

The Role of Strategy in a Competitive Business Environment: A Case Study of Ecobank Ghana Limited

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Abstract

The financial systems in Ghana tend to evolve around the banking system. The banking sector is experiencing increased competitions in the new deregulated market. Competition in the banking sector matters for a number of reasons. Operating in the competitive banking environment is very challenging. Formulating a consistent strategy is an intricacy for many management teams, making that strategy work is even more complex. The aim of this study is to examine the role of strategy in competitive business environment. A case study research design was adopted for easy assessment of the role of strategy in a competitive environment. Ecobank Ghana Limited, the Pan African bank was adopted for the case study area. Both primary and secondary source data was used with a sample size of 320 respondents. Convenient sampling technique was used to collect data from Management of Ecobank. The study therefore found that the competitive strategies of Ecobank Ghana are effective and that the strategies have contributed to high financial performance of the bank. The impact of competitive strategies on the performance of the bank are increasing sales volume; profit efficiency, increase productivity, increase in ROE, businesses and sustainable growth increased market share, enhanced customer service and increased of customer waiver of charges. The study recommends that the bank should work hard to build and sustain its competitive advantage and be prepared for the next wave of market reforms and restructuring by applying new methods of information technology and upgrading the skills of staff and management.

Keywords: Strategy, Competitive Business Environment

INTRODUCTION

The financial systems in Ghana tend to evolve around the banking system. As the main financial intermediary, financial institutions such as banks ensure mobilization of savings from diverse sources and allocate the savings to more productive activities, benefiting not only investors and beneficiaries of the investments but the economy at large (Gulde 2006). An efficient banking system enables lower transaction cost and help bring together both the suppliers and borrowers of funds to transact business at minimal or no cost. Indeed, a banking system which efficiently channels financial resources to productive use is a powerful mechanism for economic growth (Levine, 1997).

In order to ensure the continuous improvements, efficiency performance, and higher productivity of the banks and the banking sector, there is the need for financial sector reforms within the banking industry to regulate both banking. In line with this for instance, Bank of Ghana implemented several policies/measures over the last decades. Notable examples include: The financial liberalization and institutional reforms initiated by the International Monetary Fund (IMF) (Mathieson & Roldo, 2001) and World Bank (Demirguc-Kunt 2004) which resulted into the implementation of the Economic Recovery Programme (ERP) in April 1983, with the aim of liberalizing the economy from controls in order to enhance productivity in the economy. The Financial Sector Adjustment Programme (FINSAP) in 1988, which was aimed at addressing the weaknesses in the banking industry, restructuring the public sector banks in 1989, the Universalism of the banking sector, the Increase in banking minimum paid-up capital, and the opening up the banking sector to foreign banks. These measures and policies implemented were aimed at liberalizing the banking sector to allow for competitions within the sector. The banking sector is experiencing increased competitions in the new deregulated market. Competition in the banking sector matters for a number of reasons. As in other industries, the degree of competition in the banking sector matters for the efficiency of production of financial services, the quality of financial products and the degree of innovation in the sector. In this regard banks have to recognise their competitive strategy in order to have a competitive edge and secure their position in the market (Naoum 2001). Therefore, strategy needs to play an important role in order for the banks to gain competitive advantage in the market. It is against this background that this study is being conducted on the role of strategy in a competitive business environment using Ecobank Ghana Limited as a case study.

Problem Statement

Since Ghana embarked on its financial sector reforms of liberalizing its domestic banking sector, the intent has

been one of changing the competitive landscape of the sector in order to increase efficiency and the competitiveness of the individual banks operating within the sector and the banking sector as a whole. Greater competition is needed for a number of reasons namely to enhance the efficiency of financial services, to help stimulate innovation, to contribute to stability and for an organisation to survive within the industry. Companies are however struggling and it needs to adopt a strategy that will give it competitive advantage over the rivals. Operating in the competitive banking environment is very challenging. Although formulating a consistent strategy is an intricacy for many management teams, making that strategy work is even more complex. It is thus not surprising that, after a comprehensive strategy is formulated, significant difficulties usually arise from internal and external environment challenging the implementation process (Hiebiniak, 2006).

In spite of the keen competition in the banking sector, Ecobank continues to chuck successes. The bank over the past decade has won several awards in different categories including “Bank of the Year” for five consecutive years. Recently, the bank is experiencing growth and is widening its market share, of which the bank is now the biggest bank in the country in terms of assets and profits following the acquisition of The Trust Bank (TTB) (PricewaterhouseCoopers, 2012). This study however seeks to investigate the role strategy plays in the banking environment hence a case study on Ecobank and how it has been able to attain and maintain its market share in terms of assets and management of funds.

