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Integrated Strategic Analytical Framework for Analysing and Improving A Bank's Market Performance during Periods of Disruptive Competition

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ABSTRACT: As the Caribbean financial market becomes increasingly competitive as a result of the increasingly more innovative fintech companies and other revolutionary traditional banks' activities, a critical analysis of the internal and external variables and changes that can undermine a bank's effective market performance is essential for discerning the improvement strategies that must be adopted. However, the challenge has often arisen from lack of the accurate approach for accomplishing such internal and external analysis. To fill such a gap, this study uses integrative review as one of the techniques of qualitative-content analysis to evaluate different banking performance improvement strategies and strategic management theories. Through such analysis, the study aimed to discern the integrated strategic analytical framework that can be extracted and suggested to the banking executives for analysing and improving a bank's market performance during periods of disruptive competition. To improve a bank's effective market performance during periods of enormous disruptions, social construction and re-construction of the merging findings imply that the accurate analysis and response to the unfolding changes in the external trends will require the banking executives to use the three frameworks' strategic analysis to inform the competitive course of directions that the bank can undertake. The Three-Frameworks' Strategic Analysis will require the banking executives to evaluate the stage of its industry growth stages in conjunction with the use of Porter's "Five Forces of Industry Analysis" and Porter's "Four Corners of Competitors' Analysis". Following the accurate understanding of the industry and market dynamics, findings suggest the bank executives can then craft and apply the strategies for leveraging their competitiveness whilst also countering disrupters. Such strategies would require increasing the investment in R&D to introduce novel digital banking technologies as well as the introduction of novel digital financial products/services that respond or even exceed the unfolding customer expectations. Other critical strategies would require the assimilation or nurturing and integrating the most disruptive fintech companies as part of the essential business partners. Once these strategies are being executed, it is essential the banking executives must also analyse the impacts of such strategies on the improvement of a bank's liquidity and profitability. Basing on such insights, the study enriches the existing theories by offering the Integrated Strategic Analytical Framework that the contemporary banking executives can adopt for analysing and improving a bank's market performance during periods of disruptive competition. However, future research can still explore how improving employees' creativity bolsters a bank's innovativeness to catalyse its effective market performance during periods of disruptive competition.

KEYWORDS: Disruptive Competition; Market Analysis; Industry Analysis; Bank's Performance; Profitability Analysis; Liquidity Analysis; Caribbean Financial Market

INTRODUCTION

As competition increases in most of the Caribbean financial markets, discerning the appropriate strategic analytical frameworks that can be adopted for analysing and improving a bank's market performance during periods of disruptive competition is crucial for bolstering the bank's business sustainability and continuity (Cueva, 2023; Warren, 2021). Strategic analytical framework reflects a set of tools and measurement scales that are used for evaluating and improving a bank's performance in the context of the unfolding disruptive environmental changes. It aids the capabilities of the banking executives to evaluate and modify the capabilities of the bank to respond to the unfolding changes in a way that creates enormous irreplicable advantages.

Integrated Strategic Analytical Framework for Analysing and Improving A Bank's Market Performance during Periods of Disruptive Competition

Strategic analytical framework is part of the approaches for improving the bank's dynamic capabilities. The essence for improving a bank's competitiveness is attributable to the increasing attractiveness of the Caribbean financial markets (Pianese, 2023). This lures more of the operators to require banks to be more dynamic, flexible and agile in their business operations if they are to thrive amidst the more disruptive competition trends.

As the population of the Caribbean financial market reaches 45 million which is comparatively more than Canada's population of 38 million, the demand for different goods and services have also been increasing across all the sectors (Pianese, 2023). This increasing demand has catalysed the improvement of the overall market attractiveness to spur the emergence of not only local banks, but also foreign-owned banks that aim to tap into the different opportunities offered by the lucrative Caribbean financial markets like Bahamas, Trinidad and Tobago, Dominican Republic, St. Vincent and St. Lucia.

Yet as different banks strive to edge out each other, most of the banks have also been quite innovative to create and introduce the financial products and services that can best respond to the needs of the Caribbean market (Ramkissoon, 2018). One of such innovative approaches has been reflected in the introduction of fintech companies that seek to offer the best banking services and products for the largely unbanked population of the Caribbean financial markets.

While combining the Caribbean financial market with the Latin American market, a variety of different mobile money operators and even banks, small-scale financial institutions and microfinance institutions have emerged to create and offer different mobile money services to the Caribbean population. Mobile money technology has created the foundation for the digitisation of the client payment system to improve its operational efficiency (Pianese, 2023). This has catalysed the increasing adoption of mobile money payment as the common system for money transfer and payment in the Caribbean as compared to other regions like Sub-Saharan Africa and South Asia.

Yet as the concept of mobile money emerged to create more novel values and additional methods of facilitating cash payments and transfers, it also changed the Caribbean financial landscape. This signifies that if the traditional banks are to thrive, they also had to change the approach for handling payments and cash transfers amongst the largely unbanked population of the Caribbean (Ramkissoon, 2018). Unfortunately, such quests were further complicated by the fact that as mobile money technology became widely appreciated, it prompted most of the governments in the Caribbean to introduce the regulations and legislations that permit non-bank organisations like insurance companies and credit unions to offer different forms of financial services to the population. This changed the competition dynamics as different non-bank organisations emerged to niche and reshape the terrains in different segments of the Caribbean financial markets (Cueva, 2023).

In addition to credit unions, mobile money companies and microfinance institutions, fintech companies also emerged to change the competition dynamics of the Caribbean financial markets. Fintech companies emerged to seek and fill efficiency gaps that affected the speedy, flexible and agile transfer, payment and receipt of funds from different markets in the Caribbean as well as from outside the Caribbean financial markets (Pianese, 2023). While using different forms of technologies, fintech companies emerged to offer a range of financial services like instant loans, transfers, payments, savings and investments in different segments (Bejar et al., 2022).

Yet as fintech companies fueled faster growth and diffusion of digital banking technologies, it also meant that it is only the traditional banks that were able to invest in the assimilation of more novel digital banking technologies that were most likely to gain the competitive edge. This revolution of digital banking technologies instigated the need for most of the banks to change their business model to adopt a combination of digital technologies that aid the efficient and seamless creation and delivery of different financial services and products (Bejar et al., 2022).

In such changes, some banks have re-evaluated their capabilities to introduce the business model that support the operation only as the payment bank. Payment banks handle and manage the flows of payments from other banks to the clients and from clients to the banks. Other banks have adopted the business model that only support the use of product differentiation approach to create and offer an array of different financial products/services that trigger different customer-touch-points to bolster the banks overall competitiveness (Cueva, 2023). Despite these signifying that in future, banks will have to specialize in order to thrive, most studies also reveal that most of the banks in the Caribbean financial markets still face the challenges arising from "three Cs" that encompass compliance, competencies and client expectations.

Compliance challenges arise from the costs and difficulties of monitoring and enforcing compliance with different regulations and legislations that are emerging on digital banking (Warren, 2021). This implies the efficiency of digital banking will depend on the bank's effective adherence to regulations on anti-terrorism financing, money laundering, online security and clients' confidentiality and privacy (Cueva, 2023). Competencies refer to the need to re-skill, retrain and introduce new competencies to enhance effective performance of the digital banking system. It requires the introduction of more competent IT professionals, online sales agents, marketers and data management and analytics experts (Otker & Loyola, 2023). Regarding client expectations,

most of the customers have higher expectations about the best financial services and products that the online banking system or the digital banking system can offer to the market.

The effect is that there is a fourth "C" which is competition. Competition means that only the banks that can meet or surpass such expectations may thrive in the Caribbean financial markets. It is such competition dynamics and complexities in the Caribbean financial markets that motivated this study to evaluate strategic analytical frameworks that can be developed and emulated for analysing and improving a bank's market performance during periods of disruptive competition. Through such analysis, the study aims to highlight the importance of adopting an analytical business approach as a prerequisite for modifying a business' capabilities to thrive in the constantly changing modern Caribbean financial markets. To accomplish that, the study used integrative review as the methodology for accomplishing the study.

