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International Expansion of Nigeria Banks: Constructing the Winning Business Model in Sierra Leone-A Case Study of Guaranty Trust Bank

BY
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DECLARATION

I understand the nature of plagiarism, and I am cognizant of the University of Liverpool's policy on this. I confirm that the work in this dissertation and the results herein were originated by me during the course of the research conducted for the purpose of my dissertation to complete the studies for a Master of Business Administration degree except that:

The anonymity of the questionnaire participants or interviewees has been protected and paraphrasing of responses was frequently utilized. Even though anonymity was protected, careful documentation of the questionnaire results and the interview dialogues were recorded.

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ABSTRACT

The research study is aimed at examining the degree to which Business Model adopted impact corporate performance particularly in a low-income economy, identify the Business Model variables and suggest the best Business Model to operate in Sierra Leone. Exploratory research was conducted on Guaranty Trust Bank (SL) Ltd with findings compared and contrasted with that of notable competition, United Bank for Africa and Zenith Bank.

The aim of the research was to facilitate understanding of the factors responsible for the successes recorded by the subsidiaries of Nigerian banks in one location and how these success factors could be replicated in other subsidiary locations. The research entailed gathering of qualitative data from the senior executives of these banks and quantitative data from the financial performances of the banks over a three-year period. The analyses of the qualitative and quantitative data were used to test the viability of the Business Models adopted by the sampled multinational banks based on identified features inherent in a viable Business Model.

The study found that the competitive advantage of case study bank was due to the effectiveness of its Business Model in terms of alignment with the goals of the organization, reinforcement, virtuousness, and robustness. The study also revealed that the characteristics of an organization and inherent resources could be evaluated and assessed from the Business Model features and structured to deliver optimal results. The study demonstrated that a well-crafted Business Model is capable of providing a competitive advantage even in low-income economy and aid the replication of success in one location to another.

The research findings provide practical implications to guide businesses in the designing of the most appropriate Business Model for optimal performance. The research study can help business leaders to develop a template for driving performances in their organizations, communicate performance actions and monitor performance objectives.

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TABLE OF CONTENTS

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/IJISRT24JUL586

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/IJISRT24JUL586

LIST OF TABLES

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CHAPTER ONE
INTRODUCTION

The past decade and a half have witnessed the emergence of many homegrown emerging market multinational corporations (MNCs). Notably, these companies have carved a niche in the local Nigerian market and have rapidly expanded their international operations, especially in the West Africa region. While expansionist objectives vary, a common reason for expanding abroad has been the need to seek more market opportunities. The international expansion of companies has resulted in varying levels of success regarding returns on investments and brand equity.

A close look at the business strategies of several Nigerian banks that have expanded their operations to Sierra Leone revealed varying dissimilarities. These differences are notably visible in deploying human resources, operating technology architecture, product and service innovations, autonomy level of senior management, choice of market, operational modality, and adoption of corporate social responsibility. A case in point is the deployment of expatriate staff to the subsidiary office to handle middle to top management functions by some banks. In contrast, other banks recruit and nurture local talents to handle middle management functions.

We also see differences in the decision-making structure. Some banks have a centralized decision-making process in which the subsidiary managing director has little or no power to make critical business decisions. In contrast, other banks liberally devolve decision-making authority up to a defined limit to their subsidiary managing directors. Some banks deploy integrated accounting software in which the headquarters finance managers have a global view of day-to-day subsidiary financial performance, even going as far as handling the recording of some subsidiary transactions. Other banks adopt a much more open distributed system, owning and managing business operations and only periodically reporting activities and results to the home office. It is important to know how the dissimilarities in strategy and tactical operation of MNBs affect or impact performance.

The attainment of corporate objectives is a process that includes formulating the right business strategy followed by execution, the success of which depends on the availability of requisite skills and competencies to manage, coordinate, and control activities for value creation. The success of MNCs in the Chinese market was observed by Eymieu (2012) to depend very much on acquiring local networking skills, excellent communication skills, and a global mindset. Multinational Banks may thus need to put in place a competency strategy for identifying and acquiring required competencies that align with the institutional competency view of the company.

The competency view of the company suggests that a company's "managerial, organizational and technological resources should operate coherently under the conditions of institutional constraints to create complementary, company-specific competencies that can produce a sustained competitive advantage" (Oliver, 1997, cited in Novicevic et al., 2012, p.5). Some businesses have been successful in their different markets, while others have had mixed results. Understanding the competency requirements for each market and securing them will provide a higher guarantee of business success. The research will seek to know the competency requirements of Nigerian multinational banks for West Africa regional penetration.

An organization's strategy leads to making specific choices that should produce consequences that mirror the strategy's objective. The choices made by an organization and the consequences arising from choices made constitute a Business Model. It is appropriate to state that every organization has a Business Model. A successful Business Model, according to Chesborough & Rosenbloom (2002), is one that "creates a heuristic logic that connects technical potential with the realization of economic value" [p.529].

There is the expectation of returns on the massive investments in banking subsidiaries. However, the performances of the international banks in Sierra Leone revealed business models that are either implicitly or explicitly stated and might not have the assurance of capturing the desired value. This uncertainty is a concern in a challenged economy such as Nigeria, where value has gone out by way of investments but is not coming back by way of returns on investments. A winning Business Model for successful operation will facilitate the return and repatriation of value.

A. Aim of the Research

The central theme of this research is to facilitate order in the understanding of factors responsible for the successes recorded by the subsidiaries of Nigerian banks in one location and how these success factors could be replicated in other subsidiary locations.

The research study aims to explore the Business Model adopted by the most successful international bank in Sierra Leone today, Guaranty Trust Bank, and compare and contrast it with the Business Models adopted by other notable competitors. The objective is to seek to understand the degree to which the Business Model adopted impacts corporate performance, identify the model variables, and suggest the best model for banks in Sierra Leone, a low-income economy.

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/IJISRT24JUL586

B. Research Objectives

To investigate and recommend adaptable Business Models for banks' subsidiary locations that will guarantee optimal results.

C. Research Scope

The overarching aim of the research project was to explore how multinational banks' business models influence the attainment of corporate performance objectives and recommend an adaptable Business Model for multinational banks in low-income subsidiary locations that will guarantee optimal and sustainable results.

The research study has been limited to selected Nigerian multinational banks in Sierra Leone. Even though the corporate objectives inform the evaluation of the corporate performance of each multinational bank, a mutual performance goal is to achieve a profitability target because that determines returns on shareholders' investments and the ability to remain a going concern. Thus, The researcher limited the analysis of the corporate performance of the selected multinational banks (MNBs) to business returns.

We have limited the sample for the surveys and interviews of the case study bank to the Head of the International Banking Division of the banking group and the other selected banks to their Managing Directors because these participants are in the best position to know and provide reliable information on the operations of the subsidiary banks for research validity. The data for the study were gathered from June to August 2016.

D. Disclaimer

The dissertation is original and has never been submitted to any institution for assessment purposes. The sources used are cited using the Harvard referencing style.

E. Proposed Research Methodology

Exploring the Business Model components critical to firm performance and adaptable for optimal performance will be investigated by adopting a case study. A pragmatic or mixed methods research design will be employed to obtain primary and secondary research data. The qualitative data gathered from the surveys, interviews, and other relevant sources will be triangulated with the quantitative data obtained from the analysis of the financials of the case study bank. To enhance the reliability of findings and strengthen research, data will be gathered from two other selected multinational banks, and the data will be compared and contrasted with the case study data.

F. Foreign Expansion of Nigerian Banks

The expansion of Nigerian banks beyond Nigeria began in 2002 with the commencement of operations by two banks, namely, Guaranty Trust Bank (GTBank) and United Bank for Africa (UBA) in Sierra Leone and Gambia. The increase in 2004 in commercial banks' minimum capital requirement by the Central Bank of Nigeria (CBN) from N 2 billion (equivalent to $17 million) to N 25 billion (equivalent to $210 million) and the attendant consolidation of banks in the drive to meet the requirement led to the decrease in the number of banks in Nigeria to 23 from previous 89. It is important to note that four post-consolidation banks, namely Citibank, Ecobank, Stanbic IBTC, and Standard Chartered, have foreign ownership.

With the banks awash with tier 1 capital, most developed strategies and adopted several measures for investment and growth, including regional expansion (Cuffe, 2008). By 2008, over half of the locally owned banks had internationalized their operations, with UBA leading the way with a presence in over 20 countries (see Table 1 below).

Table 1: Nigerian banks' Foreign Subsidiary Locations (As at end of 2015)

Bank	**Africa Countries Operation**	**Outside Africa Operation**
Access Bank	Burundi, Côte d'Ivoire, Democratic Republic of Congo, The Gambia, Ghana, Rwanda, Sierra Leone, Zambia	London(UK), China
Diamond Bank	Benin, Côte d'Ivoire, Senegal, Togo	Dublin(Ireland)
FCMB Bank	The Gambia	London (UK), South Africa
First Bank	Democratic Republic of Congo	London (UK), Paris (France)
Guaranty Trust Bank (GTB)	The Gambia, Ghana, Liberia, Sierra Leone, Côte d'Ivoire, Kenya, Zambia, Uganda	London(UK)
Keystone Bank	The Gambia, Liberia, Sierra Leone, Uganda	
Mainstreet Bank	Ghana	London (UK)
Skye Bank	The Gambia, Ghana, Guinea, Sierra Leone	
Union Bank	Benin, Ghana3	London (UK) South Africa
United Bank for Africa (UBA)	Angola,1 Benin, Burkina Faso, Cameroon, Chad, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Gabon, Ghana, Guinea, Kenya, Liberia, Mali,1 Mozambique, Senegal, Sierra Leone, Uganda, Tanzania, Zambia	New York (USA), London (UK), Paris (France)

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Zenith International Bank	Gambia, Ghana, Sierra Leone	London (UK)
Sources: Individual banks' websites.		

Many factors motivated the expansion of Nigerian banks abroad. These factors could be classified as either economic or ideological. The banks were driven by diversifying their risks, maximizing profit, and increasing shareholder value. Most of the expanding banks believed that the banking systems of many African countries, especially in sub-Saharan Africa, were less developed and capitalized than in Nigeria. Thus, they saw opportunities for trade financing between the countries and leveraging their "success, experience, and technology platform to deliver services in these markets" (Alade, 2014, p. 86) with the expectation that returns would, in the minimum, match up to that obtainable in Nigeria. Banks also saw the expansion as an opportunity to establish their credentials as regional or pan-African banks.

The expansion of Nigerian banks into sub-Saharan African countries has been a progressive development in the host countries. The massive expansion of the branch network has helped reach the underserved and unbanked population. The introduction of innovative financial products has helped to expand the breadth of the economy and strengthen the frameworks for regulation and supervision through joint supervision of bank subsidiaries. The host banking systems have benefitted from the expansion of credit intermediation and improvement of efficiency arising from the introduction of more advanced technology, and customers have benefitted from the reduction in interest rates and efficiency improvements caused by the increase in competition among industry players. Since most countries in sub-Sahara Africa do not have capital markets to raise capital, most of the investment capital was raised in Nigeria, thus providing the host countries with foreign direct investment (FDI) (Alade, 2014).

G. Sierra Leone –Economic Profile

Sierra Leone is located in the West Africa sub-region and is a member of the regional economic body, Economic Community of West African States (ECOWAS). It is a stable democracy practicing the presidential system of government. Sierra Leone is a low-income country with a population of 6.45 million people, an estimated Gross Domestic Product (GDP) of USD 4.475 billion, and a GDP growth rate of -20.3% in 2015 (World Bank, 2015). Sierra Leone has considerable mineral, agricultural, and fishery resources (CIA, 2015), which have been poorly exploited. Close to half of the working-age population engages in subsistence farming. The country depends mainly on food imports to feed its people.

In recent years, the country has enjoyed foreign direct investments in agriculture with the entrance of major international agricultural companies such as SOCFIN, ADDAX Bioenergy, and Dole Food Company, which had commenced large-scale commercial farming of the hugely enriched soil. The country relied heavily on extractive minerals such as iron ore and diamond for its economic base. Despite being among the largest producers of titanium and bauxite in the world, a significant producer of gold and diamond, and blessed with one of the largest deposits of rutile in the world, Sierra Leone remains an impoverished country, with 70% of its population living in poverty.

Before the Ebola virus outbreak and the fall in the price of its major export, Iron ore, in 2014, Sierra Leone was enjoying rapid economic growth through its diligent pursuit of the government's Agenda for Change program, which seeks to transform the country into a middle-income status. Today, the country's developmental challenges have escalated with the liquidation of a major mining company, London Mining, and the demise of Africa Mineral Limited, which was acquired in 2015 by Shandong International Steel Group, compounded by the humanitarian crisis occasioned by the Ebola epidemic.

Thus, there is high youth unemployment, poor infrastructure, and widespread rural and urban poverty, which have not been helped by unrelenting corruption, opaque management of natural resources, and weak national cohesion (World Bank, 2015). All these have led to a severe drop in government revenue and foreign exchange supply, with consequent contraction of the economy and escalation of poverty.

Sierra Leone was ranked 147 out of 189 economies on the ease of doing business in 2016 (same position in 2015). Drilling down, the country was rated 99 on the ease of starting business, 88 on the ease of protecting minority investors, 178 on the ease of getting electricity, 152 on the ease of getting credit, 105 on the ease of enforcing contracts, and 164 on the ease of trading across the border (World Bank, 2016). The country is rated 119 on the Transparency International corruption perception index (Transparency International, 2015).

