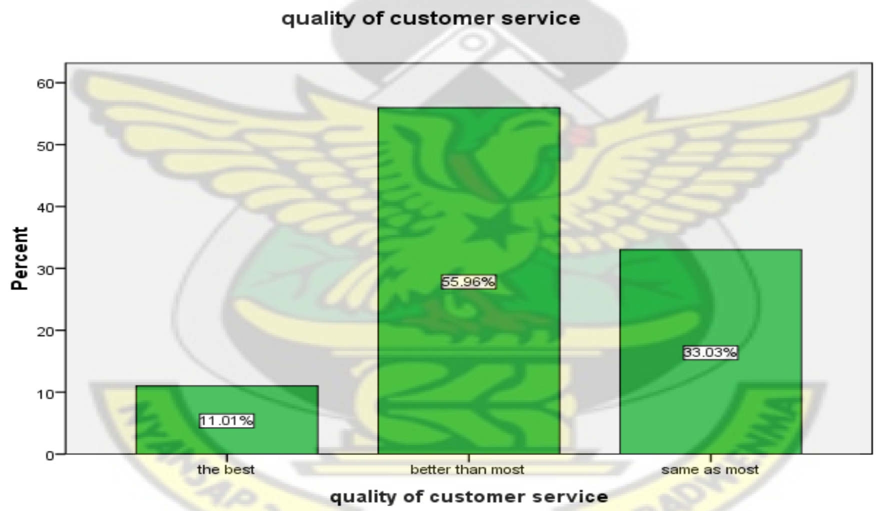
About half of the respondents believe that BBG's ability to resolve complaints is just about the same as every other player in the industry. This is not quite encouraging if the bank is to stay ahead of the competition because the competitive pressure on the bank market is very high.

However, about 41% and 10% also think that doing better and the best in the industry vis-à-vis its complaint handling procedures. BBG still have room to improve how to can handle customer complaints much better and can avoid frustrating complaint situations in future.

4.9 Service Performance

Service performance is about the level of satisfaction the banking services give to the customer. Service delight is now the philosophy of several progressive companies over the world. With this increasing emphasis on service delight and service quality, the banking industry in Ghana is becoming increasingly competitive. In this industry, for BBG to be successful, it needs more than just a competitive advantage in customer service. It needs to have unwavering loyalty from their customers. The key to providing superior service is to understand and respond to customer expectations. This is because customers compare perceptions to expectations when judging the quality of a firm's service offering (Parasuraman et al., 1988). It is important to note that, in Ghana's banking sector, there is a strong perception that almost all the banks offer virtually the same kind of products under different labels. The only key distinguisher that differentiates one product from the other in other banks is the service facet attached.

Figure 4.9Quality of customer service



Source: Field work, June 2011

Table 4.8a: The extent of satisfaction with Bank's services

Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Total Responses
It offers excellent services	23 (21.1%)	67 (61.5%)	18 (16.5%)	- -	- -	108 (99.1%)
Barclays understands my needs	- -	81 (74.3%)	28 (25.7%)	- -	- -	109 (100%)
It offers wider range of services	87 (79.8%)	4 (3.7%)	18 (16.5%)	- -	- -	109 (100%)
It offers tailored services to meet my exclusive needs	19 (17.4%)	62 (56.9%)	28 (25.7%)	- -	- -	109 (100%)
It is community minded/ socially responsible	23 (21.1%)	76 (69.7%)	10 (9.2%)	- -	- -	109 (100%)
Frequent staff training for improved service	11 (26.8%)	24 (58.5%)	- -	6 (14.6%)	- -	41 (100%)
Establishment of a corporate service centre to serve exclusively the needs of corporate clients	5 (12.2%)	36 (87.8%)	- -	- -	- -	41 (100%)
Introduction of service excellence centre	11 (26.8%)	30 (73.2%)	- -	- -	- -	41 (100%)