METHODLOGY

Integrative review was used as the methodology for accomplishing this study (Cronin & George, 2023). This is because as compared to systematic review and meta-synthesis, integrative review facilitates a more comprehensive review of all the studies and literature written and documented on a particular subject. In that context, integrative review was considered to be quite essential for aiding this study evaluate the critical research questions that entailed the analysis of:

- What are the factors driving the changing banking terrain in the Caribbean financial markets?
- How the traditional and emerging banks are responding to different market changes to even fuel or reduce the nature of the competition heat in the Caribbean financial market?
- What limitations are the banking institutions experiencing when seeking to respond to different competition dynamics that are unfolding in the Caribbean financial markets?
- What do theories and literature on strategic management articulate about the strategic analytical frameworks for analysing and improving a bank's market performance during periods of disruptive competition?
- What insights can be extracted and suggested as the strategic analytical framework for analysing and improving a bank's market performance during periods of disruptive competition?

While guided by these research questions, the integrative review process was structured according to four steps encompassing literature search, extraction of the desired studies, analysis and interpretation of the findings (Oermann & Knafi, 2021; Toronto, 2020; Hopia, Latvala & Liimatainen, 2016). Literature search was accomplished using keywords like "competition in the Caribbean financial markets", "disruptive technologies in the Caribbean financial markets", "strategic analytical framework", "financial products/services in the Caribbean financial market", "tools for analysing a bank's market performance", " changes in the Caribbean financial markets", and "tools for analysing and improving a business' performance during periods of crisis".

The search process was accomplished mainly using Google Search Engine. The extracted studies were analysed using thematic and narrative analysis. In the first instance, the analysis evaluated the factors driving the changing banking terrain in the Caribbean financial markets. With key themes, sub-themes and their accompanying narratives extracted, this was followed by the analysis of how the traditional and emerging banks are responding to different market changes to even fuel or reduce the nature of the competition in the Caribbean financial market. As the analysis evaluated the limitations that the banking institutions are experiencing when seeking to respond to different competitive dynamics that are unfolding in the Caribbean financial markets, it also examined what theories and literature on strategic management articulate about the strategic analytical frameworks for analysing and improving a bank's market performance during periods of disruptive competition.

Outcomes from the analysis of the banks' behaviours in the Caribbean financial markets were compared, contrasted and triangulated with the results of the analysis of the core theories and literature on strategic management to discern the insights that can be extracted and suggested as the strategic analytical framework for analysing and improving a bank's market performance during periods of disruptive competition. In that context, the details of the results of integrative review as reflected and discussed below.

RESULTS

Outcomes of integrative review of different theories and literature for improving a bank's performance and strategic management indicated that analysing and improving a bank's market performance during periods of disruptive competition requires the utilisation of two sets of frameworks that encompass:

- Internal strategic frameworks/tools for measuring a bank's performance
- Industry analysis: strategic analytical frameworks

As reflected in Figure 1, the details of such frameworks are evaluated as follows.

Integrated Strategic Analytical Framework for Analysing and Improving A Bank's Market Performance during Periods of Disruptive Competition

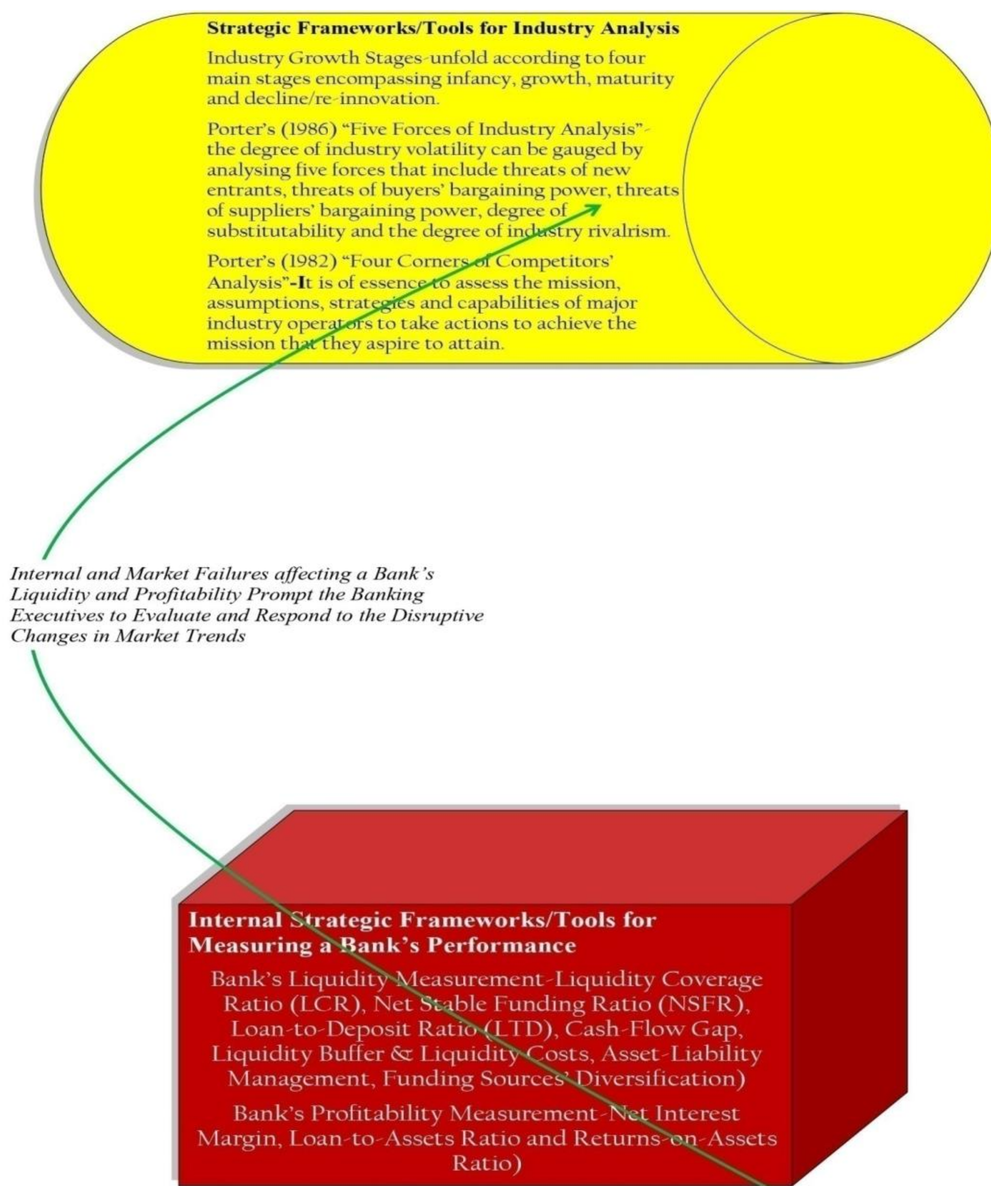

Figure 1: Key Themes, Subthemes and Narratives Emerging from the Integrative Review

INTERNAL STRATEGIC FRAMEWORKS/TOOLS FOR MEASURING A BANK'S PERFORMANCE

Integrative review of most studies indicated that in the event that the bank is facing poor market performance as characterised by declining profitability arising from the increasing competitive pressure, the banking executives seldom rush to evaluate the factors driving the changing banking terrain in the Caribbean financial markets (Durand, 2019; Harle, Kremer & Samandari, 2023; Kedarya, Elalouf & Cohen, 2023; Allahrakha, Cetina & Munyan, 2018; Aydemir, Zehra & Bulent, 2023). Instead, most of the banking executives often engage the application of different tools/strategic frameworks for measuring the bank's liquidity and profitability.

Liquidity Measurement

In the event of declining liquidity and profitability, there is often intense usage of liquidity measurement tools like liquidity coverage ratio (LCR), net stable funding ratio (NSFR), loan-to-deposit ratio, cash-flow gap analysis, liquidity buffer and liquidity costs (Susanti & Bahtiar, 2023). It is only through such analysis that the banks are able to discern their overall state of performance (Kunt, Pedraza & Ortega, 2021). If the performance is poor by virtue of poor liquidity and profitability, the banking executives are forced to evaluate the financial market forces driving the changes in market trends. From such analysis, the banks are then able to discern the strategies that must be adopted to respond to the unfolding disruptive changes in market trends.