H. Banks in Sierra Leone

There are thirteen (13) banks in Sierra Leone. Three banks, Sierra Leone Commercial Bank, Rokel Commercial Bank, and Union Trust Bank, are indigenously owned. Seven banks originated in Nigeria, namely Guaranty Trust Bank, Zenith Bank, Skye Bank, Keystone Bank, United Bank for Africa, and First Bank Nigeria. The remaining three (3), Standard Chartered Bank, Ecobank International, and First International Bank, are international banks. These banks are regulated by the Bank of Sierra Leone.

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I. Structure of the Report

This dissertation will aim to assess the impact of Business Models on the performances of Nigerian banks in Sierra Leone and recommend adaptable Business Models for banks' subsidiary locations that will guarantee optimal and sustainable results. The second chapter will be an in-depth review of the literature on the international expansion of banks, Business Models, Business Model innovations, and designs. The review will explore the motivations for banks' international expansion and challenges, understand business model components and how they could be employed to enhance firm performance and examine business model design and limitations. Harvard referencing will be adopted throughout the review.

The third chapter will be the research methodology section, which will examine the methodological approach adopted. The research design for primary and secondary data collection to be adopted for this research will be pragmatic or mixed methods, a combination of quantitative and qualitative design methods. The choice of interviews and survey questionnaires will be justified in the chapter. The chapter will also examine the sampling approach to be used and how it will help to improve the quality of responses. Lastly, the chapter will review the ethical considerations, reliability, and validity to assure the researcher's objectivity throughout the research.

The fourth chapter presents data. It presents qualitative data extracted from the interviews and survey questionnaires and quantitative findings from the analyses of the financial statements of the selected multinational banks. The fifth chapter will seek to analyze the data obtained. Triangulation of the qualitative and quantitative data gathered will help search for convergence and corroborate results obtained from the different methods. The data analysis will be tailored to a pattern with inherent features of a viable Business Model identified by Casadesus-Masanell & Ricart (2011). This will be contrasted and compared with the findings from the literature review to determine the sustainable Business Model components for Nigerian multinational banks operating in Sierra Leone.

The sixth and last chapter contains the conclusion and recommendation and proposes a Business Model design that will improve the performance of Nigerian MNBs operating in Sierra Leone. The chapter concludes by articulating the limitations of the current research and making proposals for further research.

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CHAPTER TWO
LITERATURE REVIEW

A. International Expansion of Multinational Banks

It is reckoned that the entry of foreign financial institutions into developing countries positively impacts the financial markets (Kadongo, Natto & Biekpe, 2015). Studies have revealed that efficiency in the banking sector improves with the entrance of foreign banks, consequent to competition for market space, which leads to a reduction in the profitability of domestic banks, which are forced to cut down on the cost of operation (Claessens, Demirgüç-Kunt & Huizinga, 2001; Koutsomanoli-Filippaki, Mamatzakis & Staikouras, 2009).

Many interesting theories have been employed to explain the internationalization of banks. This includes the *trade theory*, which is based on the notion that foreign banks subjected to different operating conditions might have developed the capacity for delivering value more efficiently than domestic banks, who are thus less likely to maintain market shares and acquire capital (Aliber,1976 cited in Kadongo, Natto & Biekpe, 2015*). Industrial organization theory* is founded on the argument that the structure of the market in the banking industry and competition determine the spread differential (Aliber, 1976, cited in Kadongo, Natto & Biekpe, 2015). Kadongo, Natto & Biekpe (2015) observed that countries with high bank concentration ratios tend to have significant spread differential and are thus more able to generate higher profits and raise capital for expansion.

International investment theory argues that imperfections in the international market, which may arise from "state-induced distortions, market-related distortions, and market failures" (Kadongo, Natto & Biekpe, 2015, p.73), instigate foreign expansion of banks (Grubel, 1977). *Eclectic theory* argues that the level of involvement of a firm in international expansion will be determined by the existence of some particular advantages, such as ownership of intangible assets and location arising from dissimilarities in countries' endowments such as regulations and socio-economic conditions and internalization (Dunning, 1977, 1980).

Over the past decade, and especially in the last few years, many companies from Nigeria have been expanding their businesses to countries in the West Africa sub-region, especially the Anglophone countries, with varying degrees of success. The rise of regional multinational companies provides both opportunities and challenges, but for a nation seeking to diversify its mono-economy position, the success of this expansion offers it the opportunity to repatriate value and thus minimize the balance of payment gap. Generally, banks have different reasons for expanding their businesses abroad. Cavusgil, Ghauri & Akcal (2013) explored these reasons and identified four motivations for expanding businesses abroad. They identified the first expansion motive as *market-seeking* to expand customer base and increase revenue. This is the most common motive for internationalizing operations abroad. Many banks have expanded their operations abroad to seek new market opportunities.

The expansion objective could be *resource-seeking,* in which the company is expanding to secure access to raw materials abroad to mitigate supply risk. Also, it could be *efficiency-seeking* borne out of the need to reduce the cost of labour and increase efficiency. This underscores the movements of many manufacturing companies from Nigeria to Ghana for cheaper labour and a steady and reliable electricity supply. Lastly, the motive for international expansion could be *Asset-seeking* to acquire desired technology capabilities or knowledge. This business expansion motive is not the case in Nigeria banks' sub-regional expansion because of the paucity of advancement in the economies of these countries.

Banks have been found to expand to foreign markets to "follow your client" that have internationalized their operations abroad and thus retain or increase their share of the client's business (Dahl & Shrieves, 1999). Such bank expansion was observed by Kadongo, Natto & Biekpe (2015) not to be common in sub-Sahara Africa in their review of international expansion of banks in Kenya, South Africa, and Nigeria. Instead, the expansion of South African and Nigerian banks abroad was observed by Lukonga and Chung (2010) to be driven by the liberalization of foreign markets, increased capitalization, the notion of playing in the global market, and the intensity of competition in the home markets.

International bank expansion could be prompted by the depth of integration between the foreign market destination country and the domestic market (Hryckiewicz and Kowalewski (2010). The level of banks' concentration could also inspire expansion, provide opportunities for generating profits, and create distinctive features for both home and host countries' institutions (Focarelli & Pozzolo, 2005; Schoenmaker & van Laecke, 2007).

Nigerian banks that have had notable success in their domestic markets and have launched their operations abroad have been observed to have replicated their distinctive success factors to a varying degree in their foreign subsidiaries. This study will seek to verify the extent to which the success factors of the MNBs have been incorporated into the operations of the subsidiary banks.

B. Understanding Business Model

Business Model means different things to different people, and there is no agreed definition or common understanding of the concept of Business Model. Every organization has a Business Model since a Business Model describes how an enterprise does business with a focus on the logic underlying actual processes embedded in a strategy (Zott, Amit & Massa, 2011; Voelpel, Leibold & Tekie, 2004; Hamel, 2000). A Business Model may thus be considered a concept and architecture for implementing a business strategy and the basis for implementing business processes (Osterwalder & Pigneur, 2002; Richardson, 2008).

A model could be described as a "schematic description of a system, theory, or phenomenon; a small object, usually built to scale, that represents in detail another, often larger object; or, it could be something or someone serving as an example to be imitated or compared" (Doganovaa & Eyquem-Renault, 2009; pp. 1568). The research by Shafer, Smith & Linder (2005) to help managers understand Business Models revealed Business Models as different from strategy but intrinsically linked because a Business Model reflects companies' strategic choices.

They further defined a Business Model as 'a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network' (Shafer, Smith & Linder, 2005, p. 202). Value networks include suppliers, associates, distribution channels, and coalitions that extend the company's resources (Hamel, 2000). Four components of a Business Model were identified: strategic choices, value network, value creation, and value capture. Shafer, Smith & Linder (2005) concluded that Business Models offer a principal means for executives to "analyze and communicate their strategic choices" [207].

The Business Model concept can be viewed from the strategic choices that are made within and outside the organization to create and capture value. Choices made by Management regarding value creation and capture or in pursuit of strategic organizational goals are, therefore, the most critical component of the Business Model. Choices are classified into "(1) policies, which refers to actions taken by the company concerning all aspects of its operations; (2) assets, which refers to tangible resources of the firm; and (3) governance of assets and policies which relates to the structure of contractual arrangements that confer decision rights regarding policies or assets "(Casadesus- Masanell & Ricart, 2011; pp. 462).

An accepted reality is that action creates a reaction and causes have effects; thus, choices made by Management have consequences. These consequences may be classified as either rigid or flexible. The flexible consequence is sensitive to the choices engender it, such as lower prices generating higher sales. Rigid consequences, however, do not change rapidly with changes in choices that generate them. Examples of rigid consequences are experience, brand image, culture, or privileged affiliations or connections. In summary, a Business Model consists of choices and consequences attendant to the choices made.

C. Why Business Model?

Seventy percent of companies employ business model innovation, and to a certain extent, ninety percent modify their business models (Casadesus-Masanell & Ricart, 2011). Several scholars have used the concept of Business Model to address different research questions in diverse settings and management areas to address occurrences such as types of e-business, creation of value or capturing of value by firms, and innovation through technology (Zott, Amit & Massa, 2011). Common themes observed in the description of the Business Model among scholars are the emergence of Business Model "as a unit of analysis, a holistic perspective on how firms do business, an emphasis on activities, and an acknowledgment of the importance of value creation" (Zott, Amit & Massa, 2011, p.1021).

There is apparent uncertainty that the costly and time-consuming investments in processes and product innovations designed to instigate revenue growth and improve profitability will indeed generate expected future returns. As a consequence, more and more managers prefer the less expensive Business Model innovation as a source of future competitive advantage because it is considered an "under-utilized source of future value…, not easy to imitate or replicate… and provides a sustainable performance advantage" (Amit & Zott, 2012, p.42).

Opinions are converging on the prime role of the Business Model as a means for explaining firm performance and creating competitive advantage (Markides & Charitou, 2004). The Business Model is how a company constructs and utilizes its resources to provide superior value to customers and generate income. It is also considered a means for creating value and capturing value within a value network that may include "suppliers, partners, distribution channels, and coalitions that extend the company's resources" (Zott, Amit & Massa, 2011, p.1030). A Business Model enables entrepreneurs to create and introduce into the market their innovations—products, services, ventures, and supporting networks.

Sierra Leone operates mainly at the base-of-the-pyramid because the population is extremely poor. MNBs' success will depend on the ability to create and extract value through value networks different from those known in the domestic market. Markides & Charitou (2004) recommended a contingency approach where simultaneous management of the companies operating different Business Models would depend on the degree of conflict between the two businesses. This contingency approach will help to determine the extent to which the business should be kept apart and the strategic similarity between the existing and new businesses to determine the exploitation of possible synergies. Most MNBs create a separate unit to administer the subsidiary's business apart from the home banks and make periodic performance reports.

The causal relationship between the Business Model and the performance of business enterprises was also explored by Lai, Weill, and Malone (2006) to answer a fundamental question in strategic management – the rationale for the disparity in performance among firms. Two major theories, the 'Industry view' promoted by Porter (2008) and the 'Firm view' developed by Barney (1991), were found to be inadequate to explain performance heterogeneity among firms (Schmalensee, 1985; Rumelt, 1991). Lai, Weill & Malone (2006) found that "Business Model effects explain performance heterogeneity more than even industry effects do" [p.3] and year effects as measured by return on assets (ROA) or return on sales (ROS). These findings by Lai, Weill & Malone (2006) revealed the superiority of the Business Model as the determinant of firm performance.

Williams (1998) tested the validity of theoretical framework assumptions using the hypothesis to consider the impact of the organization structure of the different foreign subsidiary banks in Australia. He examined both the firm and country-specific characteristics of the performance of subsidiary banks in their host country. The first hypothesis stated that foreign banks operating with universal licenses would outperform foreign merchant banks. The conclusion from the research revealed that the license held significantly affects profits. A bank holding a universal license is expected to outperform other banks holding a specialist license simply because of its expanded portfolio of products and services.

The second hypothesis stated that a positive relationship exists between the size of the parent company of foreign banks and the performance of the subsidiaries. This is based on the realization that banks' entrance into any market is with the expectation of profits, and to earn these profits, limited resources like capital and management know-how must be diverted from the parent company, thus creating an opportunity cost (Williams, 1998). When these resources are applied, they are expected to generate returns and increase the size of the firm's assets. It was found from the research that inferences could not be drawn from the conclusion due to the mixed results obtained.

The third hypothesis stated that subsidiary banks consider opportunity costs measured by net interest margins when allocating resources to the host banking market. The hypothesis was validated for size but failed for profits. The fourth hypothesis stated that a positive relationship exists between the years of operation of a subsidiary bank and its performance in the host country. The study did not find any evidence to support the hypothesis. Lastly, there was no evidence to support the hypothesis that banks' international expansion is motivated by the need to follow clients into the host market to maintain business share. The fact is that banks are attracted to locations that offer opportunities for increasing profits (Goldberg & Saunders, 1981b).

The findings by Williams (1998) are instructive as they will help to direct the focus of the research to recognize that the performance model for bank subsidiaries should be built on firm-specific characteristics as country-specific events do not impact performance. The shortcomings of both industry view and firm view theories and the ability of the business model to influence organization performance enhance the feasibility of constructing a winning model for subsidiary banking operations. The model will strongly leverage organization theory to formulate designs and structures of winning organizations and understand how organizations relate to the external environment as well as the behaviors among managers that will facilitate growth.

The general understanding that the Business Model ought to address all the company's means of creating and capturing value, not just in part, will help study the Business Model operation and determine if the MNBs have a discernable Business Model in practice. A study by Gong (2003) explored the likelihood of multinational companies (MNCs) utilizing expatriate staff from the parent country to staff culturally distant subsidiaries and how such employment affects the subsidiary's performance. The author addressed the research questions by using a sample of Japanese MNCs for the research based on a theoretical framework based on the agency theory prediction that MNCs are most likely to rely on the parent company's nationals as distance in culture widens and that the dependency will wane over time.