Source: Field work, June 2011

Table 4.8b: The extent of satisfaction with Bank's services

Item	Best	Better than most	Same as most	Not as good as most	Don't know	Total Responses
Branch proximity	39 (35.8%)	61 (56.0%)	9 (8.3%)	- -	- -	109 (100%)
Barclays offer innovative products or new products and services	10 (9.2%)	72 (66.1%)	27 (24.8%)	- -	- -	109 (100%)
It is easy to do business with the bank	9 (8.3%)	69 (93.3%)	31 (28.4%)	- -	- -	109 (100%)
Customers are treated as individual and help with their finances	13 (11.9%)	60 (55.0%)	36 (33.0%)	- -	- -	109 (100%)
Customers are given opportunity to complain	20 (18.3%)	59 (54.1%)	30 (27.5%)	- -	- -	109 (100%)
Barclays resolves complaints on schedule	11 (10.1%)	44 (40.4%)	53 (48.6%)	- -	- -	108 (99.1%)
The bank has modern-looking physical facilities	14 (12.8%)	94 (86.2%)	- -	- -	- -	108 (99.1%)
Bank's services are efficient and reliable	21 (19.3%)	41 (37.6%)	47 (43.1%)	- -	- -	109 (100%)
Barclays responds quickly to changes in the markets	9 (8.3%)	43 (39.4%)	47 (43.1%)	- -	- -	99 (90.8%)
Barclays provides high quality customer service	12 (11.0%)	61 (56.0%)	36 (33.0%)	- -	- -	109 (100%)
Barclays provides high quality of products	13 (11.9%)	49 (45.0%)	47 (43.1%)	- -	- -	109 (100%)

Source: Field work, June 2011

In order to ascertain that BBG services give maximum satisfaction, customers were asked to score the bank in various indicators relating to service activities. Table 4.8a and 4.8b gives the various indicators which majority points to favourable responses. For instance most respondents think BBG offers excellent services, offers wider range of products tailored to meet their needs, treats them as individuals, is a community minded bank and is easy to do business with.

It is quite a delight to note that, close to 56% of respondents believe that BBG is offering high quality customer service better than most of their competitors as against 33% who think customer service is at par to most of its competitors on table 4.8b.

To continually improve customer service, Table 4.8a gives an indication that there is frequent training of staff on customer service. This is in line with a mention from an interview by the researcher that customer service is a philosophy and culture of the bank and that all staff irrespective of whether customer-facing or not staff are to imbibe to improve turn-around time. The table also gives an indication in consonance with management's responses of an establishment of a corporate services centre and a service excellence centre. The corporate service centre is to give exclusive service to the bank's large corporate clients. The service excellence centre is to oversee the whole idea of better customer service. It provides support for staff by coming out with a weekly service circular (called the Service Telescope) outlining what extra service to give in the week and other service tips.

The expansion of branch networks was also a way of improving customer service by bringing world class banking to the doorsteps of customers as the bank puts it. It is to make service available wherever you find yourself. Staffs are always expected to meet and exceed customers' expectation with the introduction of mystery shoppers.

61.5% of respondents agree that BBG offers excellent services although 16.5% are uncertain. A remarkable 74.3% agree that BBG understands their peculiar needs whereas about 25% is uncertain. Close to 80% of customers of BBG strongly agree to BBG offering a wider range of services and about 60% agree that these services meet their exclusive needs. These responses cement the response gave by management that, product development team develops products with the customer in mind.

According to table 4.8b, 56% are satisfied with the bank's branches proximity, possibly owing to the bank's branch network expansion about 4 years ago. The vision of the bank then was "bringing world class banking to your doorstep". This seemed to have seen the light of day.

11.9% and 55% of respondents believes that BBG is doing best and better than most in that they are treated as individuals and are helped with their finances. 45% also believes that BBG is doing better than most in providing high quality products.

86.2% are comfortable with the bank's modern looking physical facilities and 12.8% thinks BBG is the best in this respect. With regards to efficient and reliable services, 19.3% thinks BBG is the best and 37.6% said it is better than most. However, 43.1% thinks BBG services efficiency and reliability are just about the same as most of its competitors. This calls for immediate attention if the bank does not have to be at par but ahead of the competition.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This is the final chapter. It presents a summary of the findings in chapter four and also the conclusion. It also makes recommendations as per the findings as well as suggestions for future research.

