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Exploring Small Ghanaian and U.S. Banks' Efficiency During the 2007-2009 Financial Crisis

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This is to certify that the doctoral study by

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Abstract

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by

Reuben A. Amarh

MS, Webster University, 2011

BA, Saint Leo University, 2008

Doctoral Study Submitted in Fulfillment

of the Requirements for the Degree of

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Abstract

The adverse effect of small bank closures in the United States from 2007 to 2009 required $7 trillion from United States taxpayers to rescue the United States economy. This comparative case study explored the reasons that led to differences in efficiency in small banks in the United States and Ghana during the 2007 to 2009 period. This research was driven by the contingency theory, which states leaders perform well if they change their styles of leadership to suit the situation at hand. Semistructured interviews were employed to gather data from 20 senior and chief executives of small banks: 10 from the United States and 10 from Ghana. Data were formatted into matrices using the van Kaam method and then coded and organized into categories, which led to the identification of the 2 themes: (a) policies and practices and (b) reasons that contributed to the differences in efficiency between small banks in the United States and Ghana. The participants expressed concerns regarding the impact of increased regulations and bank reserves, and the resulting impact on the future of small banks. Findings from this study suggest that small banks that relaxed their mortgage qualification requirements during the 2007 to 2009 financial crisis had more losses compared to the small banks that did not. Additionally, findings from the United States and Ghana revealed small banks focusing on commercial loans had less losses compared to small banks investing in residential real estate. This study may contribute to social change by providing bank leaders with additional tools to prevent future bank failures and the confidence to make new commercial and residential mortgage loans, thereby creating jobs, lowering poverty, increasing income levels, and contributing to a more stable economy in which small banks operate.

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Dedication

I dedicate this journey to God, who made it possible for me to achieve this level of education by putting loving people in my life to inspire, motivate, and encourage me during challenging times. To my wife, Felicia, our sons, Caleb, Reuben Jr., and Daven, who loved me unconditionally and provided unending support during this journey. I dedicate this to my wife especially, for dealing with my absence and being the student who has the patience to listen to many business theories and new ideas. To my parents, Jonathan and Susan Ashai, who instilled in me the essence of education, the fear of God, and never gave up on me. Thank you and this degree is for us all.

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Section 1: Foundation of the Study

Between 2007 and 2009, the United States experienced the worst financial crisis since the Great Depression (Jagannathan, Kapoor, & Schaumburg, 2011). One of the many reasons for this crisis was 44% of all home mortgages in the United States were prone to default due to laxity in regulations (Mazumder & Ahmad, 2010), and this contributed to the 2007 to 2009 global financial crisis. The financial crisis in the United States from 2007 to 2009 led to 168 bank closures and affected the global economy (Federal Deposit Insurance Corporation, 2014). During the recent global financial troubles of 2007 to 2009, 168 United States banks failed and profit margins for small banks decreased (FDIC, 2014). The focus of this study was on small banks, defined by the Federal Reserve Board, the Office of the Comptroller, and the Office of the Thrift Supervision as banks with assets less than $280 million (FDIC, 2014). I used the FDIC's definition for a small bank for Ghana and the United States for this study because the Central Bank of Ghana does not have a definition for a small bank. In relation to the FDIC's definition of small banks, some banks in Ghana, although fitting the description, are not small banks in Ghanaian standards.

The banks' management in the United States reported losses in the fourth quarter of 2009, totaling approximately $32.1 billion, a -0.94% return on assets (FDIC, 2014). Meanwhile, small banks in Ghana increased in assets, a 1.47% return on assets during the same period (Bank of Ghana, 2014). For this study, I compared the relative reasons for differences in efficiency in small banks in the United States and small banks in Ghana.

The primary method of data collection for this study comprised 20 interviews of senior executives of small banks in the United States and Ghana.

Background of the Problem

Bank failures during the financial crisis between 2007 and 2009 were a global problem although some countries had more bank failures than others (Bank of Ghana, 2014; FDIC, 2014). The collapse of the equity and housing markets and the ensuing recession led to the largest bank failures since the saving and loan crisis in the late 1980s in the United States (Jagannathan et al., 2011). According to the FDIC (2014), 168 United States banks failed between 2007 and 2009, costing the FDIC $52.2 billion. In 2007, the United States and several countries officially entered into recession because of the continuous decline in the financial systems and failures in economic activities (Jagannathan et al., 2011). These economic activities included a sharp decline in net worth per average household from $402,000 to $343,000 (15% drop), and unemployment increased from 4.7% to 10.1% (54% increase) between 2007 and 2009 in the United States (Jagannathan et al., 2011).