The research methodology employed involved the formation of a hypothesis, which was thence validated by applying both the agency theory (Eisenhardt, 1989) and the "resource-based view" (Barney, 1991). Based on the study, Gong (2003) concluded that there is a "positive effect of expatriate staffing on subsidiary performance, and this increases with cultural distance but inevitably decreases over time" [p.728]. Despite several limitations, the research helped establish a correlation between expatriate staffing and subsidiary performance. It affirmed that expatriate staffing also aids the transfer of organizational culture firm-specific resources to subsidiaries.

International banks currently adopt several human resource models, each with advantages and drawbacks. The case study bank deployed only two staff for operations abroad and relied on the recruitment of local talent for its operations. However, the selected bank deployed second-level staff and above for international operations, which may stifle the ability of the local recruits to take up higher positions in the organization.

D. Innovation through Business Model

The strategy frameworks enable strategists to extract details of a firm's internal characteristics, industry, competition, opportunities as well as challenges and develop a good theory of how to compete effectively. Between the firm's competition theory and details of operations is a logical picture that connects theory to action and guides the myriad of choices and actions leading to execution (Richardson, 2008). However, effective execution of strategy theory requires getting correct and detailed information on the firm's products and services, personnel, resources, activities, and the rest.

Today's operating business landscape is characterized by rapid, continuous, and unpredictable changes clouded by uncertainties. The chief drivers of these changes include "deregulation and privatization, technological changes, and globalization" (Voelpel, Leibold & Tekie, 2004; pp. 258). As a result of these changes, the traditional business marketplace has transformed fundamentally into a knowledge-propelled new economy or networked economy (Tapscott, 1997; Voelpel, Leibold & Tekie, 2004). For companies operating in this environment to thrive and remain relevant, they must continuously re-invent business strategies and evolve several new Business Models in addition to upgrading existing ones. The invention of new Business Models and the improvement of existing ones provide firms with disruptive competitive advantages.One Business Model may not be enough, for example, in situations where a company wants to address the needs of customers in separate market segments with distinctive characteristics.

Several companies have been observed to be unable to replicate their successes in one market or business in another. For such, it may be appropriate to use a specific Business Model for each market segment to be successful. In PC banking, while NatWest (UK) and Bank One (USA) could not operate their existing branches and serve their customers through the Internet, Lan & Spar, a small bank in Denmark in 1997, was successful. Lan & Spar grew "to become the world's first online real-time PC bank that serves its customers through its branch network, the Internet, and the phone" (Markides & Charitou, 2004, p. 23).

The reason is not far-fetched; the successful operating Business Model was ineffective in the new market or business, so there is the need to adopt a different Business Model. The biggest challenge for the executives of established successful companies is how adopting a separate new Business Model would not dilute and destroy the existing Business Model. In emerging markets, Banco Santander-Chile created an independent company, Banefe, that offers credit to low and middle-income customers using mutually reinforcing complementary Business Models that "transform otherwise unviable possibilities into profitable opportunities" (Casadesus-Masanell & Tarziján, 2012, p.133).

Business Model innovation consists of "adding new activities, linking activities in novel ways or changing which party performs an activity and novelty, lock-in complementarities and efficiency are four major Business Model value drivers" (Amit & Zott, 2012,p.42). Giesen et al. (2007) identified three ways companies could use Business Model to innovate. Corporate firms may employ *industry model* to innovate their industry value chain by either moving horizontally into entirely new industries, as exemplified by the movement of Virgin from music and retail into diverse industries like airlines and financial industries, or redefining existing industries, as done by Dell's elimination of intermediaries and subsequent sale directly to consumers.

The *revenue model* enables companies to innovate their revenue generation through the reconfiguration of product, service, and value mix offerings and the introduction of new pricing models (Giesen et al., 2007). Lastly, *the enterprise model* facilitates the innovation of the company's structure and its role in new or existing value chains. It is important to note that all three models, used individually or combined, can lead to business success as long as there is a clear understanding of how best to leverage the chosen model. Chesbrough (2010) investigated the hindrances to Business Model Innovation, which he identified as including non-congruence between existing assets and Business Models and managers' lack of understanding of these barriers. These barriers can, however, be overcome through successful management of organizational change and the "processes of experimentation and effectuation" (Chesbrough, 2010, p. 355).

These findings are vital to this research because adopting the winning Business Model designed will necessitate relinquishing the old Business Model or accommodating the new Business Model with existing ones. Understanding the processes involved in making the needed change and tackling the identified barriers will help executives adopt and implement a winning Business Model.

E. Business Model and Base of the Pyramid

The recent wave of interest in Business Models partly concerns the growth opportunities discovered in the over 4 billion of the world's population. This population, found chiefly in emerging market countries, lives at the Bottom of the global economic Pyramid (BoP), defined by an annual per-capital income of below $3,000 purchasing price parity (Hammond et al.,2007). The BoP has an untapped annual market of over $5 trillion. This is juxtaposed with the saturated market of the developed economies that have been recording negative growth in their economies.

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The unique strategies needed to exploit the opportunities in the emerging countries' BoP market have steered researchers to study the Business Models systematically. The socio-cultural and institutional characteristics of the bottom of the pyramid (BoP) market, as observed by Prahalad (2004), are such that the traditional product, service, and management processes of MNCs will not generate expected results. Thus, companies need to rethink existing Business Models and strategies. Seelos & Mair (2007) studied how a strategic framework that complements the recommendations that companies should acquire, build up their dynamic capabilities, and create numerous partnerships to do business at the bottom of the pyramid (BoP) could be developed.

The case study by the authors confirmed that "existing capabilities and existing local BOP models can be leveraged to build new markets that include the poor and generate sufficient financial returns for companies to justify investments" (Seelos & Mair, 2007, p. 49). The study is critical because more than seventy percent of Sierra Leone's population lives on less than $1.25 per day, and the country is ranked 183rd on the Human Development Index for 2014. This means that a winning Business Model that can help convert the poor populace into customers will instigate growth in the profitability of MNBs.

F. Design of a Viable Business Model

As stated above, every goal-oriented convergence of people must have some Business Models because they all make choices and have to deal with consequences arising from the choices made. To underscore the importance of having a winning Business Model, Chesbrough (2010) confidently posited that "a mediocre technology pursued within a great Business Model may be more valuable than a great technology exploited via a mediocre Business Model" [p.354]. Thus, It is essential to appraise the viability or otherwise of Business Models adopted by organizations.

A Winning Business Model could be designed by hypothesizing a Business Model as consisting of "a set of managerial choices and the consequences of those choices with dynamics that generate feedback loops that may either be virtuous cycles or vicious cycles" (Casadesus-Masanell & Ricart, 2011, p.101). The authors identified four features as inherent in a viable business model. First, a good Business Model must *align with the organization's goals*. This implies that the consequences of the choices made must propel the organization to attain its goals. If the Business Model cannot do this, it is considered inappropriate. For an organization whose goal is to maximize profit, the choices made by Management will not be profit but a set of choices from which profits will arise.

The second feature of a viable Business Model is called *reinforcement, which* requires several choices made to complement one another very well. An example of a lack of reinforcement is when management raises steep revenue projections without putting incentives in place. The third feature is *virtuousness*, which refers to the presence of virtuous cycles that, over time, strengthen the Business Model. Virtuous cycles are typical feedback loops that fortify some parts of the Business Model. A good business must be such that consequences arising from choices made regarding specific goals can be measured in relation to the expected consequence, thus enabling necessary adjustments to be made. A company enjoys growth when the Business Model generates virtuous cycles that enable the attainment of business objectives.

The fourth feature is *robustness*, which refers to a company's ability to sustain its Business Model's effectiveness over time. However, the Business Model's sustainability is threatened by factors listed by Ghemawat (1999). These factors are:

- Imitation, which refers to the competition's ability to replicate a successful Business Model, holdup or capturing of value created by a successful firm by value chain and industry actors through the exercise of bargaining power,
- Slack or complacency in the firm and substitution or value diminution through the presence of that product.

G. Gaps in Current Study

There are many research studies on organizational strategies and banks' international expansion. However, a notable gap in the current study on Business Model is the lack of exploration of the impact of Business Model on the performances of the emerging market international banks in low-income West African countries. No study has demonstrated how the Business Model adopted by an international bank could effectively gain a competitive advantage over another bank, leveraging the inherent features of viable Business Models identified by Casadesus-Masanell & Ricart (2011).

The research will seek to fill these gaps by exploring the Business Model of Guaranty Trust Bank (Sierra Leone) Limited, the most profitable bank in Sierra Leone for the past three consecutive years. The study will explore the impact of Business Models on corporate performance and the advantages they provide over notable industry competitors like United Bank for Africa and Zenith Bank. The research study will seek to recommend a coherent and adaptable model for MNBs that incorporates identified dominant performance factors.

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CHAPTER THREE
RESEARCH METHODOLOGY

A. Introduction

The chapter presents the research methods and study approaches employed in examining the Business Model's impact on Nigerian banks' corporate performances in Sierra Leone with Guaranty Trust Bank as a case study. This chapter describes the research methodology, chosen sample, techniques used to arrive at the samples, and procedure employed in designing the instruments used for data collection. The chapter also covered the type of data, methods of data analysis, and research design.

B. Research Design

Research methodology describes the mixture of techniques used to probe into the specific situation or the general approach adopted for research. It shows how researchers make their "epistemology and theoretical stance work for them in their research" (Ryan, 2006, p.70). A complementary relationship exists between research questions and methodology, enabling research questions to drive the choice of methodology. Buchanan & Hvizdak (2009) observed that methodologies are strategies the researcher employs and are based on the researcher's assumptions. It is thus essential that sound decisions are made concerning methodology to provide the basis for research.

A research design describes the process adopted for organizing research activity in a manner that would most likely lead to the achievement of research objectives and includes a gathering of data, analysis of data, interpretation of data, and presentation of findings (Easterby-Smith, Thorpe & Jackson, 2012; Myers, 2008). The research design is grouped into qualitative, quantitative, and mixed methods. The qualitative design is subjective as it seeks to understand people's thoughts, feelings, and communications (Easterby-Smith, Thorpe. & Jackson, 2012). It involves recording, analyzing, and understanding the meaning and significance of people's behaviours and experiences, relying on inductive reasoning. The quantitative design is based on objectivity and depends on causality to understand reality. It entails collecting and converting data into numerals for statistical analysis and relies on deduction for testing a hypothesis and drawing conclusions.

Mixed methods design combines qualitative and quantitative designs to facilitate the development of the conceptual framework, validate quantitative findings by referencing information extracted from the qualitative phase of research, and construct indices from qualitative research that could be employed to analyze quantitative research (Madey, 1982). The deployment of mixed methods allows researchers to be flexible in their approach to investigating research questions and combine empirical precision with descriptive precision (Onwuegbuzie & Leech, 2005).

The impact of business models on the performance of Nigerian banks in Sierra Leone can be accessed using a mixture of quantitative and qualitative design methods. Business Model is qualitative since it consists of a set of choices and consequences arising from those choices. The evaluation of the performance of MNBs can be considered quantitative and is best appraised in relation to each bank's identified strategic business objectives. This study conducted exploratory research using a mixed-method approach to gather quantitative and qualitative data to understand if any relationship exists between Business Models and firm performance.

The study adopted case study and survey research approaches to investigate the factors that determine the success of international banks and, based on the validation of the hypothesis, constructed a winning performance model. The interview questions covering the research study and responses from the interviewees are presented in the appendix section. Observation methods and opinions of staff in the case study organization were sampled on staffing, technology product and service innovations, and corporate social responsibility.

Archival research centered on the analysis of texts, documents, and existing statistics (Ryan, 2006) was also utilized to analyze the performances of competing International banks drawing on data already in the public domain, such as financial statements, submissions to regulators, and publications in the newspaper and the internet. The adoption of the mixed method is justified by the fact that it affords triangulation of both qualitative and quantitative data gathered and helps the researcher to seek convergence and corroborate results obtained from the different methods (Greene, Caracelli, & Graham, 1989; Carter et al., 2014).

C. Sample

Survey research was conducted on a case study bank, Guaranty Trust Bank (SL), compared to UBA and Zenith Bank. The choice of UBA and Zenith Bank above the remaining Nigeria international banks is based on the following considerations:

- Both banks, along with GTBank, ranked among the biggest and most successful banks in Nigeria. While UBA (SL) 's performance was commendable, Zenith Bank (SL) was not a notable performer in Sierra Leone.
- FBN, a major bank in Nigeria, entered Sierra Leone less than a year ago, so its data were considered insufficient for the research.

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- The remaining banks that have their roots in Nigeria and operate in Sierra Leone, Access Bank, Keystone Bank, and Skye Bank, have poor branch network coverage, are not doing well in the Sierra Leone market, and are equally not ranked among the top-performing banks in Nigeria.
- The selected banks' operational philosophies are markedly different from GTBank's but have enjoyed success, especially in the home market. Understanding their operating Business Models juxtaposed with their performances in Sierra Leone will help assess their effectiveness and weaknesses.

Interview questions were administered to top management executives of GTBank, UBA, and Zenith Bank. The research sample considered in the study consisted of three executive staff members: one in Lagos, Nigeria, for GTBank, and two in Freetown, Sierra Leone, for UBA and Zenith. A sample of three for the qualitative interview was considered an appropriate sample size because, as observed by Steinberg (2008), what is important is the quality of responses and not necessarily the number of respondents.

D. Sampling

The identified sample was senior executives of the three selected MNBs. They were pre-qualified based on their experiences and skills, as well as an expanded overview of the operations of their respective banks. Given the busy schedule of the Executive Director of International Banking of Guaranty Trust Bank group, who is responsible for direct supervision of the operations of the eight subsidiaries of the group, a face-to-face interview could not be held; thus, an email interview was adopted. The same survey questionnaire was administered via email to the Chief Executive Officers of UBA (SL) and Zenith (SL) to ensure timely responses were received.