Liquidity assessment aimed at discerning whether the bank has adequate cash and easily cash-convertible equivalents to meet daily unfolding financial obligations, the use of liquidity coverage ratio enables the banking executives to compare and contrast the available high-quality liquid bank assets against the net cash outflows in a given thirty-days' stress scenario (Kunt, Pedraza & Ortega, 2021) (Lam, 2023).

Liquidity coverage ratio of 100% or 1:1 is considered a good indicator of the bank's better liquidity position as compared to the lower ratio that implies that the bank is not complying with the minimum liquidity standards to precipitate risks of safety and sound financial management issues. Whilst liquidity coverage ratio is being used, net stable funding ratio (NSFR) can also be used to assess the state of the available funding against the required stable funding in a given period of one financial year (Agarwal et al., 2020). Analysis of net stable funding ratio is aimed at diagnosing the extent to which the bank is complying with the Basel 111 framework by having high-quality liquid assets all the time that can be used for responding to adverse market changes or stress during the twelve months' period. It also aims to assess whether the bank has more stable funding sources that can be used to mitigate liquidity risks at any given time.

In such analysis, the Basel 111 ratio also requires the bank to have adequate high-quality liquid assets to cover all short-term liabilities for a period of 90 days (Michelangeli & Piersanti, 2023). This is often accompanied with the evaluation of the loan-to-deposit ratio that analyses the ratio of total loans to the total deposits. Loan-to-deposit ratio is evaluated by dividing the bank's total loans by the total deposits over the same period of time; with the effect that a ratio of 80-90% is deemed as more favourable to imply the bank has a better liquidity position, as it is receiving more earnings from loans to improve its funding sources. In addition to using such a ratio, some of the banks also use the cash-flow gap to evaluate the suitability of the difference between the expected cash inflows and outflows during a given period of time (Michelangeli & Piersanti, 2023). In such analysis, liquidity buffer is also used to assess the existence of high-quality liquid assets that can be used to meet the unexpected cash outflows that may arise during the bank's business operations. Liquidity cost on the other hand depicts to the banking executives the opportunity cost of holding high-quality liquid assets as compared to investing such assets in other revenue generating activities (Schneider et al., 2023).

Quite often, the liquidity ratio analysis is accompanied with the evaluation of the effectiveness of the existing liquidity policies and procedures to ensure that the bank has an effective liquidity management system in place (Miodrag, 2016). Such analysis also enables the clarification of the roles and responsibilities of the bank's liquidity management functions as well as the liquidity risk appetite and limits. It also requires the banking executives to evaluate and improve the bank's liquidity contingency plan, nature of liquidity reporting and disclosure, liquidity stress testing and scenario analysis. In the probing of the research question on how the traditional and emerging banks are responding to different market changes to fuel or reduce the nature of the competition in the Caribbean financial market, evaluation of most studies revealed most banks often respond using strategies like asset-liability management (ALM), funding sources' diversification, liquidity transfer pricing, liquidity optimisation and liquidity edging (Negash & Veni, 2019). Asset-liability management enables the banking executives assess the adequacy of the available assets against the bank's overall liabilities.

Funding sources' diversification enables the bank to introduce an array of funding sources like using market mechanisms, instruments, currencies and counterparties to generate more funds and mitigate any forms of liquidity crisis that may arise. Liquidity transfer pricing is often used for allocating liquidity costs and benefits during a sort of cost-benefit analysis. This often accompanies the use of liquidity optimisation to enhance the maximization of returns on the available high-quality liquid assets (Agarwal et al., 2020). Subsequently, banking executives also use liquidity hedging to hedge exposure to any liquidity and interest rate risks that may arise using a combination of different financial instruments. Some strategies also entail reviewing and evaluating whether the bank has adequate funding sources like customer deposits, money market instruments, interbank loans, asset sales and central bank facilities (Abebe, 2022). These must be balanced with the cash outflows like customer withdrawals, debt repayment, loan disbursements, and reserve requirements.

Striking such equilibrium is critical for avoiding liquidity surpluses that may cause waste from the high amount of idle cash or liquidity shortages that may affect the bank's operations. As banks use a combination of such response strategies, other studies indicated other banking executives also use strategies like digitisation aimed at improving automation to improve efficiency and lower costs (Aydemir, Zehra & Bulent, 2023). These are often accompanied with collaborations and partnerships with rivals and even potential disrupters and education aimed at improving the adoption of a more innovative liquidity risk management approach. However, in the application of such strategies, most of the challenges often arise from market volatility and uncertainty, competition and disruptive innovations in the financial market as well as the constantly changing regulations and laws within the banking sector. Yet, as banks use a combination of such liquidity management strategies, it also requires the use of a combination of different tools for profitability analysis (Negash & Veni, 2019; Veeramoothoo & Shawkat, 2022; White, 2023).

Profitability Analysis

Profitability analysis is essential for improving a bank's effective performance. It aids the diagnosis of the state of a retail bank's performance. This often aids the understanding of how a combination of the strategies being used is influencing the improvement

of a bank's effective market performance (Abebe, 2022). The bank's impressive market performance is often reflected in the improved revenue, profitability and returns on shareholders' value. In the event of poor profitability, profitability analysis enables the banking executives to discern the strategies that can be used to respond to the unfolding market disruptions (Xingjian et al., 2021). This enables retail banks to thrive and remain sustainable during all forms of market disruptions. Unfortunately, unlike other businesses, analysing the profitability of retail banks often takes a different discourse because retail banks generate their revenues and profits in different ways (Adelopo, Lloydking & Tauringana, 2018).

Retail banks in general refer to the registered financial institutions that accept deposits for different accounts like cheque, savings, fixed and investment accounts. In addition to offering deposit and withdrawal services, retail banks also offer a combination of loan services, investment advice, credit card services and different financial services that the consumers may require. Revenues and profits of most retail banks are often drawn from interest incomes, capital market incomes and fee-based incomes (Agarwal et al., 2020). Some of the capital market incomes encompass sales and trading services, advisory services for mergers and acquisitions and underwriting services. Fee-based incomes are generated from checking accounts, credit cards fees, mutual funds revenue, savings accounts, custodian fees and investment fees. However, financial statements of most retail banks often vary from the financial statements of most of the other forms of businesses (Schneider et al., 2022).

In effect, investors or banking executives seeking to diagnose the state of a bank's performance often evaluate ratios like price-to-earnings ratio/price-to-book ratios, net interest margin, loan-to-asset ratio and returns-on-assets ratio. Price-to-book ratio is used by the investors to measure and compare the bank's market capitalization to its book value. It is also used for evaluating and comparing the performance of the bank with the other rival banks that are operating in similar sectors (Ardekani, 2023). Price-to-book ratio is measured by dividing the bank's current stock price per share with its book value per share. Net interest margin is used for measuring the bank's net profits earned from different interest generating assets and activities like loans, securities' investments. Since interests are the major sources of revenues for the bank, a higher net interest margin implies the bank is generating enormous revenue and profits from its different income-generating activities.

Loan-to-assets ratio measures the degree to which the bank derives its profits from loans or other activities. If the loan-to-asset ratio is higher, it implies the bank generates more revenue from its loan and investment activities as compared to the other sources like trading or asset management (Parameshwaran, 2023). However, banks that have lower loan-to-asset ratio may tend to have advantages if the interest rates are low or if the economy is not doing well for most of the consumers to afford to repay the funds borrowed. Return-on-asset ratio is used for measuring the dollar amount the bank earns from every deployed asset. This is important for assessing how efficiently the bank is utilising all its assets to generate as much profits as possible (Peykani et al., 2023). In otherwords, it is a nexus of these liquidity and profitability analysis that informs the banking executives about the market advantages or problems that the bank is facing. Though proactive and more innovative banks may venture into evaluating and exploring the changes in their industry dynamics even if they are doing well, in most of the cases, it is the poor liquidity and profitability identified during liquidity and profitability analysis that often prompts most banks to evaluate the dynamics unfolding its larger industry ecosystem to discern what kinds of strategic responses are required (Settembre-Blundo et al., 2021; Xie et al., 2022).