Bank failures, according to the FDIC (2014), are banks closed by federal, state, or local banking-regulating agencies. When bank leaders fail to meet their banks obligations to their shareholders and depositors, the bank generally closes (FDIC, 2014). In some cases, larger national or regional banks take over small banks prior to the small banks failing to meet its obligation. Banking efficiency refers to the rate of a bank overhead cost as a percentage of the bank's revenue, or how efficient a bank is operating. Measuring bank efficiency aids in predicting bank failure (Bank of International

Settlements, 2013). Furthermore, improving bank efficiency limits bank failures as well as improves the financial system (Reynaud, 2010).

Currently, Ghana has 27 commercial banks, of which 14 are small banks (52%) based on the FDIC's definition (FDIC, 2014). As of November 2013, there were 25 banks in the northeastern part of Florida; out of these, 17 were small banks (68%), according to the FDIC (2014) institution directory. The directory service management of the FDIC provides the most current comprehensive demographic and financial data for FDIC insured institutions, including the latest financial statements, performances, and condition ratios (FDIC, 2014). The Federal Reserve and the Bank of Ghana are the monetary authorities that manage the United States and Ghana state's currency, money supply, and interest rates respectively (Bank of Ghana, 2013; Federal Reserve, 2014). The Federal Reserve and the bank of Ghana have similar laws, activities, and responsibilities of implementing monetary policies, as the government's banker (lender of last resort), regulate and supervise their banking industry, control their nation's money supply, and determine interest rates (Bank of Ghana, 2013; Federal Reserve, 2014). By comparing the types and functions of banks in Ghana and banks in the Unites States with total assets of $280 million or less, one might identify ways of reducing bank failures for small banks during periods of global financial crisis.

Problem Statement

The cost to United States taxpayers in bailout money for 168 bank failures from 2007 to 2009 was $700 billion (Trussell & Johnson, 2012). The $700 billion was part of a larger amount ($7 trillion) as the Federal Reserve System's guarantee to rescue the economy (Gomez, 2011). The bailout for the 2007 to 2009 bank failures was $200 billion more compared to the savings and loan crisis in 1980s, which cost the United States taxpayer $500 billion (Doyran, 2012) and led Congress to pass the Dodd-Frank Consumer Protection Act, financial reform legislation (United States Senate, 2012). Bank failures became not only a U.S. problem but also a global problem (Reynaud, 2010). The general business problem is the vulnerability of small banks in the United States could start cyclic economic downturns of the global banking industry and could lead to a financial crisis. The specific business problem is the lack of information on the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis.

Purpose Statement

The purpose of this qualitative comparative case study was to explore the reasons for the differences in efficiency between small United States and Ghana banks during the 2007 to 2009 financial crisis. Using comparative case study allowed me to explore the policies and practices of chief executives of small banks in Ghana and the United States. The specific populations from which this study covered were small banks in northeastern Florida and small banks in Ghana. Using the comparative case study design allowed me to explore differences in efficiency, since banks in northeastern Florida experienced high small bank closures (FDIC, 2014) compared to banks in Ghana that had no bank closures (Bank of Ghana, 2013). I conducted semistructured interviews using the selected purposive sample of 10 senior executives of small banks in the United States and 10 senior of small banks from Ghana as well as a review of each organization's documents, publications, or announcements that were beneficial. Efficiency of small bank performances could have a positive impact on local economies by maintaining steady credit lines for small and local businesses. The social benefits to fewer small bank failures include a more stable economy for communities in which the small banks operate.