Strategies are meant to bring satisfaction to customers so that the bank in return will reap high sales and profitability. The kind of strategies and extent to these strategies put Ecobank Ghana ahead of its competitors warrants an extensive study. This study seeks to establish the role that strategy plays in a competitive banking environment

Objectives of the Study

The general aim of this study is to examine the role of strategy in competitive business environment. The specific objectives are to:

- Identify the Strengths, Weaknesses, Opportunities and Threats (SWOT) of Ecobank Ghana Limited.
- Analyse the strategies used by Ecobank Ghana Limited to gain competitive advantage.
- Evaluate the effectiveness of the strategies adopted by Ecobank Ghana Limited in its dealing with competition.
- Determine the impact of competitive strategies on the performance of the bank.

Justification

The study contributes to policy and existing knowledge on the use of strategy in competitive banking industry in several ways. It seeks to provide comprehensive knowledge on the competitive nature of the banking industry in Ghana. This will help the key players in the industry to strengthen their position and, in the process, help stabilise the Ghanaian economy. Also, the study will offer useful module to managers in terms of improving on performance efficiency, stability, and strategies of addressing their challenges in the light of the keen competition. The beneficiaries of this study will be the management of the case study area.

Scope of the Study

The study focuses on the role of strategy in the competitive banking industry in Ghana. It thus needs to involve all the players in the banking sector. Due to the time constraints, Ecobank Ghana Limited –Accra and Kumasi, has been purposely chosen because it is a one stop shop that is, it does not only do retail and normal banking but also manages funds and investment and hence it large base in assets and management of funds. Hence the need for competition is critical to its success. It will therefore be attention-grabbing to examine the role of strategy in a competitive business environment hence a case study on Ecobank Ghana Limited.

LITERATURE REVIEW

Strategy is the determination of the basic term goals and objectives of an enterprise, and the adoption of course of action and the allocation of resources necessary for carrying out those goals Chandler (1962). In Chandler definition of strategy, he attempts to view that strategy is as much as about defining goals and objectives as it is about providing the means for achieving them. Strategy is a broad based formula for how business is going to compete (Porter 1980), that is, what its goal should be, and what policies will be needed to carry out these goals. Johnson and Scholes (Exploring Corporate Strategy) define strategy as "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 fulfil *stakeholder* expectations".

Types of Strategy

Strategies exist at several levels in any organization – ranging from the overall business (or group of businesses)

through to individuals working in it.

Corporate Strategy – is concerned with the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business. Corporate strategy is often stated explicitly in a “mission statement”.

Business Unit Strategy – is concerned more with how a business competes successfully in a particular market. It concerns strategic decisions about choice of products, meeting needs of customers, gaining advantage over competitors, exploiting or creating new opportunities etc.

Operational Strategy – is concerned with how each part of the business is organized to deliver the corporate and business-unit level strategic direction. Operational strategy therefore focuses on issues of resources, processes, people etc.

Mintzberg (1991) sees strategy as 5 P’s – plans, ploys, patterns, position and perspective. He describes a plan as ‘some sort of consciously intended course of action’. In this situation organizations are expected to decide what they want to do and how they intend to achieve it. Failure of many organizations in recent time has been attributed to poor plan.

A ploy is a sub-set of a plan, and is a strategy in the sense of a strategies (i.e. a ruse or trick designed to put a rival company off the sent by disguising the real intention of the company).

Mintzberg (1991) describes pattern as the consistent behavior and processes that emerge from strategic thinking, due to intended or unintended actions. He sees plans and ploys as deliberate strategy use by an organization, but considers pattern as emergent strategies.

According to Mintzberg position is acceptable location for the organization in an environment. In business organization position boils down to its product market position in its chosen market. Perspective is looking inside the organization. Any of business organization with high degree of perspective approach will have management that have shared view and vision and make a positive impact on the environment where it operates.

Strategy is needed to focus effort and promote coordination of activities. Without strategy an organization becomes bunch of individuals, hence strategy is required to ensure collective actions and concentration of efforts towards achieving organizational plans and objective.

Johnson and Scholes (1993) view corporate strategy from cultural perspective, they described it as a strategy based on the experiences, assumptions and beliefs of management overtime and which may eventually permeate the whole organization. An organization strategic management has its ultimate objective in the development of its corporate values, managerial capabilities, organizational responsibilities and operational decision making at all hierarchical levels and across all business and functional lines of authority.

According to Child (1972) strategic decision making is seen as a crucial part of the process by which organization adapt to their environments. It is argued that those decisions that actually succeed in creating or changing organizations do so via complex iterative process, which strategy theorists subsume under the concept of strategy implementation.