INDUSTRY ANALYSIS: STRATEGIC ANALYTICAL FRAMEWORKS

In the quests to respond to the factors affecting a bank's liquidity and profitability, a critical analysis of strategic management theories and literature imply that during periods of disruptive competition, a combination of the strategic analytical frameworks that banking executives often rely on for analysing and improving a bank's market performance encompass the analysis of the industry growth stages, Porter's (1986) "Five Forces of Industry Analysis" and Porter's (1982) "Four Corners of Competitors".

Industry Growth Stages' Analysis

Just like in the banking sector, a comparative analysis of different business management theories indicated industry growth stages to unfold according to four main stages encompassing infancy, growth, maturity and decline/re-innovation (Sigurdardottir, 2017). Understanding the stages that industries or markets evolve through is critical for the banking executives to make informed decisions on the strategies that must be applied to bolster and sustain a bank's effective market performance during the different growth stages. This is explained by the fact that different strategies do apply in different growth stages of the business.

Infancy-Stage

Infancy refers to the stage at which the industry is still at its evolutionary stage. Industries are discovered by businesses. Quite often, the evolution of industries emerge from the innovative business approaches initiated to respond to new demands or customer needs that are poorly being filled by the existing industry operators (Zengin, 2019). These innovative approaches create new products or business concepts that subsequently evolve as new industries when they are adopted by different businesses

over time. As new industries emerge from different innovative business practices, they often undergo different growth stages. Of which the first stage may be known as the infant stage. This is the stage that the business is relatively new and less known, not only among industry operators, but also customers (YuSheng & Ibrahim, 2019).

In effect, the infant stage of the industry growth stage is often characterised by high operational costs arising from higher R&D (research and development) costs as well as marketing and promotional costs to bring the existence of the business concept to the attention of wider and different segments of the market. Higher R&D costs often emerge from the fact that as the product is still new, continuous research and development are still critical for improving quality, functionality, design and the overall attributes of the product. These improvement measures are often undertaken to improve the product to the extent whereby it can match or even exceed customer needs and demands (Verdier & Mariotto, 2015). In effect, the improvement of the banking product is usually undertaken not only to close gaps that could have been identified during the introduction stages, but also to bolster the precision of the extent to which the product is able to match customer needs and demands.

However, as the costs of operations in infant industries escalate, the profits are often higher. This is attributable to less competition and the fact that the innovation could have been one of the new innovations that seeks to offer novel solutions to the problems that the customers had for decades, struggled to resolve (Wang et al., 2020). It is unlikely that such profits will be fetched by sales across different market segments, but due to the premium prices at which they are sold, higher profits are made. Given, the novelty of the solutions that they offer, the degree of their ostenticities and the higher prices at which they are offered, it is often the most affluent that tend to be the early purchasers of the product. These higher prices tend to lure more innovative businesses to adopt and modify the concept.

In most of the cases, these modifications are undertaken not only to improve the functionality, design and attributes of the product, but also to lower the costs of production (Nawaz & Haniffa, 2017). It is such initiatives that cause the wider adoption of the product across all customer segments. As the demand for the product skyrockets, more industry operators are lured into the market. However, the pace at which the industry becomes saturated depends on the barriers to entry and exit. Ease of entry and exit offers confidence to most business executives to commit the necessary capital finance in undertaking necessary innovative improvements. However, as the industry becomes well known among clients and attracts more customers, it tends to evolve from the infant stage to the growth stage (Bajada & Trayler, 2015).

Growth-Stage

The growth stage is characterised by higher proliferation of new businesses into the industry. This is usually due to the fact that growth stage is often characterised by higher profits and sales. Aggressive innovations in the infancy stage ripple into the growth stage; significant improvements of the product quality and attributes will ~~have~~ be~~en~~ undertaken ~~to~~ not only to match, but also exceed customer expectations (Obeng & Mkhize, 2017). This causes the spread of positive word-of-mouth about the product which in turn influences the attraction of new customers. It is on this ~~at~~ basis that sales often skyrocket to influence the increment of overall industry profitability. This increment of the overall rate of industry profitability is also usually explained by the improvement in customer confidence about the industry.

However, as the industry turns largely profitable, challenges often arise from high levels of competition. In the growth stage, most of the industry operators would have settled on specification production technology and systems (Mutahar et al., 2017). Settling on specific production technology and systems usually lowers the overall cost of production. However, with the rise in competition, operational and production costs often increase to affect the overall level of industry profitability. This is explained by the fact that as new entrants engage in aggressive competition to change the overall nature of industry competition, increasing proliferation of disruptive innovations tend to cause panic (Wachira & Ondigo, 2016). This panic lures most of the businesses to also retaliate by engaging in aggressive counter-innovations. This causes innovation war that subsequently affects the overall industry cost variables. This rise in the overall industry operational costs also tend to arise from the fact that as customers are bombarded with superior versions of similar products, marketing costs tend to also increase to affect the overall costs of operation (Kuzmenko & Ovcharenko, 2018).

The other causes of the increasing costs of operation tend to emerge from the rise in the competition for inputs. Rising competition for inputs may increase the suppliers' bargaining power to affect the overall cost of industry operation. In other words, in the industry growth stage, numerous opportunities exist in the midst of high sales, profits and aggressive innovation, but with high risks of destructive competition. Quite often, it is these factors that drive the industry growth to the maturity stage (Verdier & Mariotto, 2015).

Maturity-Stage

The maturity stage is usually characterised by relatively stable sales and inflows of revenues. This is attributable to the fact that by this stage, most of the major industry operators will have recognised their strengths and weaknesses vis-à-vis the strengths and weaknesses of rivals. In effect, the focus is usually on maintaining the status quo by avoiding acting aggressively (Wang et al., 2020). As they seek to maintain the status quo, more established industry operators will tend to cooperate rather than act aggressively. This is usually because, by this time most of the executives will have recognised that all forms of aggression will no longer produce any business advantages that exceed the current advantages.

In effect, cooperation is used as a gaming strategy to lock out new entrants and to ensure that key industry operators benefit from each other's competencies and capabilities (YuSheng & Ibrahim, 2019). Quite often, major industry operators chose such business approaches because of the executives' recognition that no amount of innovation would bolster performance. This is attributable to the fact that product innovation and improvement have limits, on the basis that if rising competition causes it to stretch, it can reach a limit where it cannot be stretched any more to gain any unique business advantages. With this state of equilibrium in place, there are often risks of failures. These are evident in the fact that attempt to over-stretch innovations may cause over-offering which affects profitability (Mutahar et al., 2017).

In the other cases, over stretching innovations can cause the development of over-sophisticated products that exceed what the customers actually require. Such situations can cause waste and failure that affects the overall reputation of the business. Failures may arise from over competition that drive some of the industry operators to try out unique promotional strategies or operational strategies that can cause rising levels of industry saturation. As the degree of industry saturation increases, it often causes risks that can plunge the industry into decline (Nawaz & Haniffa, 2017).

Decline/Re-Innovation Stage

The decline stage refers to the emergence of situations where the industry is no longer attractive. The decline stage is characterised by poor market performance, low market share, low sales and profitability. It refers to the stage in which aggressive competition has led most of the opportunities in that industry to be exhausted (Victor et al., 2017). To reverse these trends, most innovative businesses often try to use nostalgic marketing to try and re-ignite feelings and memories of the customers about the products that they previously admired and loved so much. However, unless a lot of time has passed, nostalgic marketing often does not work very well to re-ignite customer feelings and emotional attachments. In such cases, investments in new value innovations would be the appropriate strategy that unlocks new opportunities and markets (Obeng & Mkhize, 2017).