E. Primary Data & Collection Methods

The primary data was sourced from survey questionnaires administered to senior executives of the case study bank and the other two selected banks. The responses offered in-depth information regarding the operating Business Model of international banks and its impact on firm performance. The survey questionnaires drawn from the research questions contained several questions (refer to survey questionnaires in *Appendix B*) that focused primarily on international expansion objective, operating Business Model, relationship with home office, technology deployment, staffing structure, market challenges, autonomy level, market depth, product and service innovations, and success strategies. Data was also gathered from observation and interaction at the case study bank.

F. Secondary Data & Collection Methods

The secondary data needed to investigate the performances of the case study bank and selected MNBs was sourced from published sources, including three years of audited financial statements, internet websites, relevant journals from the University of Liverpool online resource center, company documents, and newspaper clippings (Ryan, 2006). These data were used to supplement and complement the primary data gathered and highlight the financial performances of each bank as well as their growth trend.

The financial information extracted from the financial statements of the case study bank and selected banks for research was subjected to ratio analysis to determine balance sheet efficiency and degree of leverage. Key ratios such as Returns on Equity (ROE), Returns on (Asset), Cost-to-Income ratio, Non-performing loan ratio, Yield on loans, and growth in operating expenses were used to assess performances. The ratios were also used to evaluate the degree to which advantage is being taken of market opportunities as well as the capacity of subject banks to deal with challenges as they arise.

G. Data Analysis Methods

The survey questionnaires provided qualitative data, which were analyzed using the Content Analysis method. Content analysis is a research technique widely used for the "subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns" (Hsieh & Shannon, 2005, p.1278). This technique helps to provide meaning and knowledge of the research study (Downe-Wamboldt, 1992). The analysis involves organizing the data into familiar themes and identifying the framework or coding plan. The data are then sorted into codes.

The coding schemes identified for the study include the following themes drawn from responses obtained from the questionnaires: International expansion objective, Business Model components, measures for assessing effectiveness, the flexibility of Business Model operations in BoP countries, and expatriate staffing policy. The qualitative data was subjected to inductive analytical reasoning to help cluster into themes and categories depending on characteristics and dissimilarities. The results were then contrasted and compared to the features defined in the literature and business performance.

The statements of financial position, comprehensive income, and cash flows of GTBank, UBA, and Zenith Bank for the three years 2013-2015 were reviewed to gain insight into the state of the banks and financial performance. Financial ratios were employed to accurately analyze the banks' performances over the referenced period and draw a useful comparison. The following financial data were extracted from the balance sheets and cash flow statements: Risk-Weighted Assets, Contingent, Total Assets, Loans and Advances (Net and increase), Deposits, Treasury Bills, Earning Assets and Non-Performing Loans.

➢ *The Financial Data Extracted were then Used to Analyze the Banks' Level of Capitalization Through the Determination of:*

- Capital adequacy, measured as the ratio of Adjusted Capital to Risk-Weighted Assets, shows how well capital investment can fund the Risk Assets created and
- The ratio of Risk-Weighted Assets to Total Assets and contingents, which is very necessary to determine the total exposure in comparison with the total assets and contingent.

The asset growth was assessed by measuring the year-on-year growth in loans and earning assets. The funding source was appraised by determining the year-on-year deposit growth and the mix of the deposits for cost efficiency. Lastly, the quality of the assets was analyzed by determining the ratio of non-earning assets to total assets and non-performing loans to total loans. This is important because a value is captured from earning assets; thus, it is efficient to keep earning assets at an optimal level. Non-performing loans drain the bank's income and thus should be kept as low as possible.

In the same measure, the following financial data were extracted from the statement of profit and loss account of the Banks: Interest Income, Net Interest Income, Adjusted Capital, Gross Earnings, Profit Before Tax (PBT), and Operating Expenses (OPEX). These data were used to determine the net interest margin, which is measured as the ratio of net interest income to interest income and reflects the ability of the bank to maximize interest earnings in relation to the cost of finance.

The operation efficiency was assessed by determining year-on-year growth in OPEX and the cost-to-income ratio, which is measured as the ratio of operating cost to PBT. These operating efficiency metrics need to be kept as low as possible. Lastly, profitability was analyzed through return on equity (ROE), which is measured as the ratio of PBT to adjusted capital, and return on assets (ROA), which is measured as the ratio of PBT to total assets. ROE measures shareholder value created from the business, and ROA is the value created from the business assets deployed.

The analysis of the primary and secondary data will seek to test the viability of the Business Models adopted by the sampled MNBs based on the inherent features of a viable Business Model identified by Casadesus-Masanell & Ricart (2011). These features include the degree of alignment with the organization's goals, reinforcement, virtuousness, and robustness. GTBank has consistently performed very successfully. The chapter will explore its model's viability in relation to the features mentioned.

Methodological triangulation, described as the use of qualitative and quantitative methods to study a research subject to establish the validity of research conclusions, was employed in the study. As a process of deepening and widening the general understanding of the factors critical to achieving sustainable winning performance in the Sierra Leone market, the performances and Business Models of the participant banks were studied and quantitatively analyzed from the data gathered from observations and survey questionnaires. Also, the performance of the banks and the activities undertaken arising from choices made were analyzed using the quantitative data extracted from published financial statements. The findings from the analyses of the qualitative and quantitative data extracted from the financial statements were complementarily and comparatively analyzed to surface the performance variables responsible for market success.

H. Ethics

A sample of the participant consent forms completed by the senior executives of the studied banks is presented in *Appendix A*. The participants were first informed of the study's purpose and potential benefits to multinational banks operating in foreign countries and possibly other international organizations seeking to expand their market abroad. It was emphasized that having a winning model for successful subsidiary operations helps multinational banks structure their business in a way that guarantees success.

The consent form pointed out the use to which the data collected would be put, and any publication based on the study would ensure the preservation of the privacy and confidentiality of the participants. The participants were requested to consent to participate in the study at no cost. The involvement of these senior bankers was voluntary, and their right to refuse to answer questions they found uncomfortable was expressly stated.

I. Reliability and Validity

The usefulness and attachment of any value to research data depend much on its reliability and validity. Reliability refers to the consistency of findings when the same test is repeatedly administered at different times in the same subjects (Dikko, 2016; Sekaran, 2003). Research data is reliable if all the observers agree that the same results have been generated from the use of the same research methods and under comparable conditions. The reliability of research data is a concern because the subjective approach of the researcher to the study, mainly when data is obtained from a single source, can compromise the research study.

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Closely associated with reliability is the validity of research data, which refers to the degree to which a researcher can adhere to the research method requirements while generating research findings. Validity is the credibility of research and helps to know if the research measures what was intended or how truthful the findings are (Golafshani, 2003). The researcher ensured that the interview questions administered to the participants were similar and specific to the international expansion of banks and adopted business models derived from previous studies on the expansion of multinational banks and firms. Also, the information extracted from the financial statements of the selected multinational banks was subjected to similar analysis for objectivity.

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CHAPTER FOUR
PRESENTATION OF DATA

The impact of Business Model on the performances of international banks was explored during the qualitative interviews with relevant executives of the case study bank, Guaranty Trust Bank and the other two selected Nigeria originated banks in Sierra Leone, UBA, and Zenith Bank. The interviews revealed that the interviewees have different perception of the international expansion motive and operating Business Model of their respective banks.

Some of the questions asked were either not satisfactorily answered or not answered at all in exercise of the pre-stated interviewing rights. The views expressed by each interviewee on their individual banks were gathered, coded and presented under the following themes: international expansion, Business Model and components, Business Model influence of firm performance, measurement of Business Model effectiveness and linkage between operating businesses model and corporate objectives the bank.

A. International Expansion

➢ *Guaranty Trust Bank*

The international expansion of GTBank Group aimed to achieve business diversification, reduce risk concentration, broaden funding sources, promote brand recognition, and increase profitability. Over the past three years, these objectives have been largely met when the Group's performance as of the end of 2015, enumerated below, is considered:

- The Group loan book grew by 7.5% at the end of 2015
- The Group profitability increased by 3.7% in 2015
- The Group currently has a presence in West Africa, East Africa, and the UK and is gradually becoming a pan-African bank.

GTBank's growth in the international market has been mainly through Greenfield expansion, save for the 2013 market entries into Kenya, Uganda, and Rwanda. The 2013 acquisition of Fina Bank Group was completed through a Brownfield approach with the objective of achieving multiple country entries through a single purchase transaction, facilitating simultaneous market entry into Kenya, Uganda, and Rwanda.

- *Selection of International Market:* The interviewee noted culture as a key consideration for the international market selection at GTBank Group. The bank believes that colonial heritage affects the work ethics approach and a given country's legal and regulatory framework. Thus, as a practice, the Group prioritizes host countries with similar cultural heritage to facilitate market entry and easy adoption of the Group's business principles by local employees.

- *Business Model Influence in Achieving International Expansion Objectives:* The bank's Business Model incorporates international expansion strategy as a pillar. The model clearly defines the performance expectations from subsidiaries regarding incremental profitability to the Group. This has helped to sharpen the focus on subsidiaries by enhancing the performance of each country of operation.

➢ *United Bank for Africa*

UBA's international expansion objectives are to become the undisputed market leader for service excellence and lead peers by occupying the foremost position in terms of market share, profitability, spread, and balance sheet size. They also aim to provide a wide range of financial service products and service offerings to meet the needs of their chosen market segment and have a dominant presence on the African continent.

The interviewee views these objectives as having been largely met. UBA has a presence in 19 countries in Africa, the United Kingdom, the United States of America, and France. The Bank has one of the highest customer bases, with over 7.2 million in Nigeria, and offers a wide range of financial service products.

- *Selection of International Market:* The geographical need for footprint rather than cultural congruency influences international bank expansion decisions at UBA. The result could be seen in the presence of UBA in French-speaking African countries and many sub-Sahara African countries

➢ *Zenith Bank*

Zenith Group's international expansion aims to achieve global brand recognition, global customer satisfaction, economies of scale and scope, and the emergence of new markets. The bank believes that these objectives are being met. So far, the bank's mode of entry into the new market has been through Greenfield expansion.

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B. Business Model and Components

➢ *Guaranty Trust Bank*

The Business Model of GTBank is defined by its strategic intent to be one of the top three most profitable banks in its operating environment. The Bank intends to achieve this goal by dominating its chosen market, mainly Telecommunications, General Commerce, Energy, Retail, Small and Medium Enterprises (SME), Mining, Construction, and Treasury. It also intends to achieve its strategic goal by improving efficiency. The three key imperatives are operational excellence, service excellence, and excellent customer care.

Other means by which the Bank intends to achieve its goal are talent management and leadership, which will allow skilled and knowledgeable staff to be recruited and an effective performance management system maintained. Lastly, the Bank will leverage its scalable, fit-for-purpose technology platform, which is central to achieving the bank's ambitions.

➢ *Components of GTB Business Model:*

The key components of the GTB Business Model are informed by the following activities, which support its institutional architecture.

They include *people and culture*, with the objectives being to provide a professional and rewarding work environment that is capable of attracting and retaining high performers and foster a culture of service excellence, innovation, outstanding financial performance, and deepening of the skills and competencies of staff, t*echnology* to improve network infrastructure (Wide Area Network) and ensure implementation of a modular branch networking system, and *Cost containment* to institutionalize effective travel policies, optimize energy usage across the bank and renegotiate contracts with vendors in the major service areas.

There are also *Operations* to design and implement a well-evolved operating model with optimal levels of centralization, decentralization, outsourcing of select activities, and adoption of extensive use of technology to drive efficiencies through workflows, automation, etc. *Channels* is another Business Model component to facilitate the migration of transactions from physical branches to digital channels and deploy ATM as a main service delivery channel for the retail segment as well as to promote and increase customer take-up of GTBank's internet and mobile banking channels through aggressive marketing and enhancement of functionalities.

Lastly, Systems & Control (SYSCON) and Risk Management are intended to align the Bank's Risk Management Framework with current and future business requirements. Also, the intent is to implement relevant Basel II risk management discipline and adopt best practices in risk management, review the SYSCON function and benchmark to leading international Audit standards, and set up a reporting framework between parent and subsidiary SYSCON.

The success of GTBank's operating Business Model is assessed by the fact that it has, to a large extent, been able to capture all the means of creating and capturing value. However, the business model is challenged by limitations regarding infrastructure development and recruitment and retention of skilled workforce in the host countries.

➢ *United Bank for Africa*

UBA's business Model is driven by strategic intents to be the preferred bank for businesses in the continent, leveraging its spread to facilitate Inter- and intra-African trade, support infrastructural development across the continent by maintaining a quality balance sheet, and be the lead bank for the Africa Renaissance.

➢ *Components of UBA Business Model:*

The key elements of the UBA Business Model are defined by the activities that drive its strategic intents.

- *Achieve Foremost Leadership Position*: This is based on having a dominant share of the market, fully optimizing the balance sheet, becoming cost-efficient, and leveraging its secured e-banking platform.
- *Be the leading African Bank*: This is predicated on migrating the bank's African expansion plan into the consolidation stage to achieve a fifty percent contribution from the subsidiaries to the Group balance sheet and cultivate trans-border partnerships to boost the Group's profitability.
- Achieve Worldwide Presence: The Bank will leverage the Group's international presence to improve access to multilateral trade and position itself as the preferred bank for business across the African continent.

➢ *Zenith Bank*

Zenith Bank's business model is designed to outperform competition and achieve optimal profitability in a financial market where a similar product strategy is being used. The elements of Zenith Bank's operating Business Model are the revenue model, Gross Margin model, operating model, working capital model, and financing (or investment) model.