Importance of Strategy

Strategy of an organisation is the unique position that an organisation aims in the market to gain competitive advantage (Naoum 2001). Strategy is derived from the vision and mission of the organisation. In this, organization has to analyze how a company can adapt themselves with the changing market scenario. Organization needs to do internal as well as external appraisal and based on that strategies should be built upon the following.

Strategic decisions concern with the whole organisation and require significant resources. Organizational strategy requires intellectual ability, knowledge, and skills to make the strategies in such a way so that they can deal more effectively with the competitive market conditions, it should be of long term in nature (King & Cleland, 1987).

Top managers have to analyse strategies that have been made to fit with the **organization goals and objectives** and providing them a unique feature that helps in building a competitive advantage, strategies should be such that it will provide some benefit to the organization (Rothwell 2010). Optimum utilization of resources that means maximum output with minimum input, helps in building a competitive advantage that would be able to find out company’s current position in the market.

Organization has to identify the future threats and opportunities and then do appraisal of current strengths and weaknesses based on that strategies should be made. Strategies must align with the purpose and motives of the organization and should focus towards the ultimate vision (Dressler 2004). Before starting any company it must have the clear picture of its vision or mission because they have resources, manpower but to

utilize in an efficient manner organization needs to form strategies.

Clear perspective: To make the strategies sound and successful, organization must have clear defined goals and put the strategies on the right path. All the strategies, when transferred to the members in the organization they mutually focused towards the goals.

Forecasting: Organization must have the capability to forecast the accuracy of its goals so that they can formulate the strategy in a better way (Ronald 2002). On the basis of strategy company can work for a long time by anticipating the future needs of the customer and the market.

Flexibility: To build the competitive advantage organization must have those types of strategies that can be able to face the future challenges and can be modified according to the environment. Some of the organizations disappear due to their poor strategy formulation (Edwards 2007).

Cooperation: Effective strategy translation in all the departments generates better communication. Goals and strategy of the organization should be such that it needs a mutual cooperation of all the members towards its achievement (Pettigrew, Thomas, & Whittington 2006).

Decision making: Organizational Strategy is based on the future assumptions and the upcoming threats and opportunities, according to that organization makes a sound decision and further it helps in achieving the goals efficiently.

Planning: Strategies help in formulation of plans, after making the strategies the organization can make the plans about what to do, how to do, when to do it, and also putting the right members on the right place while working in the organization.

Competitive Advantage

Competitive advantage is a management concept that has been so popular in the contemporary literature of management nowadays. The reasons behind such popularity include the rapid change that organizations face today, the complexity of the business environment, the impacts of globalization and unstructured markets, the ever changing consumer needs, competition, the revolution of information technology and communications, and the liberation of global trade despite the fact that interest in this subject has started many decades ago, it was not till the 60's of the twentieth century that the concept has spread out when Edmund Learned & Kenneth Andrews described SWOT analysis denoting strength as a competitive advantage (Schendel, 1994:1).

Kotler also defined competitive advantage as an organizational capability to perform in one or many ways that competitors find difficult to imitate now and in the future (Kotler, 1997:53; Kotler, 2000). Nevertheless, Porter recognized competitive advantage as a strategic goal; that is a dependent variable and the reason behind this is that the good performance is related to achieving a competitive advantage (Read & Difillipi, 1990:90).

Others see competitive advantage as an ability to produce products or offer services different to what competitors do, by utilizing the strengths that organizations possess so as to add value in a way that competitors find it difficult to imitate (Pitts & Lei, 1968:68). It must be noted that competitive advantage is a relative quality that organizations claim to possess through which organizations can exceed their rivals' performance, and achieve long lasting benefits as perceived by clients.

It is believed that the framework presented by Michael Porter is one of the most well-known tools that is used in theoretical as well as empirical research, since it pays attention to all activities carried out by an organization with respect to its external environment.

Competitive Dimensions

One of the organizations' major concerns is to care about customers' needs and wants and transform such needs and wants into targeted aptitudes or areas called "*competitive dimensions*". These dimensions that organizations focus on and show great interest in, while providing services and products so as to meet market demand, can help organizations achieve competitive advantage (Krajewski & Ritzman, 1999:33). These competitive dimensions, as claim by Krajewski & Ritzman, (1999:33), are four: *cost, quality, time, and flexibility* which are defined and explained in the following sections.

Cost

Organizations must make some kind of compromise between the cost and the characteristics of their products and services. In general, most organizations choose to cut total cost by stripping fixed costs and applying continuous control on raw materials, reducing employee compensation rates, and by achieving higher levels of

productivity (Dilworth, 1992:50).

Quality

Quality can be achieved by adding unique attributes to products to enhance their competitive attractiveness so as to benefit customers in the final stage (Best, 1997, 159). Also, quality can be achieved through a couple of dimensions such as the quality of design which means to adapt product design to its function (Adam & Ebert, 1996:47), and the quality of conformity which stands for the organizational capability to transform inputs to conformable outputs (Hill, 1993:35) or outputs in accordance to the specific design characteristics, and the focus on quality will be reflected in competitive advantage and profitability of the organization.