Even if aggressive investments in new value innovations work, it would still be advisable for the executives to try and use a combination of market development, product development and diversification strategies. Through the application of market development strategies, the executives would be able to approach new market segments with the existing product. However, that approach would require the product to be repositioned as offering new values (Bajada & Trayler, 2015). As market development is being used, the executives can also try product development strategies to undertake aggressive innovations; developing new products that can be sold in the existing market. These strategies would render it possible for the business to avoid risks of declines of the existing industry. Even if market development and product development strategies work, it would still be advisable for the executives to try diversification.The diversification direction that a firm undertakes depends on the overall magnitude of the negative impacts of the prevailing and foreseeable trends (Kuzmenko & Ovcharenko, 2018).

Where enormous growth opportunities exist in the same industry, diversification is often not the first option, as instead firms prefer the use of market concentration strategies such as market penetration, product development or market development. However, after the extensive and successful application of the market concentration strategies, risks of over-market concentration tend to arise. In a bid to spread the risk of market contraction when existing products or markets no longer provide further growth opportunities, firms either globalise or diversify into related and unrelated industries (Mustafa et al., 2018). The three sets of diversification strategies that a firm can undertake include concentric, horizontal and lateral diversification. Concentric diversification is the process of investing in the production of products that are technologically and commercially complementary to the existing products.

Concentric diversification can only be undertaken if adding new or related products will increase the sales of the current products. The other criteria involve the assessment of the degree of rivalry, the growth potential in the new products' markets, and the competitiveness of the pricing of the new products(Omondi et al., 2017). Concentric diversification is often accomplished using backward or forward integration or both. In backward integration, a firm takes over the activities that were previously provided by the suppliers or the other firms in the value chain. The benefits of backward integration can transcend across cost minimisation and quality controls to deprivation of the rivals of the essential sources of inputs.

However, empirical studies have over time proved that backward integration can be fraught by risks of raising the exit barriers for a firm to leave that industry (Willhaus, 2016). It also breeds inflexibility and rigidity, and tendency to lag behind new innovations due to reluctance to source from new emerging competent suppliers. That signifies that the overall effectiveness of transformational leadership is critical for managing the relevant required changes and transformation and further innovation linked to vertical or backward integration. Unlike backward integration, forward integration deals with the taking over of functions associated with the movement and distribution of the products from the firm to the final consumers (Yaw Obeng & Mkhize, 2019). Some of the strategies for accomplishing backward and forward integration may require either establishment of new enterprises to supply or distribute products, or strategic alliance, and mergers and acquisitions of firms in such complementary businesses. Growth is nonetheless the objective of diversification.

However, concentric diversification is often used by firms pursuing growth objectives in more favourable and stable environment. Firms undertaking concentric diversification aim to use the new complementary businesses to consolidate the performance of their existing businesses (Esmaeilpour et al., 2016). In the event of uncertainties and turbulence, undertaking vertical diversification to consolidate the existing market position is not a viable strategy. Instead, preference must be undertaken to use conglomerate diversification that involves investment in new ventures different from the present businesses to insulate against risks of turbulence in the present markets. Just like concentric diversification, horizontal diversification also titillates a firm's growth potential in stable and predictable conditions.

Horizontal diversification is a strategic management process of introducing new products that do not comprise part of the existing product lines, but fall within the realm of a firm's level of know-how, experience, technology, finance and marketing(Hu & Xie, 2016). Horizontal diversification strengthens a firm's market and industry position, improves the level of product differentiation, economies of scale, reduction of the degree of rivalries or competitors' access to new markets, and growth of an enterprise. However, conventional theories on strategic management highlights that horizontal diversification best applies in circumstances where a firm has an established base of loyal customers to its existing products (Huang, Hu & Chang, 2018).

Horizontal diversification also tends to be more successful if the new products are of suitable quality, well promoted and marketed at attractive prices. Risks are nonetheless latent in the fact that in such circumstances, horizontal diversification can easily make a firm over-dependent on a particular market segment. This can expose a firm to risks of sudden changes in market demands and preferences in favour of the products or services of new competitors (Berraies & Hamouda, 2018). Horizontal diversification is only successful in situations where a firm competes in a growing industry and rivals lack the essential capabilities, competencies, skills or resources that a firm undertaking the horizontal diversification venture already possesses.

If a firm does not have the necessary financial resources or perceives that the economies of scale resulting from horizontal diversification will not induce significant positive effects, horizontal diversification would not be worth undertaking. Despite the need for increasing capacity and improvement of technological effectiveness, the similarity in the genre of the required resources, technology and equipment still renders horizontal diversification more feasible for less-resourced firms. However, it has often emerged from the pragmatic trends undertaken by firms that if the motive of the firm is to attain stability and insulate itself against foreseen and unforeseen contingencies, then, vertical and horizontal diversification may not provide viable remedies. Instead, a firm must consider lateral diversification (Cornaggia et al., 2015).

Lateral or conglomerate diversification entails widening the scope of investments to the industry or products unrelated to the existing industry or products. In the event of forecasting results indicating market saturation or stronger preponderance of new circumstances to emerge and threaten the sustainability of the existing business, conglomerate diversification has often been one of the exit strategies. Firms in the maturity or declining stages of their product life-cycles also tend to pursue lateral diversification into new alternative ventures (Parameswar, Dhir & Dhir, 2017). Lateral or conglomerate diversification is further preferred in instances where a firm's present competencies cannot be transferred to related products or industries. However, the fact that in a lateral diversification initiative, a firm ventures into the unrelated industries signifies that as compared to vertical and horizontal diversifications, lateral diversification may tend to be more risky. Transformational leadership is therefore critical for enhancing effective management of the associated change to diffuse a firm's exposure to risks (Vukosavljevic et al., 2015).

To assess whether a particular lateral diversification venture will be successful, the pragmatic approaches used by firms have defined certain criteria for assessing the prospects of a lateral diversification venture. These criteria entail the assessment of whether the new venture will enhance the desired level of profitability and return-on-investments, and if an enormous amount of capital infusion to replace fixed assets, expand funds and provide adequate working capital would be required (Rajapathirana & Hui, 2018). In addition to evaluation of whether the new business operates in an industry with significant growth potential, the other areas of concern entail the assessment of government regulations and the overall industry vulnerability to recession, inflation, high interest rates and shift in government policies.

If successful, conglomerate diversification reduces dependence on a single business to edify the spreading of business risks across a variety of industries. Risks may however arise when lateral diversification turns to be amorphously broader; its effective management may also become set in diseconomies of scale (Wachira & Ondigo, 2016). The emergence of such a situation can reduce the overall focus of the firm and its overall competitiveness. Most firms usually undertake mergers and acquisitions or strategic alliances as strategies for lateral diversification. In both instances, risks of cultural incompatibility and conflicts have increasingly proved threatening to the success of lateral diversification. Besides the cost of over-paying for mergers and acquisitions, R&D and the cost of entry barriers into restricted industries may also be too expensive (Sharaf, 2019). Understanding the industry growth stages enhances the assessment of the strategies that can be applied to leverage the overall effective performance of the business in that market. However, it is also critical to understand the overall degree of the industry and market volatility. Although different businesses may use different models of industry analysis, in most of the cases the application of Porter's (1986) five forces would aid the evaluation of the degree of industry volatility from all dimensions (Dong & Huo, 2017; Kaushik & Rahman, 2015).

Five Forces of Industry Analysis

It is Porter's (1986) fundamental argument that the degree of industry volatility can be gauged by analysis and interpreting trends emerging from five forces that include the threats of new entrants, threats of buyers' bargaining power, threats of suppliers' bargaining power, the degree of substitutability and the degree of industry rivalrism.