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According to the interviewee, the bank deems the business model satisfactory because it has helped capture adequately the values created through the bank's activities. The Business Model is contributing to gaining a deeper understanding of markets, the competition, and the requirements for launching and successfully driving growth.

C. Business Model Influence on Firm Performance

➢ *Guaranty Trust Bank*

- *Value Capturing***:** The Bank's organizational structure is crafted to align with the various target market segments. Front office and back office staff have been assigned explicitly delimited tasks to ensure optimum intermediation activities and customer service excellence while mitigating the risks inherent in the banking business.

- *Cost Management:* Cost containment significantly differentiates GTBank operations. Sustainable cost containment efforts are regularly implemented and monitored to ensure that operating expenses are maintained at a minimum to avoid eroding margins. The procurement and expense control teams at the parent bank assist the subsidiaries in their cost containment drive and the acquisition of vital assets, as and when required.

- *Autonomy***:** Each subsidiary operates as an independent bank, holding its banking license in the host country. The implemented corporate governance framework also enables decisions to be made independently from the parent company. However, the Group maintains operational oversight of the subsidiaries. The International Banking Division drives and monitors the performance of existing subsidiaries and serves as an interface between the parent and its subsidiaries, ensuring that synergies are derived between both parties: the Group's subsidiaries and external stakeholders such as regulators and international investors.

- *Technology Deployment*: The Group has a centralized and standardized Information Technology Group Shared Services Framework, which allows selected technology services to be centralized for group-wide use and technical support to subsidiaries' technology teams. This framework permits the optimization of technology investment group-wise, the reduction of information technology costs group-wide, and increased efficiency in service levels.

- *Resource Allocation*: The finite resources held by each subsidiary are allocated based on their respective strategic objectives and the peculiarities of their operating environment. At the heart of the allocation decision-making process is the availability of liquidity at a given time. The nature of the deposit mix, the bank's risk appetite, the type of lending, and the sectors to which the Bank will be willing to allocate resources are also determinant factors.

- *Efficiency of Transaction Processing:* A set of standard operating procedures is established for each business function, and strict adherence is required from all staff. These procedures ensure that transactions are consistently processed in the same manner, errors are kept to a bare minimum, and customers are provided with the same experience at all touchpoints.

- *Level and Timeliness of General Support*: General support for subsidiaries is available permanently. The International Banking Division is the central interface between the parent and its subsidiaries and between the subsidiaries. Also, support for IT shared services is available on a 24/7 basis.

- *Expatriate Staffing Policy of Subsidiary Banks:* The expatriate staff policy is integral to the Group's International Mobility Programme (IMP). GTBank takes a holistic approach to its staff mobility, riding on the understanding that adequately compensated employees are likely to generate greater surplus value for the organization.

The IMP encompasses all aspects of staff mobility across subsidiaries. Six essential building blocks guide the underlying framework: eligibility and selection to participate in the program, remuneration, ease of relocation and accommodation, family harmony, dependants' education, and other benefits.

➢ *United Bank for Africa*

- *Cost Management:* Cost management is a vital tool for achieving the group's profitability objective**.** To ensure this objective is met, the Bank implements wide-ranging policies on cost management, identification, and control.

- *Autonomy*: The parent bank in the home country exercises control over the Bank's operations in Africa and the rest of the world.

- *Technology Deployment***:** UBA leverages its robust technology infrastructure to provide online real-time banking across the group and drive the sales of its 17 e-banking products and services channels.

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- *Efficiency of Transaction Processing:* The Bank ensures timely transaction processing to drive operational efficiency, increase capacity, and encourage customers to utilize the available self-service platforms.

- *Expatriate Staffing Policy of Subsidiary Banks:* Staff are deployed and re-deployed freely across the group so that they can contribute to the group's development through their competencies and experience. Adopting expatriates enables the Group to fill critical vacancies in subsidiaries with no local capabilities.

➢ *Zenith Bank*

The operating Business Model influences an organization's performance in the market by capturing value through retention of some percentage of the value created in every transaction, effectively managing cost, guided autonomy, and deploying current technology. The Business Model also influences the efficient allocation of resources and processing of transactions, riding on the state-of-the-art information system that facilitates and manages transaction-oriented applications. There is also a rapid response to general challenges and support.

Expatriate staff policy is integral to the Business Model. In Sierra Leone, Zenith Bank has six expatriate staff members, including the Managing Director at the senior level, who manage critical areas of the bank's activities such as operations, technology, Treasury, and Internal control.

Zenith Bank engages in CSR to give back to people experiencing poverty. However, the Bank has not investigated the possible linkage between CSR performance and profitability. The Bank is disposed to investigate and ascertain the length of time required for the impact of CSR on financial performance to be felt.

D. Measurement of Business Model Effectiveness

➢ *Guaranty Trust Bank*

GTB has measures in place to assess the effectiveness of the components of its business model by creating virtuous cycles through the means highlighted below.

- *Monthly Management Reporting*: Subsidiaries furnish the parent bank with reports on their business activities and operating environment monthly. The reports cover the subsidiaries' financial performance, risk assessment, and regulatory activities, among other things.
- *Quarterly Business Performance Review Session*: Subsidiaries participate in the group's quarterly business performance review and present their business activities during the quarter and their financial performance for review and guidance.
- *Annual Risk Management Audit:* This audit is conducted by the parent bank's Credit Admin arm. The areas of concentration during this audit include asset quality, loan performance, security pledge review, loan conformity with credit policy, documentation check, and review of the central liability report, among others.
- *Annual System and Control Audit:* An annual audit is carried out by the parent system and control group to review all operational areas of the offshore banks. This exercise is distinct from the daily operations audit carried out by the respective internal audit unit within the subsidiaries. Upon completion of the audit, a report is circulated to the Board members of the subsidiary and the International Banking Team, which follows up on actions as the case may be.

➢ *United Bank for Africa*

The two measures of Business Model effectiveness are the *Income Model, which measures the* effectiveness of the Bank's strategy to generate income from its various available products, and *the Operating Model, which allows the Group to* control subsidiaries by regulating the financial and operating policies of the entities to extract optimal benefits from their activities.

➢ *Zenith Bank*

The measures employed by the Bank for assessing the effectiveness of its Business Model components include *social architecture*, which consists of knowledge resources, management systems, competencies, and employee development; *technical architecture*, consisting of ICT devices, computers, ICT systems, machines, etc.; and *business processes*, which derive resources to implement proper product value creation from the two bases.

E. Linkage between Operating Business Model and Corporate Objectives of the Bank

➢ *Guaranty Trust Bank*

The GTBank Group has a five-year strategic plan that covers its key imperatives, including international expansion and financial performance mandates.

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In addition to the strategic roadmap at a Group level, which provides overall guidance to the various business segments, including the subsidiaries, each subsidiary crafts its unique strategic plan, which provides a detailed approach to its local business to achieve the objectives set by the Group.

Each subsidiary's achievements are assessed quarterly during the Group Quarterly Business Review sessions, and where necessary, further guidance is provided to the business managers on ways to navigate headwinds encountered during the quarter.

➢ *The Flexibility of the Business Model to Operate Successfully at the Bottom of the Pyramid (BoP) Population:*

GTBank's Business Model has been designed to operate successfully in any country on its strategic expansion list. Its target markets are carefully selected based on various factors, including economic growth potential, cultural congruency, historical ties, legal framework, socio-political factors, and entry capital requirements. Actual entry into a selected market depends on the opportunity at a given time.

The parent Bank is a retail bank, and as such, the retail model –viewed in terms of organizational structure and overall objectives in Nigeria is replicated in all the subsidiaries to ensure the franchise's success in the host country.

➢ *Zenith Bank*

Zenith Bank has an established nexus between the operating Business Model of its subsidiaries and the corporate objectives. The Bank relies on enhancing cooperation and alignment across the organization. However, its Business Model is not tailored to operate successfully at the bottom of the pyramid population.

F. Peer Analysis for December 2015

The summary of the performances of the thirteen (13) commercial banks in Sierra Leone for the financial year ended 31st December 2016 was obtained from the Banking Supervision Department of the Central Bank of Sierra Leone and is shown in Table 4A below for easy comparison.

Table 2: Audited Peer Review as at 31st December 2015

AUDITED PEER REVIEW AS AT 31ST DECEMBER 2015

Market Share Analysis	GTBANK	Zenith	UBA	SLCB	RCB	SCB	UTB	ECO	FIB	FBN	keystone	Access	Skye	INDUSTRY
	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000	Le'000
Total Assets	661,842,052	317,052,313	303,069,205	797,417,108	683,977,815	669,928,861	359,708,708	616,909,944	352,102,660	133,293,952	72,584,012	158,062,865	102,853,094	5,228,802,589
Total Liabilities	**562,035,433**	**283,060,428**	**242,296,784**	**751,836,593**	**683,792,492**	**596,109,940**	**301,124,712**	**552,161,822**	**300,386,277**	**85,968,106**	**39,841,159**	**127,619,820**	**68,075,561**	**4,594,309,127**
Deposits	529,656,424	282,396,740	227,842,605	726,054,570	649,411,709	545,738,874	262,103,923	523,919,845	285,262,094	84,687,070	39,007,990	122,777,095	57,601,282	4,336,460,221
Loans	187,194,528	14,494,767	29,012,611	171,429,909	92,005,741	40,089,445	161,591,300	140,810,480	106,046,940	25,445,808	16,957,358	15,920,253	24,444,736	1,025,443,876
Equity	99,806,619	33,991,885	60,772,421	45,580,515	185,323	73,818,921	58,583,996	64,748,122	51,716,383	47,325,846	32,742,853	30,443,045	34,777,533	634,493,462
Net Interest Income	35,733,818	6,349,551	9,882,689	-	23,928,374	16,111,064	-	32,755,203	18,699,853	5,590,377	4,529,132	5,839,359	-	159,419,420
Other Income	57,983,730	13,345,599	31,966,505	-	47,282,204	60,296,122	-	41,928,525	21,509,357	10,438,518	4,741,137	9,619,091	-	299,110,788
Total Operating Income	**93,717,548**	**19,695,150**	**41,849,194**	-	**71,210,578**	**76,407,186**	-	**74,683,728**	**40,209,210**	**16,028,895**	**9,270,269**	**15,458,450**	-	**458,530,208**
Operating Expenses	(43,742,000)	- 17,172,579	- 22,064,778	-	- 52,039,945	- 59,218,054	-	- 49,724,628	- 28,803,542	- 5,792,301	- 8,301,971	- 13,206,369	-	- 300,066,167
LLP	(3,216,116)	(1,257,845)	(15,210)	(93,241,945)	(15,826,429)	-	(28,539,129)	(8,691,979)	(2,257,552)	(1,434,038)	(761,545)	(352,670)	(744,436)	- 156,338,894
Profit Before Tax	**46,759,432**	**1,264,726**	**19,769,206**	**15,326,980**	**3,344,204**	**17,189,132**	**2,697,209**	**16,267,121**	**9,148,116**	**8,802,556**	**206,753**	**1,899,411**	**6,295,737**	**148,970,583**
Profit Before Tax	**46,759,432**	**1,264,726**	**19,769,206**	**15,326,980**	**3,344,204**	**17,189,132**	**2,697,209**	**16,267,121**	**9,148,116**	**8,802,556**	**206,753**	**1,899,411**	**6,295,737**	**148,970,583**
Profit After Tax	32,731,602	1,520,108	13,616,157	10,728,886	1,530,650	12,198,338	1,888,046	11,174,473	6,361,578	6,068,420	157,820	1,336,214	4,407,016	103,719,308

Source: Bank of Sierra Leone

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SLCB	Sierra Leone Commercial Bank
RCB	Rokel Commercial Bank
SCB	Standard Chartered Bank
UTB	Union Trust Bank
ECO	Eco Bank
FIB	First International Bank
FBN	First Bank Nigeria
UBA	United Bank For Africa

- *Industry Total Assets*

The top-ranked banks in the industry's total assets are SLCB with 15.1%, RCB with 13.1%, and SCB with 12.8%. GTBank is fourth-ranked at 12.7%, UBA is ninth at 5.8%, and Zenith is eighth at 6.1% of the industry's total assets. The lowest-ranked banks in declining order are Access (3%), FBN (2.5%), Skye (2%), and Keystone (1.4%).

- *Industry Loan & Advances*

The core banking business of leveraging the balance sheet is regulated by the Bank of Sierra Leone, which limits the aggregate exposure of any bank to 300% of its capital. GTBank is the topmost-ranked bank with 18.3% of industry loans and advances, followed by SCLB with 16.7%, UTB with 15.8%, and Ecobank with 13.7%. UBA's industry loan and advances of 2.8% placed it in the eighth position, while Zenith's 1.4% placed it in the least position.

- *Industry Total Deposits*

The industry total deposits are distributed with the following banks having the highest share: SLCB (16.7%), RCB (15%), SCB (12.6%), GTBank (12.2%), and Ecobank (12.1%). Zenith had the 7th largest share of the industry deposit at 6.5%, while UBA's 5.3% of the industry's deposit placed it in the 8th position.

- *Industry Total Equity*

GTBank is the most capitalized bank in the industry and has 15.7% of the industry's total equity. The higher single obligor limit, which denotes the maximum allowed loans and advances permitted to a single customer and is 25% of the bank's equity, provided the bank with the advantage of creating a higher volume of earning assets. This, thus, enabled the bank to generate the highest leverage income. UBA is placed in the fourth position at 9.6%, further aided by the lending support provided by its subsidiary, UBA Capital, for big-ticket transactions. Zenith is placed 10th at 5.4%. The industry paid up capital is Le30billion.