Time

Organizations can consider the time factor to compete among each other. Delivery time can be a source of competitive advantage when organizations try to reduce the period of time between receiving and accepting customer orders and provisions of products or services to customers (Stonebrake & Leong, 1994:53). It is also a measure of the organizations' adherence to delivery schedules agreed upon with customers. The speed of product development also refers to the time factor; that is the time period between product idea generation till achieving the final design or production (Evans, 1993:120).

Flexibility

Flexibility can be viewed as the ability of the processes to switch from one product to another or from one customer to another at the least cost or impact. Flexibility also can be defined as the ability to adapt the production capacity to changes in the environment or market demands (Evans, 1993:120). Flexibility also encompasses product flexibility in the first place which is defined as the ability of the organization to trace changes in consumers' needs, tastes and expectations so as to carry out changes in product designs. The second flexibility has to do with volume which stands for the organization's capability to respond to changes in consumer demand. It is believed that such flexibility can yield benefits such as introducing new products along with product variety, and controlling volume and delivery time (Stack et al, 1998:59).

SWOT Analysis and Competitive Advantage

It is wise to think that using organizational strengths to build a competitive advantage does not require thorough external environmental analysis. The fact is that whether an organization is strong or weak is a relative measure with comparison to its external domain (external environment). It is widely proven that organizations can achieve a competitive advantage by relying on organizational strengths and interacting with the strategic choice so as to make use of opportunities and avert threats or override weakness or both.

One can assume that organizational environment is composed of many elements which organizations deal with and form complex cause-and-effect type of relationships with Environment can also be divided into two categories. The first category implies the external environment which contains all changes that take place outside the organizations' boundary such as economic, political, cultural, and technological changes upon which organizations have little impact.

The second category has to do with internal factors within an organization in various areas such as management, culture, finance, research and development, staff, operational efficiency and capacity, technical frameworks, and organizational structure.

SWOT analysis refers to the process through which decision makers develop their awareness of organizational environments so as to influence performance now and in the future Naryanan & Nath, 1993:197). SWOT analysis can help organizations develop an early alarming system that take into considerations all necessary preparations before possible threats rise, and implement capable strategies to face such threats and minimize their negative consequences.

In this regard, Thompson suggests that strategy makers should consider the following scheme while implementing SWOT analysis

- Determining the most important factors and reasons for selecting such factors.
- Forecasting changes that might influence the mentioned factors
- Aligning of all forecasts.
- Undertaking reality and honesty in assessing competitors' strengths and weaknesses as well as their own organization.

Environmental diagnosis refers to the process of predicting the importance of information we get out from SWOT analysis (Glueck & Jauch, 1988:137). This process is subject to the influence of two factors. First, the characteristics of strategy makers; which include their experience, ambition, perception style, and the psychological state during the diagnosing operation. Second, the nature of strategy makers' type of work which includes time pressure and work tension, availability of organizational resources, the importance of decision

making, the abundance of time allocated to this function, and whether managers are occupied with other activities or not.

Threats and Opportunities

Literature definitions of threats and opportunities are viewed in the following two sections.

Threats

A threat is defined as any improper event or force in the external environment that causes harm to the organization's strategy (Rowe et al, 1994:199). It also can be viewed as a challenge caused by a negative attitude inconsistent with the organization's common norms.

It is also a set of conditions, resources and capabilities that organizations need or pressured to work with, but cannot influence or have control over it.

The above mentioned threats and opportunities can achieve the following results (Kotler, 1997:82).

- Ideal activities tend to have high states of opportunities and low states of threats.
- Risk activities tend to relate to high states of threats and opportunities.
- Mature businesses are low in risks and opportunities.
- Turbulent environments are low in opportunities and high in threats.

Opportunities

Opportunities are defined as a set of conditions suitable for achieving goals at the right time (Webster's, 1988:950). Thus opportunity is a positive state that gives organizations some kind of relative advantages, or an environmental approach that positively influences firm's profits.

According to Peter Drucker, opportunities can be divided into three types: added opportunity where investment in this type does not impact the nature and characteristics of the organization such as using the available resources to expand, where revenues from this type of investment are limited. The second type is the supplementary opportunity where organizations have to acquire new knowledge to take advantage of this opportunity. The third type is the explosive opportunity where organizations must own huge capital to spend on R&D. By exploiting such opportunities organizations must carry out tremendous changes in organizational standards and attributes.