New Entrants

The threats of new entrants can determine the overall level of industry competitiveness and rivalrism. Industries in which new businesses can easily enter and leave can be very competitive. This is because if businesses find that it is easy to enter and exit a particular industry without losing a lot of capital, then they would easily join (Mazikana, 2023). This increases the overall degree of industry rivalrism/volatility. As the competition becomes volatile, it also implies the overall costs of doing business may increase. Cost increments may arise from higher marketing cost, the cost of delivering quality customer services as well as the cost of constant innovations to improve the overall product features and quality. Quite often, these constant improvement initiatives are undertaken to bolster the overall competitiveness of an enterprise. However, as firms engage in such aggressive competition enhancement initiatives, the drawbacks may be latent in declining profitability and the overall returns on shareholders' values (Phawing, 2019). In effect, it is important to gain insight into the overall level of ease of entry and exit as it is such ease of entry or exit that influence the degree of industry volatility.

When it is challenging for businesses to enter and exit a particular industry, then, the level of industry competition may be lower. To gauge ease of entry and exit, business executives must assess the amount of the required capital and the regulatory requirements that a business must comply with in order to get registered and established in a particular industry (Khoualed & Khayreddine, 2023). In these initiatives, higher capital requirements may easily hinder entry and exit in industries such as energy production or electric car manufacturing that require substantial start-up capital finance.

On the other hand, regulatory requirements that demand certain expertise from the directors, establishment of certain costly ecological protection mechanisms or compliance with certain regulatory prescriptions may limit the number of businesses entering the market. This implies such markets may to be less competitive and more lucrative for the businesses that manage to enter such markets (Mehjabeen, 2018). In other words, in case of stringent entry restrictions, firms that gain entry into such markets may tend to gain monopoly status. This enables them define the overall nature of industry game and regulations to operate as they wish. However, if it is not the threats of new entrants which is not a challenge, businesses may also have to assess threats arising from the growing buyers' bargaining power.

Buyers' Bargaining Power

Buyers' bargaining power refers to the extent to which the business would find it difficult to convince customers to purchase as buyers have options of buying from another competing businesses. In effect, buyer bargaining power tends to increase if there are several sellers in the market that are offering similar products (Hussein & Muchemi, 2019). This implies that the demands of the customers tend to increase on the basis that if the business is willing to offer or provide what customers need, then, they would rather buy from the business that strives to meet such needs. This reveals that buyers' bargaining power may be influenced by a combination of variables that include prices, quality, functions, business locations, the nature of product distribution, and the quality of customer services (Boaflo, Kraa & Webu, 2018).

If there are other sellers that are offering products similar to the one being sold at relatively lower prices, then, buyers' bargaining power tend to increase. This would also depend on the client awareness of such alternative products and sellers. At the same time, buyers' awareness about a product of similar or better quality would also tend to have higher bargaining power (Duran,

Cabuya & Molina, 2020). This is because a stronger preponderance would emerge for a customer to be more convinced to buy better quality products at relatively higher prices as compared to buying the lower quality ones at higher prices. Implicitly, buyers' bargaining power would increase to suggest that if the business is not reducing the price of such a product or offering any other additional values, then, it would be better to buy from somewhere else. If the prices and quality are not the influencers of the growing buyers' bargaining power, then, the functionality of the product would be (Sigurdardottir, 2017).

In situations where customers in the market are aware that the products being sold are less superior in terms of their functionality, than the products being sold elsewhere, then, their bargaining power would also increase. In this initiative, customers would implicitly require some form of discounts or additional values if they are to buy these products. It is not only in this situation that the buyers' bargaining power increases, but also in circumstances where the business locations and the distribution strategies adopted do not place the business at an advantage (Zengin, 2019).

In such cases, customers would prefer to buy from a business in close proximity as opposed to travelling long distances to purchase similar products. It is this situation that influences buyers' bargaining power. Customers may demand a business with an outlet in their locations or offering discounts or other forms of value such as transportation. However, if the businesses are located in the same area, then, it is not proximity to the location that increases buyers' bargaining power, but the quality of customer services (Verdier & Mariotto, 2015).

Businesses offering better quality of customer services may therefore attract more customers as businesses with poor customer services would find it difficult to convince customers to make purchases. This suggests that buyers' bargaining power tends to increase in cases where a customer is exposed to several similar products being offered by different similar businesses. However, if it is not the buyers' bargaining power that is posing risks, it could be the suppliers' bargaining power that is a challenge (Wang et al., 2020).

Suppliers' Bargaining Power

Suppliers' bargaining power can also affect the degree of industry attractiveness. This is attributable to the fact that suppliers are the providers of critical inputs. In effect, increasing suppliers' bargaining powers may affect the costs of inputs as well as price competitiveness of the business. Higher prices not only affect the price competitiveness of the business, but also profitability and sustainability (YuSheng & Ibrahim, 2019). In most of the cases, such situations emerge from over-saturation of the industry. As suppliers experience such scramble for inputs, they tend to increase the prices of inputs. This causes situations where businesses do not have much bargaining powers as compared to the suppliers. The emergence of situations causing shortages of inputs may not only arise from the increase in the number of businesses operating within a particular industry, but also factors such as export of raw-materials to the global markets or climatic changes that cause shortages of inputs (Victor et al., 2017).

In most cases, the negative effects of such situations can be mitigated by using a combination of strategies such as customer-supplier relationship development and management, backward vertical integration or mergers and acquisitions of supplier firms. The development of customer-supplier relationships can influence the development of trust and confidence in the suppliers by signing long-term contracts where all terms and conditions are clearly stipulated. In such cases, it becomes easier for businesses to insulate themselves from shortage of inputs that could affect their operations (Mutahar et al., 2017). This is because in the negotiated terms and conditions, the prices and quantities of the required inputs will have already been negotiated to the effect that violations of such terms and conditions would warrant legal actions. If the business cannot use customer-supplier relationship to insulate themselves against possible shortages of inputs, then, vertical backward integration can be undertaken to acquire input producing businesses. It may also entail mergers or direct greenfields' investment in the business that produces and supplies inputs (Nawaz & Haniffa, 2017).

The application of such strategies would enable the business reduce risks of exposure to increasing suppliers' bargaining power that cause cost escalations and declining revenues and returns on shareholder-value. In addition, analysis of suppliers' bargaining power is also important for determining the level and types of risks associated with investment and operation in a particular industry. Industries with limited supplies imply a business may easily face risks of higher suppliers' bargaining powers (Obeng & Mkhize, 2017).

It would be prudent for a business to avoid such industries, though the use of strategies such as investment in the production of supplies would enable the business to gain from opportunities prevailing in such industries. This is attributable to the fact that as lack of critical supplies limit other businesses, competition tends to reduce and unlock enormous opportunities. Hence, as much as operation in industries with higher suppliers' bargaining power tend to be costly, it is usually critical for business developers to also recognise that such risks are also associated with other business opportunities that can be exploited if the business applies a

combination of appropriate strategies. However, as the degree of suppliers' bargaining power is being analysed, it is also of essence to assess the degree of the substitutability of the business' products (Bajada & Trayler, 2015).

Degree of Substitutability

Degree of substitutability refers to the extent to which the product being offered by the business can easily be replaced with similar products. Businesses that deal in easily substitutable products often incur enormous costs arising from the costs of aggressive advertisements and marketing. Costs' escalations may occur from the rise of high costs of investment in innovations that offer new values to set the product apart from rivals (Kuzmenko & Ovcharenko, 2018). Other sources of costs escalations are often linked to the costs of offering superior customer service. The ability of a business to offer superior customer service quality is often predicted by the sophistication of the technologies that the business uses. All these tend to instigate the overall rise in operational costs. Quite often products become easily substitutable if similar products can be used at the same costs to meet similar needs or purposes. If two products are capable of performing similar functions it often becomes easier for customers to easily replace one product with the alternative (Mustafa et al., 2018).

However, the situation may turn worst if the products of the business are of inferior quality or more expensive than the products of rivals. To deal with such situations, mitigation strategies may require businesses to invest substantially in innovations to offer superior values that significantly distinguish the product from those of rivals. As the business invests in the improvement of service quality, the other strategies would also require investments in market development strategies (Omondi et al., 2017). Such strategies would require the business to approach other markets with such products to avoid competition in the existing market. If the situation cannot be managed, then diversification into new industries using new products would be the appropriate strategy to insulate the business against the risks in the existing market. Yet, even if the business manages to deal with risks of product substitutability, it would also be important for the business to evaluate the overall degree of industry rivalrism (Willhaus, 2016).