- *Industry Total PBT*

GTBank is the top-ranked bank in this category, generating nearly a third of the industry's total profits, at 31.4%. This was followed by UBA, which improved its performance to command 13.3% of the industry's profits. Zenith generated only 0.8% of the industry's profits and thus placed 12th.

G. Guaranty Trust Bank Performance Analysis

The financial statements summary of GTBank for 2013-2015 was reviewed, and relevant information was extracted, as shown in ***Appendix 4.1***. The information extracted was employed to compute financial ratios as indicated in the methodology and are shown in **Tables 3 and 4** below.

Table 3: GTBank Balance Sheet Metrics

Balance Sheet Metrics				
		Dec-15	Dec-14	Dec-13
Capitalisation	Capital Adequacy	35.00	31.00	27.00
	Risk-Weighted Assets/Total Assets & Contingents	83.15	86.76	87.22
Asset Growth	Loan growth	28.53	5.33	27.65
	Growth in Earning Asset	34.00	17.63	36.11
Funding Source	Deposit growth	9.30	21.00	30.00
	Low cost mix	93.00	88.00	68.44
Asset Quality	Non-Earning Assets/ Total Assets	39.50	48.70	47.59
	Non-Performing Loans/Total Loans - Gross	3.62	13.17	10.90
	Loan to Deposit	35.34	30.06	34.56

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The performance summary revealed that GTBank was adequately capitalized and could meet its obligations when due. The capital adequacy ratio (measured by comparing the Adjusted Capital to Risk-Weighted Assets) improved over the three years from 27 % (2013), 31% (2014), and 35% (2015), well over the regulatory limit of 15%. The ratio of Risk-Weighted Assets to Total Assets and Contingents was well over 80% over the three years.

Deposits grew by 30% in 2013 to Le400 billion, 21% in 2014 to Le484 billion, and 9.3% in 2015 to Le530 billion. The bank grew its low-cost mix of deposits from 68% in 2013 to 88% in 2014 to 93%, reflecting successful efforts at diversifying its funding mix to lower the cost of funds and interest expense as much as possible. The bank also recorded year-on-year growth in earning assets. Loans grew by Le 39.2 billion or 28% in 2013, Le 12.9 billion or 5% in 2014, and Le 44.8 billion or about 29% in 2015. Also, earning assets grew over the three years by 36.11% (2013), 17.63% (2014) and 34% (2015).

The quality of the assets improved over the period. The non-performing loan ratio improved from 10.9% in 2013 to 3.62% in 2015. The proportion of non-earning assets to total assets dropped from 47.6% in 2013 to 39.5%, which implies an improvement in the capacity of assets to generate income. The loan-to-deposit ratio improved marginally from 34.6% in 2013 to 35.3% in 2015.

Table 4: GTBank Income Statement Metrics

Income Statement Metrics					
		Dec-15	Dec-14	Dec-13	
Interest Margin	Net Interest margin	10.92	23.11	23.81	Net Interest Income/Interest Income
Operating Efficiency	Growth in OPEX	1.00	11.00	13.00	
	Cost-to-Income	43.84	47.61	49.60	OPEX/Gross Earnings
Profitability	Return on Equity (ROE)	46.85	47.15	34.76	PBT/Adjusted Capital
	Return on Assets (ROA)	7.07	5.92	4.50	PBT/Total Assets
	PBT Margin	46.86	38.07	27.86	PBT/Gross Earnings

There was a marginal decline in Net Interest Margin from 23.81% in 2013 to 23.11% in 2014. However, there was a notable decline to 10.92 in 2015, arising from increased competition. It is important to note that the bank's operational efficiency improved markedly over the three years. There was negative growth in operational expenses from 13% in 2013 and 11% in 2014 to 1% in 2015, reflecting the success of the bank’s cost containment strategy despite that it increased its branch network by two and implemented a salary increase across the board in 2015. The consequence of increased low-cost funds and a drop in the growth of operational expenses is the steady decline in the cost-to-income ratio (CIR), measured as a ratio of business operational cost and gross earnings. CIR dropped from 49.6% in 2013, 47.6% in 2014 to 43.8% in 2015.

Loans and Advances grew each year from Le138 billion (2013), Le145 billion (2014) to Le 187 billion (2015). Due to the general economic decline experienced in 2014-15 caused by the deadly Ebola Virus Disease (EVD) epidemic and the fall in the world prices of the country’s main export, iron ore, and the consequent collapse of the major iron ore companies, the inflow of revenue receipts from mineral sales dropped. The bank immediately diversified its income source from other income, such as margin on the foreign currency trade, to leveraging more of its growing balance sheets to earn income from loans and advances. The result was a significant growth in the bank's profitability, which created a distance between the bank and its industry peers.

Gross earnings increased steadily to Le 78.4 billion (2013), Le 90.7 billion (2014), and Le 99.8 billion (2015). Profitability improved significantly from Le21.9 billion in 2013, Le34.5 billion in 2014, and Le 46.8 billion. Return on Equity (ROE) improved from 34.76% (2013) to 47.15% (2014) and dropped slightly in 2015 to 46.85%. A significant value was thus added to the value of investments of the shareholders. Return on Assets steadily grew from 4.5% in 2013, 5.92% in 2014, to 7.07% in 2015, indicating improved efficiency in asset utilization. PBT Margin grew from 27.86% in 2013, 38.07% in 2014 to 46.86% in 2015.

H. UBA Performance Analysis

The Financial Statements summary of UBA for 2013-2015 was reviewed and relevant information extracted as shown in ***Appendix 4B***. The information extracted were employed to compute financial ratios and are shown in **Tables 5 & 6** below.

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Table 5: UBA Balance Sheet Metrics

KEY RATIOS		UBA		
Balance Sheet Metrics				
		Dec-15	Dec-14	Dec-13
Capitalisation	Capital Adequacy	201.00	182.00	219.00
	Risk-Weighted Assets/Total Assets & Contingents	9.92	11.94	5.34
Asset Growth	Loan growth	49.57	47.87	46.20
	Growth in Earning Asset	53.19	20.42	-
Funding Source	Deposit growth	42.00	-42.63	-
	Low cost mix	13.61	66.76	89.03
Asset Quality	Non-Earning Assets/ Total Assets	44.57	49.34	72.33
	Non-Performing Loans/Total Loans - Gross	1.18	3.10	3.09
	Loan to Deposit	13.25	9.49	2.79

UBA maintained a huge capital adequacy ratio of 219% (2013), 182% (2014), and 201% (2015) and is well able to meet its obligations as at and when due. The capital adequacy ratio is well above the minimum of 15% imposed by the regulator. The ratio of Risk-Weighted Assets to Total Assets and Contingents was appallingly low at 5.34% (2013), 11.94% (2014), and 9.92% (2015), indicating a low level of financial intermediation in the market.

The bank closed the year 2013 with deposits of Le 273billion and dropped by 42.63% in 2014 to Le 154billion due to the biting ravaging EVD epidemic and increased by 42% in 2015 to Le218 billion aided by donor funds for the post-EVD recovery. There was a progressive decline in the low-cost mix of deposits from 89.03% in 2013, 66.76% in 2014, and 13.61% in 2015. The increase in the high-cost fund component denotes an increase in the bank's interest expense. The bank recorded marginal growth in earning assets. The loan portfolio increased by Le 3.5 billion in 2013, Le 7.0 billion in 2014, and Le14.3 billion in 2015.

Also, the proportion of earning assets as a component of the total assets grew over the three-year period to 27.67% (2013), 50.66% (2014), and 55.43% (2015). The quality of the assets was consistently high over the period. Non- performing loan ratio was consistently low at 3.09% in 2013, 3.10% in 2014 and 1.18% in 2015 and well below the regulatory threshold of 10%. The proportion of non-earning assets to total assets dropped from 72.33% in 2013 to 44.57% in 2015 which implies an improvement in the capacity of assets to generate income and loan to deposit ratio improved from 2.79% in 2013 to 13.25% in 2015.

Table 6: UBA Income Statement Metrics

KEY RATIOS		UBA		
Income Statement Metrics				
		Dec-15	Dec-14	Dec-13
Interest Margin	Net Interest margin	10.92	23.12	22.14
Operating Efficiency	Growth in OPEX	37.12	17.39	-
	Cost-to-Income	42.65	49.06	36.02
Profitability	Return on Equity (ROE)	32.53	25.82	31.38
	Return on Assets (ROA)	6.52	5.63	3.68
	PBT Margin	38.21	37.12	31.83

The bank achieved a marginal increase Net Interest Margin from 22.14% in 2013 to 23.12 in 2014 and declined to 10.92 in 2015. The decline reflected increase in competition among the banks for earning assets. Operational efficiency declines over the over the three years. There was growth in operational expenses from 17.39% in 2014 to 37.12% in 2015. The Cost-to-Income ratio (CIR) increased from 36.02% in 2013, 49.6% in 2014 and dropped to 42.65% in 2015.

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Loans and Advances grew each year from Le 7.6 billion (2013) to Le14.6 billion (2014) and Le 29 billion (2015). This growth and small portfolio carried on the balance sheet are in tandem with the subsidiary bank's strategic business approach, which is to source big-ticket transactions beyond UBA SL's capacity for financing by UBA Capital. The income is shared, with UBA SL earning the fee income and UBA Capital earning the interest income. UBA SL has been very successful in recent years.

Gross earnings increased steadily to Le 38billion (2013), slightly dropped to Le 32.8billion (2014) and increased significantly to Le 51.7billion (2015). Profitability was steady at Le12.11billion in 2013 and Le12.18billion in 2014 and increased to Le 19.77billion. Return on Equity (ROE) over the period has been mixed dropping from a high of 31.38% (2013) to 25.82% (2014) and increased in 2015 to 32.53%.

Thus, appreciable value was added to the shareholders' investments. Return on Assets steadily grew from 3.68% in 2013, 5.63% in 2014, and 6.52% in 2015, showing improvement in asset utilization. PBT Margin also had incremental growth from 31.83% in 2013, 37.12% in 2014, and 38.21% in 2015.

I. Zenith Bank Performance Analysis

We also reviewed the financial statements summary of Zenith Bank for 2013-2015 and extracted relevant information as shown in ***Appendix 4C***. The information extracted were employed to compute financial ratios and are shown in **Tables 7 & 8** below.

Table 7: Zenith Bank Balance Sheet Metrics

KEY RATIOS	ZENITH BANK			
		Dec-15	Dec-14	Dec-13
Capitalisation	Capital Adequacy	49.80	58.6%	43.2%
Asset Growth	Loan growth	14.96	23.19	-
	Growth in Earning Asset	(0.53)	70.14	-
Funding Source	Deposit growth	13.82	74.27	-
Asset Quality	Non-Earning Assets/ Total Assets	48.55	41.71	42.42
	Non-Performing Loans/Total Loans - Gross	8.68	0.79	48.67
	Loan to Deposit	5.13	5.08	7.19

Zenith Bank maintained a healthy capital adequacy ratio of 43.2% (2013), 58.6% (2014), and 49.8% (2015) and was well able to meet its obligations as and when due. The bank recorded negative growth in its loan portfolio from 23.19% in 2014 to 14.96% in 2015. The loan portfolio increased by Le 2.9 billion in 2013, Le 2.4 billion in 2014, and Le 3.1 billion in 2015. However, earning assets increased significantly by 70.14% in 2014, from Le 96.4billion in 2013 to Le 163billion in 2014. Notably, there was diversification of earnings from loan growth to investment in treasury bills. The bank, however, experienced a 0.53% drop in earning assets to close at Le 163.1billion in 2015.

The bank closed 2013 with deposits of Le 142 billion, which increased massively by 74% in 2014 to Le 248 billion and slightly increased by 14% in 2015 to Le 282 billion. The massive increase in earning assets in 2014 was aided by 74% increase in deposits volume. The proportion of earning assets as a component of the total assets increased from 57.58% in 2013 to 58.3% in 2014 and 51.5% in 2015. Non- performing loan ratio improved from its abysmal 48.67% in 2013 to 0.79% in 2014 after write-off of delinquent assets and declined to 8.68% in 2015. The loan-to-deposit ratio declined steadily from 7.19% in 2013 to 5.08% in 2014 and improved slightly to 5.13% in 2015.

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Table 8: Zenith Bank Income Statement Metrics

KEY RATIOS	ZENITH BANK			
Income Statement Metrics				
		Dec-15	Dec-14	Dec-13
Interest Margin	Net Interest margin	36.60	55.01	28.83
Operating Efficiency	Growth in OPEX	17.67	-12.96	-
	Cost-to-Income	57.80	57.47	53.85
Profitability	Return on Equity (ROE)	3.72	3.10	(22.71)
	Return on Assets (ROA)	0.40	0.36	(2.64)
	PBT Margin	4.26	3.97	(14.17)

Net Interest Margin nearly doubled from 28.83% in 2013 to 44.01% and declined to 36.6% in 2015. Operational efficiency analysis revealed a 12.96% drop in operating expenses in 2014 and an increase of 17.67% in operating costs in 2015 to close at Le 17.2 billion. The cost-to-income ratio (CIR) increased from 53.85% in 2013 to 57.47% in 2014 and 57.8% in 2015. Loans and Advances progressively expanded each year from Le 10.2 billion (2013), to Le12.6 billion (2014) and Le 14.5 billion (2015). The low loan size was a strategic decision the group office took to slow down on loans and advances until the credit risks could be properly mitigated.

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CHAPTER FIVE
ANALYSIS OF DATA

For a Business Model to be deemed viable, managerial choices are classified into policies, assets, and governance of assets and policies on the one hand, and consequences of those choices on the other must be able to satisfy the features identified by Casadesus-Masanell & Ricart (2011). These features include alignment with the organization's goals, reinforcement, virtuousness, and robustness. In this chapter, the Business Models of the case study bank and other selected banks are analyzed by triangulating the qualitative and quantitative data presented in the previous chapter to complement and compare for research validity.