Strengths and Weaknesses

Strengths and weaknesses are viewed as results of factors and variables that can be controlled within organizations which may be good or bad. If results are satisfactory, then this will reflect the strength of one organizational factor or more; while if they are poor and unsatisfactory, then this will prove that some organizational factors are weak

Strengths

It represents the internal power that an organization possesses to compete against its rivals (Sharplin, 1985:54). It also represents organizational capabilities and internal positive attitudes that enable organizations possess strategic power to achieve organizational goals, (Higgins, 1986:32). While others view organizational strengths as skills and abilities that enable organizations set out and implement their strategies so as to outperform their rivals (Barney & Griffin, 1992:216).

Weaknesses

Weaknesses represent organizational aspects that negatively impact product and / or service value with regards to customers or competitive environment (Stall, 1995:176). Weakness also represents shortages in internal capabilities that make organizations unable to achieve their goals or lose their competitive advantage (Cooper, 1985:82).

Assessing Competitive Business Environment

Porter (1980) uses Five Forces Model in assessing the competitive business environment. The model attempts to address key strategic issues in a wider scope. Many of the issues mentioned in the model, including the forces and the management of those forces, are relevant to the banking sector as well as any other service-oriented business. Michael Porter provided a framework that models an industry as being influenced by five forces (Porter, 1980). Figure 2.7.1 provides details of the framework.

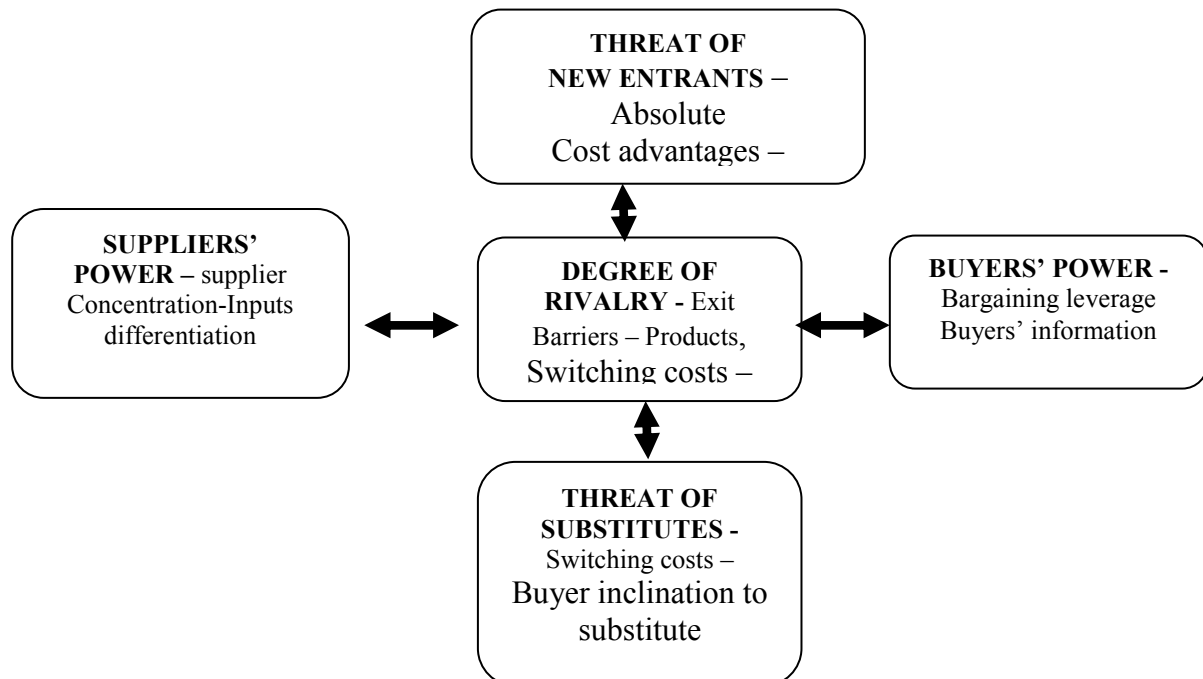


Figure 2.7.1: Porter's Forces Framework
Source: Porter, (1980)