5.2 Summary of Findings

5.2.1 Level of Competition

The data and discussions presented in the previous chapter indicate that BBG operates in a highly competitive environment.70.7% of respondents strongly agree that the competition in the banking industry in Ghana is keen. This is as a result of favorable policies put in place by the central bank, BoG, which encourage new entrants. Responses indicated that 73.2% agree and 26.8% strongly agree. Every bank is fighting aggressively for a limited share of the market.

5.2.2 Customer Awareness

As a result of competitiveness in the banking industry, the customers have become so powerful when it comes to making choices between services/products and banks. Responses from the field indicate that, a significant 73.2% in table 4.5 agree that, customer awareness of banks' operations, products and services and their sovereignty has increased incredibly.Services that fall below expectation could easily warrant a switch from one bank to the other.

5.2.3 Areas of Competition

Management revealed that, areas of competition in the industry cuts across all aspects of banks' operations. However, areas that are highly competitive include pricing, products/services, customer assets mobilisation and growth, customer service and a focus on colleague agenda, i.e. staff remuneration and development.

5.2.4 BBG's Generic Strategy

According to management, the competitiveness of the atmosphere has led to BBG redirecting its attention towards its large corporate clients. The strategy the bank has adopted is termed as the focus or niche strategy. It is to enable the bank to direct more of its resources towards this group, thus offering them total quality service and as such, charge premium prices. However, one trait of this strategy is that, it always has a comparatively small market. Therefore, overtime, the market may not be enough to justify the bank's attention. It will be costly and difficult to operate when economies of scale come into operation.

5.2.5 Impacts of Competition

Competition has helped management of the bank to make positive decisions which has enabled the bank to have an increased customer base. Table 4.7 indicates that, 68.3% strongly agree and shares same with management over an increased customer base. The same number also strongly agrees the market share of the bank has increased. The competition has also resulted in a rise in revenue and an enhanced customer service.

5.3 Recommendations

The following recommendations are made:

5.3.1 Change of Strategic Direction

BBG should revisit and change its strategic future direction. It is a general knowledge that, the unbanked population in Ghana is far bigger than the banked. BBG should design products for the other segments in the market and thus, take advantage of the unbanked population.

5.3.2 A Refocus on the Colleague Agenda

Management alludes to the fact that BBG is also getting short of highly skilled employees in certain areas like sales. This is another area of immediate and future concern. BBG loses quite a substantial number of skilled and trained staff to other banks yearly. The labour market in the banking industry is very fluid resulting in the moving around of 'unsatisfied' staff. Staff remuneration should be improved and their personal development enhanced. The bank has room to increase its compensation to attract more highly skilled sales managers and still be as efficient as or even better than other banks and to keep up with current and future demands from customers.

5.3.3 A Refocus on Customer Service

Many employees of the bank are familiar with the concept of offering excellent customer service. It would seem quite logical to consider incorporating a re-focus on the improved customer service into the banks future strategic direction. In service industries, the subject of service quality remains a critical one as businesses strive to maintain a comparative advantage in the marketplace. Since financial services, particularly banks compete in the marketplace with generally undifferentiated products, service quality becomes a primary competitive weapon.

5.3.4 Improvement of IT Software

The bank lacks advanced software program for some customer facing staff. These need to be properly and immediately addressed. Even though has there has already been some commitment and dedication funding towards its software upgrade budget the project will have to speed up if BBG is to remain competitive in this field.

5.3.5 Price Differentiation

In order to be more competitive in the future, BBG must continue to find ways to differentiate itself from the competition. It is recommended that it does this through price differentiation as from the study, customers did complain that the bank charges are high. The banking industry in Ghana continues to grow as banks are able to compete with many new services. With the BoG's new directive for banks' capitalization base, more mergers and acquisitions are expected in the industry, and subsequently more expansions. The industry gradually will become more global in nature.

At present, BBG has a fair share of the market. However, it is important to note that, its market share is expected to increase year over year.