The analysis of the viability of the bank's business models would reveal how GTBank has made strategic choices to create and capture value along its strategic networks and gain a competitive edge over its peers in the banking industry.

A. Alignment to the Goals of the Organization

Casadesus-Masanell and Ricart (2011) explained that for a Business Model to align with an organization's goals, the consequences of the choices made must propel the organization to attain its international expansion objectives.

➢ *International Expansion Objectives*

The success of the international expansion of any multinational company is measured by the degree to which the expansion objectives have been achieved. The expansion goals of GTBank are aimed at diversifying its business, diluting the concentration of its risks, broadening its funding source, gaining brand recognition, and, most importantly, increasing its profitability. Based on the classification by Cavusgil, Ghauri, & Akcal (2013) on the motivations for expanding businesses abroad, the expansion objectives of GTBank group are to grow its customer base and increase its revenue, reflecting *a market-seeking motive.* The Bank plans to broaden its market further into Tanzania and Cameroon in 2016.

For the direction of this study, shareholder value must be at least preserved or, as mostly desired, enhanced. The GTBank group has achieved year-on-year growth in profitability since its emergence in 1990, further expanding its loan book by 7.5% and increasing the group's profit by 3.7% in 2015. Despite the economic and health challenges experienced during the review period, with many attendant shutdowns in 2014, GTBank (SL) has been the most profitable bank in the Sierra Leone banking industry over the past three years. The Bank achieved 31% of industry profit in 2015 and recorded year-on-year growth in profitability of 42% in 2013 (Le 15.43 billion), 58% in 2014 (Le 21.85 billion), and 35% in 2015 (Le 46.76 billion). These results are captured for clarity in Table 9 below.

Table 9: GTBank Profit Trend

FYE	2015	2014	2013
PBT (Le'000)	46,759,432	34,519,808	21,845,169
% Change	35	58	42

The Bank's performance over the period clearly demonstrated flexibility and resilience in the face of adversity. The Bank's performance was recognized internationally and rewarded in July 2015 in Spain with the International Award for Excellence and Leadership by the Global Trade Leaders' Club (Tarawallie, 2015). The award significantly boosted the quest for brand recognition, which is one of the aims of the international expansion. GTBank, to a large measure, is achieving its stated international objectives in Sierra Leone.

However, UBA's international expansion goals are aimed at becoming the foremost market leader in terms of service, size, and profitability and having a dominant presence on the African continent. The motivation for the expansion of UBA to other countries is observed to be a mix of market-seeking and resource-seeking. The reason is that UBA seeks to increase its market share by leveraging electronic business products to acquire customers, mobilize deposits, and leverage its balance sheet to create assets; it also recommends big-ticket transactions above its lending limit to UBA Capital, its Nigeria subsidiary. There is an income-sharing formula for projects financed by UBA Capital on behalf of UBA SL, with UBA SL taking the fee income and UBA Capital the interest income.

The bank has largely met its objective of having a dominant presence in Africa because, as of date, it has the widest presence among Nigerian banks. It has a presence in 19 African countries, two major capitals of Europe, and the United States of America. The profitability pattern for UBA is shown in Table 10 below.

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Table 10: UBA Profit Trend

FYE	2015	2014	2013
PBT (Le'000)	19,769,206	12,176,094	12,114,008
% Change	62	1	

The Bank made a PBT of Le12.18 billion in 2014, which was 1% higher than the Le12.11 billion achieved in 2013. UBA, however, made a significant jump to Le 19.77 billion in 2015, which was 62% over the 2014 result. UBA was able to forge ahead of bigger and more established banks in the industry to become the second most profitable bank behind GTBank in 2015. Consistency in performance will validate the appropriateness of the chosen strategy and business model adopted.

Zenith Bank's international expansion objectives are to achieve global brand recognition, customer satisfaction, and economies of scale and scope. The absence of a business performance proposition may explain the bank's low performance in the industry, where it emerged as the 12th most profitable bank out of thirteen banks in 2015. Zenith Bank's presence in only four countries does not help it achieve its goal of having a global presence.

All three banks are achieving their stated international business expansion objectives to a large extent. GTBank and UBA have made considerable business impact, while Zenith Bank has made little impact.

B. Reinforcement

Reinforcement implies that the choices made must be internally consistent and complement one another. Reinforcement may be viewed from the strategy intent and operational efficiency as explained below.

- *Strategic Intent*

A Business Model refers to how an enterprise does business and may be considered as both the design for the implementation of a business strategy and the basis for the operation of business processes (Osterwalder and Pigneur, 2002; Richardson, 2008). A Business Model represents "a company's basic core logic and strategic choices for creating and capturing value within a value network" (Shafer, Smith & Linder, 2005, p. 202).

The four components of Business Model are strategic choices, value network, the creation of value, and capturing of value. A Business Model is not the same as a business strategy, but both are intrinsically linked because a Business Model reflects strategic choices of an enterprise. The companies have defined their Business Model by their strategic intentions. The strategic intent of GTBank is to be one of the top three most profitable banks in its operating environment. The strategic intent of UBA is to be the bank of choice for businesses across the continent and the lead bank for Africa renaissance while Zenith Bank wishes to outperform its competition and maximize profit in a financial market with distinctive similarities in product strategy.

For these stated strategic intentions to be met, each bank must make choices on how to create and capture value in a defined network. GTBank has strived to dominate both the low–high end of its market in Sierra Leone by leveraging on its acquired competences in the chosen market segments i.e. Telecommunications, General Commerce, Energy, Retail, Small and Medium Enterprises (SME), Mining, Construction, and Treasury. The bank has acquired significant shares of the business of the major companies in Telecommunications and its value chains (Africell and Airtel), Mining and its value chains (Koidu Holdings & Shandong International Steel Group and H.M. Diamonds), Energy (NP and Total), General Commerce and Construction.

To drive its retail business, it has significantly increased its branch network to 14 with a spread across the major economic areas of the country leveraging on its operational efficiency and on-line real-time technological advantage. The bank also has 20 Automated Teller Machines (ATMs), the highest by any bank in Sierra Leone, with MasterCard enabled cards to provide 24/7 banking services anywhere in the world. These are in addition to the internet banking service platform. The several value networks have ensured that the bank can capture the values created most effectively.

The bank spread has enabled it to acquire more customers from the underserved and unbanked population and introduce innovative financial products that have helped to increase cash collections and capture more stable savings account deposits from the mainly BoP population. UBA with six branches and Zenith Bank with five branches all located in Freetown are not focused on the low end of the market and thus do not have an effective strategy for capturing the retail market and as a consequence, are not able to mobilize stable savings account deposits significantly. Thus, while GTBank has a diversified deposit base, UBA and Zenith's deposit base is much more concentrated.

➢ *Operational Efficiency*

In the face of market contraction, it is very imperative to operate more efficiently to reduce cost. The cost containment policy of GTBank that seeks to institutionalize effective travel policies, optimize energy usage across the bank and renegotiate contracts with vendors in the major service areas has been widely adopted across the group. The policy has been very successful in GTBank SL. The bank's growth in operating expenditure declined over the period from 13% in 2013 to 11% in 2014 and an unprecedented 1% in 2015.

Equally, the business cost-to-income ratio recorded a decline from 49.6% in 2013 to 47.6% in 2014 and 43.84% in 2015. This was achieved through extensive use of technology to drive efficiencies, outsourcing of selected activities such as employment of tellers and security personnel to recruitment agencies, and guided implementation of a well evolved operating model with optimal levels of centralization and decentralization.

There was a spike in the growth of operating expenses for UBA from 17.39% in 2014 to 37.12% in 2015. Also, the cost-to-income ratio increased from 36.02% in 2013 to 49.06% in 2014 and declined to 42.65% in 2015. It is important to note that the reduction in the cost-to-income ratio in 2015 was mainly due to the growth in income than a reduction in cost.

No discernable cost management mechanism was observed in Zenith Bank. The bank was recorded a drop in operating expenses of 12.96% in 2014 which increased to 17.67% in 2015. The cost-to-income ratio was highest among the three banks at 53.85% (2013), 57.47% (2014) and 57.80% (2015).

C. Virtuousness

A good business must be such that consequences arising from choices made regarding specific goals can be measured in relation to the expected consequences to make the necessary adjustment to eliminate variance. A company enjoys growth when the adopted Business Model generates virtuous cycles that enable attainment of business objectives. This is because the presence of virtuous cycles, which are typically feedback loops, strengthens some components of a Business Model.

A virtuous cycle is seen to be generated by the retail product bouquet used to drive deposit mobilization to boost liquidity. GTBank has generic savings account retail product-chain that ensures that accounts are opened from the level of a newborn child to senior citizen, thus ensuring that children are introduced into the bank right from when they are born and retained till old age. The first product is the Smart Kids Save (SKS), a savings product opened for children aged 0-12years and managed either by the parent or guardian. This is followed by the SKS Teen for children aged between 13-19 years and GTCrea8 that targets students of higher institutions. For the working class growth level of human evolution, there is the e-Account for salary account holders that is solely operated using the available electronic channels, GT-Max (Silver, Gold, and Platinum) for high net worth individuals and businesses and lastly, the GT-Seniors account for senior citizens from the age 65years. This retail product chain is particularly important for mass mobilization of stable savings deposits for business sustainability.

The GTBank Group five-year strategic plan provides overall guidance to the various business segments including the subsidiaries, and each subsidiary crafts its unique strategic plan which provides a detailed approach to their local business to achieve the objectives set by the Group. A system of feedback is designed to assess on a quarterly basis business activities during the quarter, review of financial performance in relation to approved budget and making of performance projections for the next quarter during the Group Quarterly Business Review sessions.

These sessions enable careful review of the profitability of each subsidiary against their year-to-date budget expectations. Further guidance is provided to the business managers, where necessary, on ways to overcome challenges encountered during the quarter to ensure profitability and stability. A virtuous cycle is thus generated through the review and adjustments recommended at the group quarterly business review.

There is a monthly management reporting wherein on a monthly basis; the bank subsidiaries provide relevant departments at the parent office with reports on their business activities and operating environment. The reports cover financial performance, risk assessment, regulatory activities among others. The monthly reporting enables detailed review of business activities to be done, and recommendations made, where necessary.

A virtuous cycle is generated through the yearly risk management audit carried out by the Credit Administration arm of the parent bank. The audit is designed to assess asset quality, loan performance, review security pledged, conformity of loan with credit policy, documentation check, and review of Central liability report among others. Aside from the internal audit conducted by subsidiary's System and Control unit, an annual audit is carried out by the System and Control group of the parent office to review all operational areas of the subsidiary bank. Upon completion of the audit, a report is circulated to the members of the Board of Directors of the subsidiary bank and the International Banking Team which follows up on the resolution of non-conformances as the case may be.

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The several virtuous cycles generated from the many feedback loops help to achieve internal control objectives of efficient and effective operations, reliable financial reporting, and compliance with applicable laws and regulations (COSO, 2013) and create sustainable shareholder returns.

D. Robustness

Robustness describes that ability of any company to sustain the effectiveness of its Business Model over time and sustainability is accessed in relation to the threats listed by Ghemawat (1999): imitation, holdup, slack, and substitution. It is to be expected that competition will always seek to copy the Business Model of a more successful company. The speed at which this is achieved will depend on the presence of the slow to replicate rigid consequences like experience, reputation, and culture.

GTBank with spread all over Sierra Leone and larger customer base has cultivated a reputation for customer service and service efficiency. It is also generally known for its strong ethical disposition and innovation. The system of hiring workforce locally for management and middle-level positions provide a rich pool of useful information on the market for quality decision making.

The culture in an organization described by Schein (1996) as basic assumptions and common values shared by members of the organization. Culture provides the members with a shared sense of identity and commitment to similar cause and is exemplified by routines and rituals, stories, symbols, power structures, organizational structures and control systems (Johnson,1992). The operating learning culture to be observed in GTBank is a mix of competitive and hierarchical learning culture in which membership composition is based on qualification, track record, performance, and networking skills. The environment is designed to provide professional and rewarding work environment capable of attracting and retaining high performers.

The operating cultures are geared towards entrepreneurship with the emphasis being on results and system of reward structured to encourage innovations. Members are encouraged to be willing to learn and exchange information and knowledge (Patel & Patel, 2008). While credit and marketing members are particularly encouraged to be flexible in thinking, operations and back office members are restricted to standard rules and procedures.

Several types of training are provided all through the year for all segment of staff, and they include three-month entry-level training designed for new staff mostly high flyers new graduates, in-house, local and overseas training and attachment at GTBank head office for selected staff. This has fostered a culture of service excellence, innovation, and outstanding financial performance and deepen the skills and competencies of GTBank staff across all job functions and industry segments.

The limited branch networks of UBA and Zenith Bank, adopted expatriate staff policy wherein critical middle-level managers are deployed from the parent office and hosting of technology servers and processing of some specific transactions at the home office do not engender learning, creativity, and enhancement of competence in the organization. These thus make it hard for these banks to quickly reorganize choices and build rigid consequences similar to GTBank.

The threat of *holdup* is very real especially for major customers that operate accounts with several banks. Many of such customers are in the habit of shopping for favourable terms from banks in the exercise of bargaining power. It is necessary to define the limit of concessions to offer to such customers. However, GTBank has been able to mitigate holdup from suppliers by creating vendor and supplier pool from which companies are required to bid for services. Contracts are also structured such that a leeway is created for renegotiation when terms are no longer favourable. A similar situation is obtainable in the other banks as these have become industry practices.