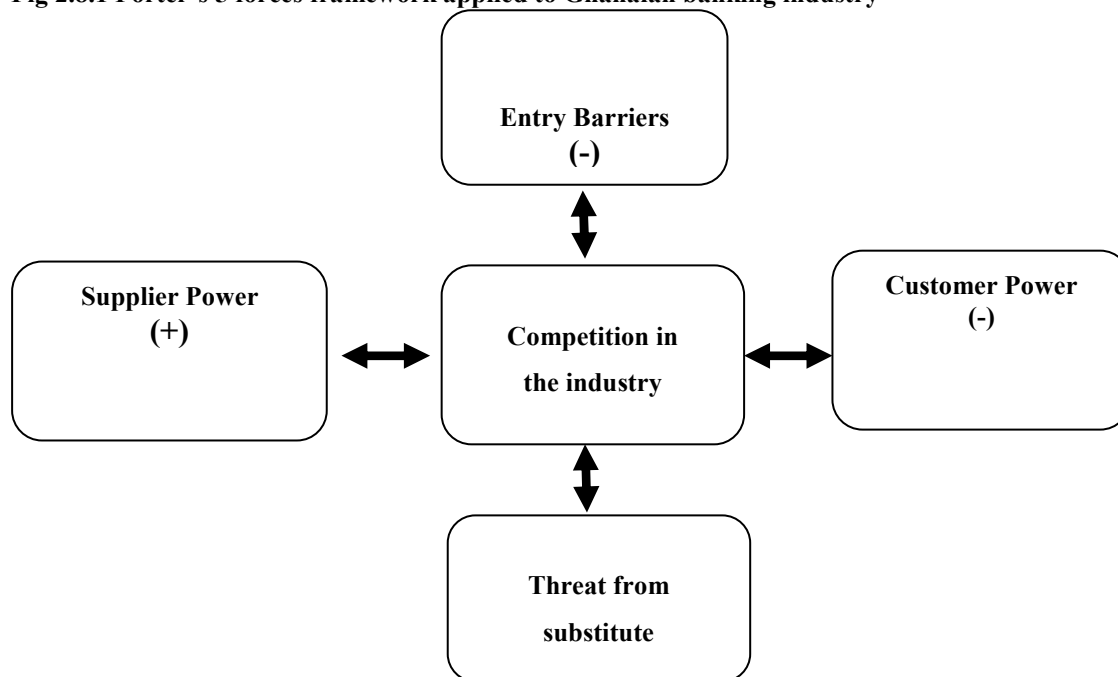
It is a model of pure competition, which implies that risk-adjusted rates of return should be constant across firms and industries. However, numerous economic studies have affirmed that different industries can sustain different levels of profitability; part of this difference is explained by industry structure. Any strategic business manager seeking to develop an edge over rival firms can use this model to better understand the industry context in which the firm operates. The manager can then use the analysis as a basic tool for strategic decision making for the current situation or future.

Testing Levels of Competition in the Ghanaian Banking Industry

According to Porter's 5 Forces Model, the level of competition in an industry is determined by the interaction of five main forces: existing competitive rivalry between suppliers, supplier power, customer power, entry barriers, and threat from substitute products. Porter have attempted to move the understanding of industry competition from a static economic or industry organization model to an emphasis on the interdependence of forces as dynamic, or punctuated equilibrium, as Porter terms it. In Schumpeter's and Porter's view the dynamism of markets is driven by innovation. The Ghanaian banking industry is equally facing a lot of dynamism and the dynamics will keep on changing over time at an increasing speed.

The banking industry in Ghana has undergone a lot of transformation over the past two decades due to policies implemented under the financial sector reforms. The number of banks has increased due to easy entry and exit. This has resulted in the diminishing of supplier power while customer power has increased due to increasing customer sophistication and knowledge as well as more banks available to customers to decide which bank to do business with. The industry has also witnessed increasing innovation and the threat from substitute products is eminent. Thus according to Porter's 5 forces model, one would expect competition in the industry to heighten. Porter's 5 forces framework is depicted in Fig 2.8.1 below.

Fig 2.8.1 Porter's 5 forces framework applied to Ghanaian banking industry



As at March, 2012, there are 29 banks, which are recognized and licensed to operate in Ghana (Bank of Ghana, 2012). There is clear signal that the increase of the number of banks within the industry is fast and in any case there is now a great struggle for banks to create and maintain a good market share. Though there might be an increase of the number of customers, but that cannot dilute the fact that there is a tension of competition between the existing rivals in the industry.

2.8.1 Entry Barriers

As a result of deregulation in the banking sector has created for the prospective new entrants to enter thereby making the industry a favorable condition. Therefore for the analysis based on the existing full-fledged banks in the industry, to them, this force bears a negative sign (-).

2.8.2 Threat of Substitute Products

Though there are 5 regional unit banks, 5 financial institutions and 102 bureau de change operators, there are some features and products of which they can only be obtained from the fully-fledged banks. These include broad network of operations, Current account, Fixed Deposit, etc. For this reason, this force is favorable to the full-fledged banks. It therefore bears a positive sign (+)

2.8.3 Bargaining Power of Suppliers

The core business of the banking industry is 'service' which mainly focuses on safety of wealth. The suppliers do provide some tangibles like cheque books, furniture, etc. the impact of this in business is not significant since they are not really like the raw material. Therefore this is a favorable force in this industry hence it bears a positive sign (+).