Degree of Industry Rivalrism

Degree of industry rivalrism explores the intensity of the nature of industry competition. Higher levels of competition reduce profitability of the industry. It also causes cost escalations. Hence, prior to a business' establishment in a particular industry, it is critical to evaluate the nature of the degree of industry competition and rivalrism (Yaw Obeng & Mkhize, 2019). Areas for analysis would be media advertisements to evaluate the extent to which the same markets that the business serves are bombarded by advertisements of similar products. The other areas would require analysis of the degree of product similarity. If most of the industry operators are producing and dealing in similar products, then, it is critical to recognise that the level of competition is quite high. However, as such analysis is being undertaken, it is important to recognise that it is not in all cases where the competition is higher, that the industry can be treated as unprofitable (Esmaeilpour et al., 2016).

In certain cases, industries are saturated with similar products, yet the demand for the product remains high. This is latent in the markets and industries for the production of groceries that are always over saturated. Most of the businesses in such industries still experience high-turnover. Hence, it is important to evaluate the degree of industry rivalrism vis-à-vis the market demand. If the degree of rivalrism is high-in the midst of lower demand, then, that is not a very attractive industry. This contrasts with the cases where the competition is high in the midst of highdemand (Hu & Xie, 2016). Higher competition in the midst of higher market demands would suggest that the business must not exit such industry. However, as it stays in the midst of high competition, aggressive innovations to explore how the product can be distinguished in terms of superiority from rivals are a prerequisite.

As such strategies are being applied, it is also important for the business to explore new strategies that among others may require gaming and cooperation with even competitors. This would facilitate the development of arrangements that minimise volatility of industry competition (Vukosavljevic et al., 2015). It would also enable the businesses in the cooperation and gaming arrangement to share and utilise new information that would reshape the existing industry conditions to their advantages. In addition to the application of such strategies, it is also of essence that the business explores the possibilities of engaging in new value innovations, to discern opportunities that can be unlocked to render the competition in the existing markets, irrelevant.

As the business applies Porter's (1986) five forces to discern how to position itself in the midst of the overall nature of intense industry competition, it is also advisable that Porter's (1982) four corners is used to discern the direction that the industry competition will take. This would enable a business understand the implications or future actions that the existing major industry operators are likely to apply.

Four Corners of Competitors' Analysis

Porter's (1982) four corners of industry analysis is a proactive strategic sensing tool that enables businesses assess the actions of existing industry operators. This enables a business gain insight into the likely direction-of competitors and to take proactive measures to insulate themselves from the negative effects of such actions before they are undertaken. To gain insights into such

trends, it is imperative to assess the mission, assumptions, strategies and capabilities of major industry operators in order to take steps to achieve the mission that they aspire to attain (Kaushik & Rahman, 2015).

Mission

Missions are drivers of a firm's nature of operation as well as the conceptualisation and application of its strategies. They drive strategy formulation and application on the basis that it is the vision that a business aims to achieve that will influence the strategies that it uses. In effect, the analysis of the vision, mission and goals of competitors may easily lead one to identify and understand the reasons why a competitor is behaving in a particular way (Huang, Hu & Chang, 2018). Such analysis must aid evaluation of whether given the mission and the strategies being used, a competitor would accomplish its mission. Quite often, common missions of a business may include profit maximisation, sale maximisation, market share increment, growth and aspirations to gain or maintain industry leadership. These missions define the strategies that a business adopts. If the goal of the business is profit maximisation, the competitor may easily engage in premium pricing, aggressive cost minimisation, aggressive advertising and investment of significant funds towards innovations (Woodside, Nagy & Megehee, 2018). It may also be more engaged in the development of new value offerings and more keen on seizing new opportunities in the existing or new industries. As such analysis is being undertaken, it is important to assess the extent to which they are succeeding to aid a business in achieving its desired goal of profit maximisation. If they are failing, then, the business must assess the reason behind its failure that will explain the weaknesses of the competitor. In contrast, if the mission of the business is sale maximisation, the competitor may easily use strategies such as lower prices, predatory pricing, cost minimisation, aggressive marketing and promotions, superior customer service, and development of extensive distribution networks (Duran, Cabuya & Molina, 2020). In other words, businesses that are driven by profit or sale maximisation may tend to be aggressive. Depending on the financial resources of the firm, such competitors may tend to use offensive strategies like frontal and flanking attacks, guerrilla attack, strategic encirclement, predatory engagement, or the use of undefended markets, underdog strategy and judo strategy.

These strategies may be preferable for businesses whose motives and objectives are profit and sales maximisation. Businesses that aspire to increase their market share~~s~~ may tend to invest in the development of new value offerings, aggressive quality improvement, gaming through cooperation with competitors, strategic alliances and partnerships, mergers and acquisitions (Boaflo, Kraa & Webu, 2018). Whilst seeking to defend their market share when attacked, they may also tend to retaliate aggressively by using post-defensive strategies such as defending before new rivals become established, introduction of fighting brands and cross-parry strategies. However, if the mission of the competitor is growth improvement, their strategic options may entail use of diversification, business internationalisation, cooperation with competitors, strategic alliances and partnerships, mergers and acquisitions, and commitment of significant investment in innovations to unlock new value. This however contrasts with the situations where the achievement or maintenance of industry leadership is a business' major driver (Phawing, 2019).

If industry leadership is the main mission of the business, then, it may commit substantial resources towards new value developments, quality improvement and customer relationship management. Industry leaders are also often very protective of their positions by using certain pre-entry defensive strategies. Pre-entry defensive strategies are critical actions undertaken by the firm to discourage new entrants from entering a particular market. This is often accomplished by making entry to a market either difficult or less profitable and attractive to new entrants (Boaflo, Kraa & Webu, 2018).

Quite often, pre-defensive strategies entail signaling, fortifying, covering all bases, continuous improvement and capacity expansion. All these may illustrate how competitors may act or behave when they aspire to achieve certain strategic goals and objectives. However, as they act and behave in such ways, they are often guided by certain assumptions that are further shaped by their strategic actions (Woodside, Nagy & Megehee, 2018).

Assumptions

Management assumptions about the prevailing industry trends often influence how they act to influence the achievement of the business goals and objectives (Berraies & Hamouda, 2018). However, in some cases, such assumptions are incorrect~~; to~~ implying that some businesses end up conceptualizing and applying wrong strategies in specific situations. This causes waste~~s~~ and risk~~s~~ of failure to optimize the available opportunities. If rivals make such mistakes, it becomes an opportunity for their competitors and it is such opportunities that businesses may utilise to their advantage (Farida & Setiawan, 2022). However, the identification of such gaps and weaknesses will depend on the extent to which the business maintains constant analysis of rivals' assumptions and how they act and behave. In such analysis, it may emerge that the executives have certain assumptions about industry stability in terms of its attractiveness and the prevailing opportunities (Cornaggia et al., 2015).

If the executives assume the industry will remain relatively stable, then they may be less aggressive to take strategies such as new value innovations to modify and improve the quality and features of the existing products. In such situations, the executives may

tend to interpret that the customers are satisfied with the quality and features of the existing products (Boaflo, Kraa & Webu, 2018). In effect, attempts to undertake new value innovations that modify the quality and features of the existing products would tantamount to wastage of resources. Yet, as the executives make such assumptions, they tend to make relevant industry analysis and assume that other rival businesses will not engagein aggressive new value innovations (Parameswar, Dhir & Dhir, 2017).

It is such an assumption that opens up opportunities on the basis that if the rival firm assumes that the overall level of industry innovations would be low, it creates opportunities if the business engages in new value innovations to modify the product in a way that not only offers new value, but also repositions the business to set it apart from rivals. It is also during such analysis that the business can compare notes about the likely changes in trends with the results of the rivals' interpretation about the present and future trends, If rival firms interpret that the industry will remain relatively stable (Rajapathirana & Hui, 2018). Thus, implying demand and customer preferences will remain constant in the midst of relatively stable economic, social and political variables; it opens opportunities if such assumptions are erroneous. As incorrect assumptions are made about the possibility of industry stability, when actual trends suggest there will be significant changes that will affect the overall market attractiveness, it creates room for the business to act before rivals are able to do so (Ivascu et al., 2023).