Nature of the Study

This research was qualitative in nature, and I employed a comparative case study design approach to explore the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis. For this study, I focused on small banks with assets less than $280 million. The trustworthiness and soundness of any study or research according to Bernard (2013) depends on how well the design and the research method fit the topic under exploration. The descriptive nature of the study was the underlying principle for choosing a qualitative method over quantitative and mixed methods. Quantitative and mixed methods require analyzing statistical data, which are conclusive in nature where the primary reasons for nonselection. The purpose of this study was to gather information about policies and practices of small banks from senior bank executives' perspectives. Hence, the explorative nature was the primary reason for selecting the qualitative method instead of mixed and quantitative methods.

I selected qualitative methodology for this study because it would provide a broader perspective and the flexibility needed to gather data on policies and practices of banks from the United States and Ghana. According to Moustakas (1994), a qualitative methodology is used to explore different individuals' perspectives of an issue. Using the qualitative methodology permitted me to explore and gather the different participants' perspectives (Bernard, 2013). Quantitative and mixed methods were not the choice for this study because Yin (2012) stated quantitative and mixed methods are for empirical verification and Mertens, Sullivan, and Stace (2011) concluded that quantitative and mixed methods require elements of setting up hypothesis.

Within the qualitative method, there are several evolving and possible designs, and best design, according to Benard (2013), was dependent on the research question. I selected comparative case study design because comparative case study design allowed me to capture detailed information on policies and practices more than other designs, as this study was interpretive (Nicholas, 2009). Comparative case study design according to Yin (2012) brings out the desire and freedom to understand complex business and social phenomena.

I interviewed bank executives as the primary means of data collection using semistructured interview questions to explore their experience during the global financial crisis from 2007 to 2009. I audio recorded the interviews, transcribed them for analysis, and formatted the data into matrices using the van Kaam method introduced by Moustakas (1994). Interview as a means of data collection, according to Rowley (2012), includes examining the interviewer's body language as well as the natural setting where the interview took place. Establishing contacts for interviews for this study was dependent on my proposal approval. McMillan (2009) indicated conducting interviews signifies the actual beginning of a research or a study. I explored the transcripts of the interviews in depth and presented the thoughtful experiences and perceptions of the participants in hopes to find insight as to why some banks with similar asset make-ups failed while others increased in assets. These were the reasons why a qualitative comparative case study was my preferred method and design over the quantitative and mixed methods.

I selected comparative case study design over ethnographic design because ethnographic design requires researchers to analyze and study a cultural group in their natural environment for a prolonged period (Sangasubana, 2011). Narrative design was not selected because it requires gathering detailed information and experiences from one or two individuals (Lincoln & Gupta, 1985) and grounded theory (GT) design was not selected because the population sample was small to claim a general explanation (Thornberg, 2012).

Research Question

In this study, I explored the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis.

Research Question: What are the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis?

Interview Questions

The following interview questions were the primary source of data collection from senior and chief executives of small banks regarding the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis.

Interview Question 1: How would you classify your bank? Is it commercial, investment, or agricultural?

Interview Question 2: How has this classification contributed to the efficiency of the bank's performance?

Interview Question 3: What are the primary functions or services that your bank provides?

Interview Question 4: Among all the services, which would you say customers patronize most?

Interview Question 5: Which of these service contributed most to increase revenue/profit (efficiency) and why?

Interview Question 6: How has the increase in revenue/profit contributed to growth and performance (efficiency)?

Interview Question 7: How would you classify your role in this bank?

Interview Question 8: How does your role contribute the overall performance of the bank?

Interview Question 9: What are the major types of investments your bank undertakes?

Interview Question 10: What factors contribute to investment decisions in each of the major types in your bank?

Interview Question 11: What are the contributing factors for your bank's increase/decrease in assets from 2007 to 2009?

Interview Question 12: Between 2007 and 2009, some regions experienced less small bank failures as compared to others. What are the practices that prevented your bank from going under?

Interview Question 13: How did your bank contribute to the 2007 to 2009 financial crisis?

Interview Question 14: If your bank did not contribute to the 2007 to 2009 financial crisis, what did your bank do differently compared to other banks?

Interview Question 15: On the average, how many mortgage loans does your bank issue per year?

Interview Question 16: What computer software did your bank use that might have contributed to decrease or increase in assets and performance?

Interview Question 17: What are the strategies that led to the increase or decrease in profit of your bank during the 2007 to 2009 financial crisis?

Interview Question 18: What are the cost savings measures your bank has in place?