2.8.4 Customer Power

Having the whole range of players apart from the full-fledged banks, it is evident that customers can move within the 29 operators as full-fledge banks and can also decide to switch to any banks or financial institutions. Their choice can even extend to the nature of the product. With this concentration the bargaining of customers always goes high before customers start looking on a differentiated service. Therefore, to the full-fledged banks within the industry this is an unfavorable condition, hence bearing a negative sign (-).

In assessing the level of competition in the Ghanaian banking sector, in 2010 there were 26 banks in the industry of which the total market share of six largest banks in Ghana in 2010, thus, Ghana Commercial Bank, Barclays Bank Ghana, Ecobank Ghana, Standard Chartered Bank, Stanbic and Merchant Bank constituted 54.1% (Pricewaterhouse, 2011). This means that the six largest banks mobilised 54.1% of the total industry deposits. Theoretically, industries in which the concentration ratio is under 50% are considered effectively competitive (Aboagye-Debrah, 2007). According to Aboagye-Debrah (2007), industries in which the concentration ratio is at least 50% but less than 70% as the case of Ghana, the industry is considered as weak oligopolies (the other twenty banks still command 45.9% and a situation where the ratio is more than 70% are considered as strong oligopolies which means that the banks in the industry have a greater ability to influence the price. This therefore means that the industry is competitive and cannot be commanded by only the largest banks.

According to Aboagye-Debrah (2007), the second issue after the incidence of competition is to ascertain the intensity of competition. Competition often intensifies with the entry of new entrants or suppliers into a market that is not expanding proportionately. The market concentration shows how competitive the industry is. If a market is very competitive it is expected the concentration ratio to be low as participants strive to acquire a sizeable share of the market thus leading to efficiency. The table below shows the share of the industry deposit.

Table 2.8.1 Share of Industry Deposit

Banks	2010	Rank	2009	Rank	2008	Rank	2007	Rank
GCB	13.1%	1	13.3%	1	14.8%	2	16.3%	2
BBGL	10.6%	2	12.1%	2	15.7%	1	18.6%	1
EBG	9.9%	3	10.5%	3	8.7%	4	8.9%	4
SCB	9.1%	4	8.9%	4	9.9%	3	10.5%	3
Stanbic	6.0%	5	6.2%	5	4.9%	5	4.8%	8
MBG	5.4%	6	5.4%	6	4.2%	9	5.8%	5
ZBL	4.6%	7	4.9%	7	4.4%	6	2.6%	11
ADB	4.4%	9	4.5%	8	4.2%	9	4.9%	7
SG-SSB	4.1%	10	4.1%	9	3.9%	10	5.1%	6
Intercont	3.4%	11	3.5%	10	3.5%	11	1.5%	18
ABL	3.1%	12	3.2%	11	3.4%	12	2.3%	12
Fidelity	4.5%	8	3.1%	12	2.4%	17	2.2%	14
CAL	2.4%	16	2.9%	13	2.3%	16	2.3%	13
FAMBL	1.2%	21	2.7%	14	4.4%	7	1.8%	15
PBL	2.8%	13	2.7%	15	2.6%	13	3.2%	9
TTB	2.3%	18	2.4%	16	2.3%	15	2.8%	10
UBA	2.6%	15	2.1%	17	2.3%	14	1.6%	16
UGL	2.7%	14	2.0%	18	1.2%	20	1.0%	20
GTB	2.4%	17	1.9%	19	2.1%	18	0.6%	21
HFC	1.5%	19	1.5%	20	1.4%	19	1.5%	17
ICB	0.9%	22	0.9%	21	1.0%	21	1.1%	19
UTB	1.5%	20	0.9%	22	0.3%	22	0.4%	22
BSIC	0.4%	24	0.2%	23	0.1%	23	0.0%	23
ABG	0.8%	23	N/A		N/A		N/A	
Baroda	0.3%	25	0.1%	24	0.0%	24	0.0%	23
NIB	N/A		N/A		N/A		N/A	
Industry	100%		100%		100%		100%	

Source: Pricewaterhouse, 2011

The performance of the banking system over the year has continued to be strong with buoyant asset growth and improved to be profitable. The sector witnessed some structural changes with reduced concentration and intensified competition for market share and expansion in branch network. GCB, BBGL and EBG maintained their respective rankings, as largest deposit holders. However, entrants to the industry are gaining ground. In the four years as seen in the table above they have maintained a market share of 43% in 2007 has eroded to 33% in 2010.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The following findings were revealed:

SWOTS

- The study found that the strengths of Ecobank Ghana Limited are strong financial resources; good position to attract more customers; strong network of regional and international correspondent relationships; largest bank in Ghana; young dynamic and well trained staff; world class Pan African Bank; products tailored to customer needs; qualified and experienced staff; wide network with a good branding; leading in information technology; strong customer based; management commitment; strong teamwork and motivated staff.
- The study also revealed that the weaknesses of Ecobank Ghana Limited are operational challenges and complacency as having largest market share.