To mitigate against *slack*, GTBank on a monthly basis prepares a peer review report to assess its performances against that of the other banks. Choices are made on how to reverse negative trends such as creating incentives in the target area of improvement and formulating measures to neutralize competitors' advantages. The banks offer same traditional products but GTBank as with other banks from Nigeria leverages on the introduction of generic products that have been successful in Nigeria into the market.

CHAPTER SIX
RECOMMENDATION AND CONCLUSION

A. Recommended Design of Business of Model

Creativity and innovative products and services are required for companies to thrive and be relevant in an environment characterized by rapid, continuous, and unpredictable changes, such as in emerging and low-income economies. The Business Model must exhibit sufficient flexibility to adapt positively to the frequent changes. The innovation of Business Model will consist of adding new activities, linking activities in novel ways, entering a new partnership, abandoning unviable activities or overhauling existing Business Model. It is thus possible for MNBs to achieve a greater level of performance by innovatively re-inventing their Business Model.

The invention of new Business Models and improving existing ones provide firms with disruptive competitive advantages. Even though the Business Model of Zenith Bank targeting the high-end value chain has been very successful in Nigeria, the same Business Model has been ineffective in Sierra Leone because it failed to recognize inherent differences in the operating environment of the two economies. The appropriate and most viable Business Model should be flexible and sensitive to the needs of the Sierra Leonean populace.

A winning business model must seek reinforcement through the entrenchment of a learning culture to enhance communication and strategy execution. This is necessary because making correct business choices and carrying out plans requires knowledge and skills that can only be acquired through learning. A great strategy cannot execute itself but requires people with the required skills and knowledge. The changes in the operating business landscape have transformed the traditional business marketplace fundamentally into a knowledge-propelled new economy (Voelpel, Leibold & Tekie, 2004) that demands requisite learning to be successful. Training is, therefore, a vital component in designing a winning Business Model. Chesbrough (2010) underscored this, saying that a pedestrian technology driven within a winning Business Model would create greater value than a great technology driven within a pedestrian Business Model. The difference is in the quality of choices made by intelligent minds.

To design a winning Business Model in Sierra Leone, MNBs must innovate their revenue generation by adopting a revenue model described by Giesen et al. (2007) as requiring the reconfiguration of product, service, and value mix offerings and introducing new pricing models. The business model must be reinforced such that the choices made will be consistent and complement each other to realize the firm's strategic goal. This means that the reconfiguration of products should include introducing tailor-made products for the low-income population that can create value and be affordable.

For an MNB to thrive in a low-income economy such as Sierra Leone, adopting a retail strategy is imperative, and this should consider the establishment of multiple outlets for tracking and mobilizing low-cost deposits for liquidity and efficiency. Operational efficiency must be achieved by cutting down on waste or unnecessary expenses and constantly seeking cost-efficient ways of running the bank's activities.

The structure must be created that reviews and provides feedback on the consequences of the various choices that drive the organization's activities so that virtuousness can be achieved through the generation of virtuous cycles. This could be through periodic financial performance evaluation, effective systems audit and control, and compliance checks to ensure all policies, applicable laws, and regulations are not violated. The business must provide robustness by promoting activities and measures that reinforce the ability of MNBs to sustain the effectiveness of the business model.

B. Conclusion

The research study revealed that every organization has a business model. The participants in the study were able to demonstrate a good understanding of their adopted Business Model and, to a varying degree, establish a nexus between their Business Models and their organizations' financial results. Based on the responses from the interviews conducted and the analysis of the performances of the study banks, the research study showed that the performances of subsidiary MNBs greatly depend on the viability of the Business Model adopted.

The study demonstrated that the performance advantage that Guaranty Trust Bank (SL) Ltd has over other industry peers was due to the better business model in which it operates. The study further revealed that the performance of multinational banks in foreign locations could be greatly optimized by adopting a viable Business Model. The viable Business Model should ensure that the right choices are made to align with the organization's goals. These choices are internally consistent and complementary to one another, generate virtuous cycles, and sustain the effectiveness of the business model for a long time.

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Lastly, we have demonstrated that a well-crafted and appropriate Business Model can be very effective even in a low-income economy. Thus, this research has facilitated a good understanding of the factors responsible for the successes recorded by Guaranty Trust Bank (SL) Ltd and how these success factors could be replicated in other subsidiary locations. The research has ended with a design of a winning business model that banks should adopt in the market to create and capture more excellent value along their value networks. All the objectives set out in this research have thus been achieved.

The research findings provide practical implications to guide businesses in designing the most appropriate business model for optimal performance, and they are a veritable tool for strategy execution. The research has shown that organization characteristics and resources can be evaluated and assessed along the Business Model's inherent features and structured to deliver optimal results. The results can be significantly enhanced by training and effective communication of expectations top-bottom and feedback communicated bottom-up. This study can help business leaders to develop a template for driving the performance of their organizations, communicate performance actions and monitor performance objectives.

C. Future Studies and Limitations

This study assumes that the general population has a positive and open-minded attitude towards foreign companies' investments and that a level playing field is provided to all industry players. There are, however, instances where industry regulators have applied regulations discriminately to favor local industry players. Government officials have created advantages for competitor banks by directing foreign investors to patronize particular local banks, and the local population has not been welcoming to foreigners' incursion. Further study should be done to assess the impact of induced distortions on the effectiveness of the Business Model for optimal performance.

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APPENDICES

APPENDIX A

- *Guaranty Trust Bank*

- *Participant Consent Form for Postgraduate Dissertation*
  Olusegun Obasun
  Postgraduate Dissertation Study Project
  University of Liverpool

- *Title of Project:*

International expansion of Nigeria banks: Constructing the winning Business Model in Sierra Leone-A case study of Guaranty Trust Bank.

- *Introduction*

The purpose of this form is to provide you with information so you can decide whether to participate in this study. Any question you may have will be answered by the researcher. Once you are familiar with the information on the form and have asked any questions you may have, you can decide whether or not to participate. If you agree, please either sign this form or else provide verbal consent if you do not wish your name to be registered on the form. Please also indicate whether or not you are willing for your contribution to be audio recorded. Please note that this recording will not be made available to anyone other than the student and if necessary the supervisor. It will only be used for the purposes of transcribing the material.

Please note your participation is voluntary and you may decide to leave the study at any time. You may also refuse to answer specific questions you are uncomfortable with.

- *Purpose of the Study*

You have been asked to participate in a research with the aim to study the adopted Business Model of Guaranty Trust Bank (SL) Ltd in comparison with the models adopted by other notable competitions, seek to understand the degree to which Business Model adopted impact of corporate performance, identify the model variables, and suggest best model to operate by banks in the Sierra Leone. A central theme of this research is to facilitate order in the understanding of factors responsible for the successes recorded by the subsidiaries of Nigerian banks in one location and how it could be replicated in other subsidiary locations.

- *Use of the Data*

The findings will be used to form part of my dissertation.

- *Procedures to be Followed*

To assist my research I am asking you to agree to participate in a personal interview/ respond to questionnaire at a time most convenient to you. Following receipt of response, the researcher may revert to you with request for clarification.

- *Risks*

There are no foreseeable risks from participating in this study.

- *Compensation*

You will not receive any type of payment for participating in this study.

- *Possible Benefits of the Study*

The research is beneficial for multinational banks operating in foreign countries and perhaps other international organisations seeking to expand their market abroad. Having a winning model for successful subsidiary operations helps multinational banks to structure their business in a way that guarantee success. The model is also intended to aid in narrowing the psychic distance between the parent office and subsidiary location

- *Statement of Privacy and Confidentiality*

In any publication based on the findings of this study, the data presented will contain no identifying information that could associate it with you unless you specifically request to have your real name associated with your responses.

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- *Contact Information*

✓ My telephone number is: **olusegun.obasun@online.liverpool.ac.uk**
✓ My email address is: +23230088001

- *Confirmation and Consent*

I confirm that I have freely agreed to participate in the research project of Olusegun Obasun. I have been briefed on what this involves and I agree to the use of the findings as described above.

Participant signature: ____

Name:

Date: June 9th 2016

I confirm that I agree to keep the undertakings in this contract.

Researcher signature: ____

Name: ____

Date: ____

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APPENDIX B

Questionnaire used in the participant research

1. What is the objective(s) of the international expansion drive of your bank?

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-
-

2. Would you say that these objectives are being met over the past three years?

   YES/NO

   a. Please explain in more details

3. A business model is 'a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network'. Does your bank have a specific business model known and understood by the operators for the operation of the subsidiaries?

4. If yes, please in simplest terms describe this business model.

5. What are the components of the operating business model?

6. Would you say that your operating business model captures all the means of creating and capturing value?

7. How well would you say that the business model is helping to achieving the international expansion objectives of your organisation?

   a. Please explain.

8. Are there specific factors that that you would say are responsible for the results achieved?

9. Are there measures for assessing the effectiveness of the business model components? Please explain.

10. Would you say that growth of your organisation in the international market is driven through acquisition of competition? Please explain.

11. What would you say are your strong capabilities and do you build on them in your subsidiaries to create growth?

    -
    -
    -

12. What will say are major drawbacks of the operating business model better still how can the business model be improved?

13. Does cultural congruency influence early international expansion decision of your MNB? Please elaborate.

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14. Does your operating business model influence your organisation's performance in the market? Please explain with particular reference to:

- Value capturing
- Cost management.
- Autonomy,
- Technology deployment
- resource allocation,
- Efficiency of transaction processing
- Level & timeliness of general support

15. Is there nexus between the operating business model of your subsidiaries bank and the corporate objectives the bank? Please clarify your answer.

16. Is your business designed to operate successfully in the bottom of the pyramid (BoP) countries? Please explain in detail.

17. To what extent does your expatriate staff policy forms part of your business model? Please explain this policy?

18. What is the impact of CSR on firm performance and is it incorporated into firm's business?

Appendix 4A- GTBank Financial Statements Summary

Financial Statement Summary	Dec. 2015 (Le'000)	Dec. 2014 (Le' 000)	Dec. 2013 (Le' 000)
Risk-Weighted Assets	294,445,615.00	244,915,267.00	235,983,537.00
Contigent	59,650,761.00	37,364,982.00	34,567,140.00
Total Assets	661,842,052.00	583,162,503.00	484,952,655.00
increase in Loans and Advances	44,769,368.00	12,855,927.00	39,202,073.00
Deposits	529,656,424.00	484,463,642.00	400,040,920.00
Low cost deposit	491,624,482.00	424,424,743.00	273,801,201.00
Net Loans and Advances	187,175,898.00	145,622,646.00	138,259,343.00
Treasury Bills	213,496,286.00	153,346,254.00	115,893,007.00
Earning Assets	400,672,184.00	298,968,900.00	254,152,350.00
Non-Performing Loans	6,783,214.00	19,182,264.00	15,066,187.00
Interest Income	41,793,267.00	38,739,490.00	44,924,110.00
Net Interest Income	35,733,818.00	31,271,075.00	34,226,180.00
Adjusted Capital	99,806,619.00	73,214,644.00	62,850,047.00
Gross Earnings	99,776,997.00	90,684,784.00	78,401,618.00
PBT	46,759,432.00	34,519,808.00	21,845,169.00
OPEX	43,742,000.00	43,175,015.00	38,885,758.00

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Appendix 4B- UBA Financial Statements Summary

Financial Statement Summary	Dec. 2015 (Le'000)	Dec. 2014 (Le' 000)	Dec. 2013 (Le' 000)
Risk-Weighted Assets	30,272,042.00	25,967,771.00	17,616,135.00
Contigent	1,987,175.00	974,483.00	564,485.00
Total Assets	303,069,205.00	216,449,549.00	329,166,013.00
increase in Loans and Advances	14,380,776.00	7,004,853.00	3,524,000.00
Deposits	218,932,605.00	154,182,788.00	273,541,600.00
Low cost deposit	29,801,681.00	102,936,901.00	243,520,462.00
Net Loans and Advances	29,012,611.00	14,631,835.00	7,626,982.00
Treasury Bills	138,973,856.00	95,026,250.00	83,438,650.00
Earning Assets	167,986,467.00	109,658,085.00	91,065,632.00
Non-Performing Loans	340,909.00	453,997.00	235,505.00
Interest Income	11,094,625.00	10,917,056.00	15,731,557.00
Net Interest Income	9,882,689.00	8,393,265.00	12,248,270.00
Adjusted Capital	60,772,421.00	47,156,264.00	38,599,470.00
Gross Earnings	51,731,883.00	32,801,413.00	38,057,365.00
PBT	19,769,206.00	12,176,094.00	12,114,008.00
OPEX	22,064,778.00	16,091,765.00	13,707,985.00

Appendix 4C- Zenith Bank Financial Statements Summary

Financial Statement Summary	Dec. 2015 (Le'000)	Dec. 2014 (Le' 000)	Dec. 2013 (Le' 000)
Total Assets	317,052,313.00	281,349,774.00	167,391,023.00
increase in Loans and Advances	3,144,453.00	2,473,689.00	2,892,696.00
Deposits	282,396,740.00	248,098,273.00	142,366,981.00
Net Loans and Advances	14,494,767.00	12,608,159.00	10,234,470.00
Treasury Bills	148,628,255.00	151,377,812.00	86,148,663.00
Earning Assets	163,123,022.00	163,985,971.00	96,383,133.00
Non-Performing Loans	1,257,845.00	100,000.00	4,980,752.00
Interest Income	10,014,895.00	9,693,031.00	13,802,436.00
Net Interest Income	6,349,551.00	4,360,929.00	9,823,719.00
Adjusted Capital	33,991,885.00	32,517,321.00	19,425,617.00
Gross Earnings	29,710,045.00	25,395,462.00	31,139,839.00
PBT	1,264,726.00	1,008,232.00	(4,411,396.00)
OPEX	17,172,579.00	14,594,199.00	16,768,047.00