Such actions may involve aggressive innovations to counter the likely new disruptive innovations that may emerge in the future. It may also involve use of strategies such as market development to approach new customer segments with the existing products or product development to create new products that offer new values for the existing markets (Wachira & Ondigo, 2016). As the business seeks to avoid turbulence in the existing market that rivals are assuming to be less volatile, it may also consider diversification as a strategy for insulating itself against likely future uncertainties.

In other words, management assumptions influence the actions and strategies that a business adopts (Hussein & Muchemi, 2019). In effect, understanding such assumptions is critical weaknesses of rivals as well as how their actions and behaviours will affect a business' performance. However, if rivals' assumptions are understood, it is also crucial to evaluate the effectiveness of the strategies that they have adopted as well as the implications of such strategies on a firm's future performance (Sharaf, 2019).

Strategies

The mission and assumptions that rivals hold about the industry may influence the marketing and promotional strategies that they adopt (Duran, Cabuya & Molina, 2020). If rivals perceive the industry to be very competitive and unpredictable, then they may tend to engage in aggressive marketing and promotion. Such strategies may be accompanied by aggressive market development strategies to promote the existing products within new market segments (Dong & Huo, 2017). This is attributable to the fact that if the executives construe opportunities to be declining in the existing market, they may explore ways of marketing such products to new customer segments.

If they feel that there are opportunities in the existing industry or markets, then, they may concentrate on aggressively marketing the product in the current market. This implies that if rivals are engaging in such actions, it would be advisable for the business to either do the same or to engage in new value innovations to leverage the overall value offerings of the existing products (Kaushik & Rahman, 2015). If rivals perceive that the existing industry is quite volatile, they tend to engage in diversification into new industries, to render the competition in the existing industry irrelevant. When a business understands the strategic secrets of its rivals' it is imperative for the business to take action to use such strategies before its competitors are able to do so.

Quite often, intense level of industry competition may also drive rivals to engage in gaming inclusive of cooperation with rivals to reshape the existing industry conditions to their advantages (Ahrholdt et al., 2019). Others firms may undertake strategic alliances and mergers and acquisitions to leverage their performance in the existing or new industries. It is therefore critical for the business to explore whether it is failing or succeeding in the application of these strategies. If rivals are succeeding in the application of these strategies, it implies multiple threats for the business than if they are failing. However, even if they are succeeding, exploring their capabilities to effectively use such strategies is a critical prerequisite for the executives to assess and identify the counter-competition actions that can be undertaken (Bayad & Govand, 2021).

Capabilities

Capabilities' analysis explores the extent to which rival firms possess requisite abilities to mobilize, organize and utilise the available organisational resources to implement the required strategies in a way that aids the achievement of the desired strategic objectives and goals. Capabilities of a business are distinct from its resources (Ashiru et al., 2023). While capabilities are firm-specific resources that aid the organisation and application of the other resources to aid the achievement of the desired business outcomes, resources are tradeable stocks of the assets/capital available at a firm's disposal. Resources are factors of production that a business owns and controls. These strategic value creating resources can be tangible and intangible. Tangible resources

often encompass machinery, equipment, business infrastructure and facilities, raw-materials and human capital (Khoualed & Khayreddine, 2023).

Intangible resources refer to intellectual property, unique business relationships and networks, capital finance, company secrets, experience and skills that a firm has at its disposal. To create values for the business, these resources are mobilised, organised and applied to create other resources in a way that cannot be easily replicated by rivals. Hence, it is not only important to analyse whether rivals possess these strategic value creating resources to implement the viable/ pertinent strategies in the context of their industry and market assumptions to achieve the desired business mission, but also to evaluate whether a combination of these resources are imitable and substitutable (Mehjabeen, 2018).

If these resources are imitable and substitutable, it means rivals' capabilities to cause actions that disrupt a firm's performance can be prodded to minimise risks that they pose. This contrasts with the circumstances where rivals' strategic value creating resources are largely inimitable and non-substitutable. In otherwords, these findings raise several managerial issues for the contemporary banking executives and managers (Phawing, 2019).

MANAGERIAL IMPLICATIONS

In terms of the managerial implications of the findings, the study suggests that to improve a bank's effective market performance during periods of enormous disruptions, it is critical to use the three frameworks' strategic analysis to inform the competitive course of direction that the bank can undertake. As reflected in Figure 2, the Three-Frameworks' Strategic Analysis will require the banking executives to evaluate the stage of its industry growth in conjunction with the use of Porter's (1986) "Five Forces of Industry Analysis" and Porter's (1982) "Four Corners of Competitors' Analysis". Industry growth stages will require the banking executives to assess whether the bank is operating in an industry which is still in the infancy or that has reached the growth, maturity or the decline/re-innovation stages.

Figure 2: Integrated Strategic Analytical Framework For Analysing And Improving A Bank's Market Performance during Periods of Disruptive Competition

Though this will indicate industry growth stage and the corresponding strategies that must be used, the use of Porter's (1986) "Five Forces of Industry Analysis" is also important for discerning the degree of competitiveness of the industry in which the bank operates. To accomplish that, the banking executives will have to constantly evaluate the fives forces that encompass threats of new entrants like fintech companies and some other non-bank organisations that accept savings and issue loans, threats of buyers' bargaining power, threats of suppliers' bargaining power, the degree of substitutability and industry rivalrism. For the bank to effectively respond to the emerging competitive forces, its executives will also have to evaluate Porter's (1982) "Four Corners of Competitors' Analysis". To gain insights into new trends that can leverage or even undermine a bank's performance, it is of essence to assess the mission, assumptions, strategies and capabilities of major industry operators in order to achieve the mission that they aspire to attain.

Following the accurate understanding of the industry and market dynamics, the bank executives can therefore craft and apply the strategies for leveraging their competitiveness whilst also countering disrupters. Such strategies would require increasing the investment in R&D to introduce novel digital banking technologies as well as the introduction of novel digital financial products/services that respond or even exceed the unfolding customer expectations. Other critical strategies would require the assimilation or nurturing and integrating the most disruptive fintech companies as part of the essential business partners. Alternatively, the banking executives can also use strategic alliance and partnership with potential disrupters whilst also niching in the selected market segments to build reputation and brand image that can erode the advantage of competitive rivals.

Once these strategies are being executed, banking executives must also analyse the impacts of such strategies on the improvement of a bank's liquidity and profitability. In such analysis, liquidity measurement will require the evaluation of liquidity coverage ratio (LCR), net stable funding ratio (NSFR), loan-to-deposit ratio (LTD/LDR), cash-flow gap, liquidity buffer and liquidity costs. Other ratios for analysis include asset-liability management and funding sources' diversification. As the banking executives evaluate the impact of the strategies being executed on the bank's liquidity, they must also evaluate the impact of such strategies on the improvement of a bank's profitability. Such Profitability measurement will require the analysis of net interest margin, loan-to-assets ratio and returns-on-assets ratio.

CONCLUSION

Critical analysis of the internal and external variables and changes that can undermine a bank's effective market performance is essential for discerning the improvement strategies that must be adopted. However, the challenge has often been lack of the accurate approach for accomplishing that. Whereas some of the banks often focus on the stringent analysis of their internal performance using different liquidity and profitability ratios, they tend to ignore the importance of analysing and tailoring their responses to the changes that are unfolding in the external banking environment. On the otherhand, other banks like fintech companies tend to focus on evaluating and responding to the changes in market trends whilst ignoring the importance of improving the internal capabilities. Such mismatches often affect a bank's effective performance in the constantly disruptive modern banking terrains. To fill such a gap, this study offers the integrated strategic analytical framework that banking executives can adopt for analysing and improving a bank's market performance during periods of disruptive competition. However, future research can still explore how improving employees' creativity bolsters a bank's innovativeness to catalyse its effective performance during periods of disruptive competition.

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