Interview Question 19: What other practices and policies has your bank introduced after the 2007 to 2009 financial crisis?

Interview Question 20: How did the practices and policies introduced affect your bank's profit and performance?

Interview Question 21: How has your bank's accounts payable policy contributed to efficiency?

Interview Question 22: What additional information would you like to add that I did not ask?

Conceptual Framework

Understanding contingency theory (Fiedler, 1964) is paramount to the success of small banks during a financial crisis (Hongbo & Fangfang, 2010); the contingency theory formed the basis of this research. The contingency theory developed by Fiedler focuses on a particular phenomenon (for example, the 2007 to 2009 global financial crisis) or situation. The global financial crisis of 2007 to 2009 and small bank efficiencies can be understood by exploring the policies and practices of small banks. Using semistructured interviews to explore the policies and practices of the selected banks revealed some possible underlining factors that contributed to the differences in efficiencies (Stuckey, 2013). Fiedler's contingency theory as applied to banking relates to how management dealt with human resources, financial resources, fixed assets, and liabilities during the 2007 to 2009 financial crisis.

Fiedler's (1964) contingency theory stipulates that leaders' performances and effectiveness are dependent on the situation at hand, the environment, and the organization for which the leader is responsible. The role of management is significant in applying contingency theory. According to Yukl (1971), in the late 1960s, economists and behavioral theorists developed several contingency theories. Fiedler's contingency theory was part of the behavioral theories that states business leaders can use diverse ways to deal with situations and there is no single best way. Fiedler's contingency theory also states that leaders and business executives use various skills to make decisions, organize, or lead an organization. After realizing management could not function well when they change their style to suit a situation at hand, Fiedler developed the contingency theory. After conducting studies on effective and ineffective leaders, managers, and executives, Fiedler concluded that the most effective approach would be to match leadership styles to organizational settings and situations. Leadership style, situations (phenomenon), and the organizational setting formed the basis of the contingency theory.

Fiedler (1964) defined styles of leadership as either relationship or task based. According to Fiedler's contingency theory, leaders behave differently depending on the situation, and there is no one best way. In other words, one style of leadership does not fit all. According to Vermeeren, Kuipers, and Steijn (2014), leadership styles cannot be globally applicable to all situations or organizations, but lessons learned from situations or contingencies when applied to other similar situations provides a platform that helps other organizations to avoid similar mistakes as well as improve upon the lessons learned. The successful policies and practices of small banking executives in Ghana could serve as a model for small banking executives in the United States and others in the world. According to Valdiserri and Wilson (2010), as the world has become one global market because of technology, business leaders need to apply management strategies that best fit the situation in which their business operates. Fiedler further implied that management style of an organization would take different forms and designs specific to their business operating environments. The reason for the contingency theory, according to Fiedler, is that there is no one standard way of managing an organization, and management has to use strategies that fit the nature of their business, situation, and employees.

Definition of Terms

The definitions for this study included industry specific terms or phrases that have different meanings based on the Ghanaian banking industry, American banking sector, and business terms that do not have clear meanings or descriptions. In this section, I also incorporated the usage of terms in the study and their relationship to the exploration of why banks in Ghana increased in asset value during the global financial crisis.

Bank failure: Bank failures, according to the FDIC (2014), are banks closed by federal, state, or local banking-regulating agencies. When bank leaders fail to meet their bank's obligations to their shareholders and depositors, the bank generally closes. In some cases, there is a takeover prior to a bank failing to meet its obligation.

CAMELS: The acronym *CAMELS* stands for Capital Adequacy-C, Asset Quality-A, Management-M, Liquidity-L, and Sensitivity-S. This, CAMELS, refers to a set of globally accepted ratios or a system used to evaluate the soundness of banks (Trussell & Johnson, 2012).

Efficiency: Banking efficiency also refers to a bank's capability to use all resources efficiently to produce banking products and services in generating income (Hadad, Hall, Kenjegalieva, Santoso, & Simper, 2011).

Financial crisis: A financial crisis occurs in a situation where there is a decline of asset prices, panic, and exchange rates (Frankel & Saravelos, 2012).

Operational efficiency: Operational-efficiency is a broad concept, which measures the cost or input required to run a business operation and the rewards or output gained from the operation. Operational efficiency occurs when the output out weights the input (Nigmonov, 2010).