With regards to opportunities availing to Ecobank Ghana Limited, the study found that the opportunities are political stability in the country; the bank being ahead of other banks in terms of doing business in Africa; the bank being well placed with a good and assured customer base from the level of the government and the public sector business; availability of modern telecommunication systems and

technology will facilitate the e-banking improvement and strengthening of the Bank's international business; oil and gas transactions; mortgage investments; many patriotic Africa nationals will do business with Ecobank due to Pan-Africanism and potential to move to higher heights, coupled with the fact of winning the best bank award for five consecutive times.

- Threats of Ecobank Ghana Limited are competitive banking industry; foreign banks entry into the industry; lowering of prime rate by the Central Bank; poaching of employees by other banks rising inflation and increasing trends in cyber-crimes.

STRATEGIES

The study further found that the strategies used by Ecobank Ghana Limited to gain competitive advantage are as follows:

- **Cost strategies variables:** - Effective information systems; implementing cost control mechanisms; reducing cost in operation management; prudent procurement and increasing productivity
- **Differentiation strategy Variables:** - Unique brand identification; skilled and competent staff; high quality service; competitive pricing and deliver services timely
- **Innovation strategy:** - Technical and managerial expertise; it advancement; competence in technology and process; innovation in operation mechanism and innovation in finance
- **Strategic alliance strategies:** - Merger and acquisition; partnering with customer on a long-term basis; outsourcing; cooperation with reliable suppliers.

EFFECTIVENESS OF COMPETITION

Also, the study revealed that the competitive strategies of the bank are effective and that the strategies have contributed to high financial performance of the bank.

PERFORMANCE

Finally, the study found that the impact of competitive strategies on the performance of the bank are increasing sales volume; profit efficiency, increase productivity, increase in ROE, businesses and sustainable growth increased market share, enhanced customer service and increased of customer waiver of charges

CONCLUSION

The study sought to examine the role of strategy in a competitive business environment using Ecobank Ghana Limited. The analysis looked at Ecobank's performance in order to identify its strengths and weaknesses. Apart from maintaining its position as the 1st largest bank in Ghana, the bank still remains competitive in the banking industry. Ecobank Ghana's share of total industry deposits increased and the bank's deposit mobilization strategy is targeted at ensuring that the bank is always self-funding at the cheapest possible cost.

Ecobank Ghana remains a profitable and financially sound bank with a solid profitability growth in spite of the increasing competitive environment. Revenue lines have experienced positive growth despite the increasing competition. Strategy therefore played an important role in this regard.

Without strategy an organization becomes bunch of individuals, hence strategy is required to ensure collective actions and concentration of efforts towards achieving organizational plans and objective. Strategy as plan, ploy pattern, position and perspectives defines the organization by providing proper understanding of the organization to the people and a way of differentiating it from others. Strategy provides consistency and stability. It resists changes thereby ensuring consistency which gives a sense of being in control to the management and relief from the anxiety created by complexity. Strategy is a broad based formula for how business is going to compete (Porter 1980).

The study therefore concludes that the competitive strategies of Ecobank Ghana are effective and that the strategies have contributed to high financial performance of the bank. The impact of competitive strategies on the performance of the bank is increasing sales volume; profit efficiency, increase productivity, increase in ROE which enhances customer service.

Recommendations

In view of the findings of the research the following recommendations are made:

- To possess and sustain a competitive advantage, Ecobank Ghana should take great care of carrying out SWOT analysis on a continuous basis.
- The study recommends that the bank should work hard to build and sustain its competitive advantage and be prepared for the next wave of market reforms and restructuring by applying new methods of information technology and upgrading the skills of staff and management.
- Mergers with or acquisitions of other banks is also recommended since there are a large number of local

banks. The acquisition of TTB accounting to the study proved successful.

- It is also recommended that the bank should seek to building new capabilities and competition awareness and that should also be the driving force for further service development and business partnerships.
- Customer service and turnaround time should be greatly improved to make banking easy, quick and convenient. Modern queue management systems should be employed to render excellent services to customers. The bank needs to train staff, particularly those at the frontline to be more customers - friendly and focused so as to meet and exceed the expectations of customers.
- The bank's ICT infrastructure should be regularly reviewed and updated to ensure that they are using the most efficient technologies on the market.
- It is highly recommended that the bank retains a well-motivated staff with proper conditions of service and a good pay package since they are the resource tasked with the duty of carrying out any policy and strategy to help it stay in competition, they should organize proper training modules to upgrade the staff to help them acquaint themselves with modern trends in banking operations.

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