5.4 Conclusion

A general conclusion drawn from the study is that there is a high degree of competition in the banking sector. It is therefore becomes imperative for banks if they are to stay and win in the competition to clearly identify their distinctive capabilities or whatever that sets them apart from rivals.

The banking industry in Ghana is an attractive one. The majority of banks in Ghana have enjoyed considerable profits over the past several years. The government has also brought a number of interventions to make it attractive especially for new entrants. Every bank fights for a limited share of the market.

BBG is well positioned. Its position and size provides it with greater flexibility to adapt to changes in the market place. Moreover, BBG already has an international exposure and connections that few banks have in Ghana and few are also looking forward to develop.

BBG has competitive advantages in certain niche markets of the Ghanaian banking industry. Expertise in trade finance and equipment leasing, combined with an aggressive growth minded management and culture has contributed to BBG's profitable operations lately. Its long experience of relations with large corporate organizations has also contributed to this.

5.5 Suggestions for future Research

Based on the scope and limitations of the study I would recommend that in any future research, the researcher should extend the study to cover the whole of the country to include the other 9 regions.

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APPENDICES

APPENDIX A

STRUCTURED INTERVIEW GUIDE TO MANAGEMENT

1. Besides traditional functions what additional services are provided by BBG?

………………………………………………………………………………………

2. With respect to the list of services provided are there regulatory limitations that constrain BBG to offer some of them?

………………………………………………………………………………………
……

3. Are there regulatory limits on the ability of BBG to operate effectively?

………………………………………………………………………………………

4. Who are your competitors?

………………………………………………………………………………………
…

5. In geographic terms how wide is the market for the products of BBG? Are branches or location dependent? What is the willingness of customers to use distant branches?

…………………………………………………………………………………………
…..

6. Have there been any important regulatory changes that have fuelled competition?

…………………………………………………………………………………………
…

7. How does competition affect the operations of BBG?

…………………………………………………………………………………………

8. Please indicate how BBG has responded to competition over the years.

…………………………………………………………………………………………
…

9. What generic strategy is BBG using?

…………………………………………………………………………………………
…

10. How effective has the named strategy been to management?

…………………………………………………………………………………………
…

11. What are our core competencies? Is it our products, processes, distribution, etc

………………………………………………………………………………………………

12. What other market challenges do you think we could be facing as a bank?

………………………………………………………………………………………………

13. What other opportunities you think our bank has in the industry?

………………………………………………………………………………………………

14. How do we compare to our competition? (Considering factors such as current market share, product mix, price, delivery, quality, value-added services, technology, and ease of doing business).
15. Considering our current customers, do you think their needs could probably changeover the next few years?

………………………………………………………………………………………………

16. How will their changing needs affect the bank and the competition?

………………………………………………………………………………………………

17. In your honest opinion, do you think our customers are very satisfied with our products and are products price sensitive considering the competition?

…………………………………………………………………………………………

18. Is it very difficult or easy for new competitors to enter the industry?

…………………………………………………………………………………………..

19. What could possibly happen in your market niche that would drastically change the way business is done currently?

…………………………………………………………………………………………

APPENDIX B

QUESTIONAIRE TO STAFF

Dear Sir/Madam

You have been selected to respond to this questionnaire for the study of "Evaluation of Competitive Strategies in the Ghanaian Banking Industry, the Case of Barclays Bank of Ghana Ltd". You are assured that any information you provide is solely meant for the research and nothing else. Your response to the questions will be kept confidential.

Thank You.

SECTION A:

Please complete this section by ticking the applicable box

1. Gender

[ ] Male [ ] Female

2. Age

[ ]20 – 30years

[ ]31 – 40years

[ ]41 - 50years

[ ]51 – 60years

3. Number of years with the bank

[ ] 1 – 5years [ ] 6 – 10years [ ] 11 – 15years [ ] 16 – 20 years [ ] 21years and above

4. Which of the following best describe your current job position?

[ ] Lower Level Executive

[ ] Middle Level Executive

[ ] Senior executive

5. Number of years in the role

[ ] 1 – 5 years [ ] 6 – 10 years [ ] 11years and above

6. Please tick the department in which you work below

[ ] Human Resources [ ] Finance [ ] Retail [ ] Corporate [ ] Others: Specify……….

SECTION B:

Choose from the suggested list below your level of agreement to the following statement which indicates various competition drivers in the banking industry.

Details	**Strongly Agree**	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**	**Comments**
The degree of competition is high in the banking industry in Ghana						
BBG enjoys some sort of monopoly in the industry in Ghana.						
Your company charges higher rates/fees for their services among the other banks in the industry in Ghana						
Competition is good, do you agree?						

There has been pressure from the central bank (BoG) in recommending measures to fuel competition.						
The proliferation of banks in Ghana in recent times has fuelled competition.						
Increased customer awareness and sovereignty has brought about competition among players.						

Effects of competition to BBG

Details	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Comments
There has been increased customer base						
The market share of the bank has increased						
There has been a rise in revenue						
There has been enhanced customer service						
There has been increased of customer waiver of charges						
There has been increased profit margin						

Details	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Comments
Wider array of products have been						

developed						
Frequent staff training for improved customer service						
Charge higher fees to make profit.						
Charge lower fees to attract more customers.						
Expanded branch network						
Vigorous advertising campaign (outdoor, print and electronic)						
Establishment of a corporate service centre to serve exclusively the needs of our corporate clients.						
Introduction of a service excellence						

centre.						
Introduction of mystery shoppers to branches to improve customer service.						
Response to the competition through the massive expansion of branch network has been carefully matched with other resources such as IT infrastructure and human resources.						

APPENDIX C

Reaction to competition by BBG

QUESTIONAIRE TO CUSTOMERS

Dear Sir/Madam,

You have been selected to respond to this questionnaire for the study of "Competitive Strategies in the Ghanaian Banking Industry, the Case of Barclays Bank of Ghana Ltd.". You are assured that any information you provide is solely meant for the research and nothing else. Your response to the questions will be kept confidential.

Thank You.

Please choose the option that applies to you by placing a tick in the bracket of your choice. Please give only ONE answer.

Section A: Personal Data and History

1. Gender: 1. Male [ ] 2. Female [ ]

2. Age Group: 1. 16-25[ ] 2. 26-35 [ ] 3. 36-49 [ ] 4. 50+ [ ]

3. How many years have you been banking with Barclays?

1) 1-5 [ ]   2) 6-10 [ ]   3)11-15 [ ]   4)16-22[ ]   5)1-25[ ]   6) 26-30[ ]   7) 3135 [ ]   8) 36+ [ ]

4. Apart from Barclays which other banks do you have other accounts or operate with?

Please specify…………………………………………………….

5. Which of the following best describe your occupation?

1) Self employed [ ]   2) Professional [ ]   3) Student [ ]

4)Other   Specify-------

7. Which of the following best describes your level of education?

1) University and above [ ]

2) Diploma [ ]

3) Professional Training [ ]

4) Secondary Education [ ]

5) Middle School/ Basic Education [ ]

6) None [ ]

Section B:

When completing this section, please indicate how the following statements apply to Barclays in your opinion.

I chose Barclays because

Details	Strongly Agree (1)	Agree (2)	Uncertain (3)	Disagree (4)	Strongly Disagree (5)
1. It offers excellent services					
2.It understands my needs					
3.It offers wider range of services					
6.It offers tailored services to meet my exclusive needs					
7.It is community minded/Socially responsible					

Section C:

In your own opinion, please indicate how Barclays can be compared other players in Ghana on the statements below:

Details	The Best (1)	Better than Most (2)	Same as Most (3)	Not as Good as Most (4)	Don't Know (5)
1. Vigorous advertising campaign					
2. Ability of Barclays to respond to competition					
3. Branch proximity					
4. Introduction of innovative products/development of new products and services					
6. Fee charges for service provided					
7. Easiness to do business with					
8. Treating customers as individuals					
9. Helping customers with their finances					

10. Opportunity to complain					
11. Ability to resolve complaints on schedule					
12. The physical environment at Barclays branches					
13.Services are very Efficient and reliable					
14. Responding to changes in the market					
15. Quality of customer service					
16. Quality of products					