Small banks: These are saving associations or banks with assets up to $280 million (FDIC, 2014).

Strategic business planning: Strategic business planning is the process of shaping the long-range goals of an organization and identifying the systematic process to achieve that goal (Whittle & Myrick, 2005).

Weak or inefficient bank: A weak or inefficient bank is a financial institution whose solvency or liquidity is reduced either temporarily or permanently. This includes the systematic threats to development in the bank's economic assets, inability of management, threat to management capabilities, and intentional industry strategies (Bank of International Settlements, 2013; Lengwiler & Maringer, 2013).

Assumptions, Limitations, and Delimitations

Assumptions

The first assumption was that participants would be honest and open in discussing their bank's policies and practices. Secondly, I assumed the financial statements of selected banks in both Ghana and the United States during 2006 through 2009 was accurate. The third assumption was that all responses from the interviews were correct and true. The forth assumption was that banks in Ghana and United States adhered to the regulations and guidance of the Bank for International Settlements, Basel III, for uniformity.

Limitations

The limitation to this study was the small sample population. Twenty banking executives from the United States and Ghana participated in the interview for this study; and their responses were evaluated. Another limitation to this study was that the policies and practices of 20 chief executives of small banks could not be a true reflection of all small banks in both countries. The study spanned 10 weeks. Due to the brief amount of time dedicated to the study, there might have been potential for errors, which could have limited the study. If I had dedicated more time to interviewing senior executives of small banks in the United States and Ghana, perhaps 6 months to 1 year, the research could have yielded richer results. Finally, different reporting of accounts or economic cycles in the United States and Ghana could present another limitation to the study based on the FDIC and Bank of Ghana requirements (for example tax requirements).

Delimitations

The scope of this study focused on small banks in the United States and Ghana with assets less than $280 million. For this study, I explored the differences in efficiency between small banks in the United States (northeastern Florida) and Ghana (Accra) during the 2007 to 2009 financial crisis. The study included comparing the performance of small banks during the financial economic downturn using 2006 as the baseline. Interview was the primary method of gathering data. Individuals were prescreened using the preliminary questions to determine if they qualified to answer the interview questions (see Appendix A).

Significance of the Study

Contribution to Business Practice

The results of the research might help identify undocumented policies and practices of chief executives of small banks with assets less than $280 million during the financial crisis. Understanding documented and undocumented policies and practices of research participants are the essentials of a comparative case study (Baines & Cunningham, 2013). I illustrated how the selected banks' executives designed and implemented their documented and undocumented efficiency strategies during the 2007 to 2009 financial crisis. Identifying efficiencies of small banks could have a direct impact on communities and societies in which they operate. The research results could help identify reasons that led to the differences in efficiency and possible strategies for small banks with assets less than $280 million during a financial crisis. Efficiency of small bank performances could have a positive impact on local economies by maintaining steady credit lines for small and local businesses (Bernake, 2012). Financial security in a local community is achievable when small banks continually provide a line of credit to local businesses during a financial crisis (Bernake, 2012; Crotty, 2011). Efficiency of banks, according to Bernake (2012), could give investors, business leaders, borrowers, and businesses an additional sense of security or another tool in assessing a bank's performance whether it is on the edge of failing or growth.

Implications for Social Change

The study could help identify the reasons for the differences in efficiency for small banks with assets less than $280 million during a financial crisis. Efficiency of small bank performances could have a positive impact on local economies by maintaining stable employment or increasing employment. Stable local economies are achieved through the financial and investment advice small bank executives provide to local businesses during a financial crisis (Bernake, 2012). According to Bernake (2012), financial and investment advice in future cash requirement to avoid liquidity crisis, maximizing the value business or private estate, risk management, tax avoidance/planning, and how to run and grow businesses tailored to local businesses are keys that can help create employment. This study could have a significant impact on local economies by giving investors, local governments, and businesses additional tools to help assess bank performances (Bernake, 2012). The ability to assess whether small banks in the local communities are on the edge of failing or before they cause financial stress on a local economy might provide investors additional tools for investment decisions (Bernake, 2012). Understanding the reasons for the differences in efficiency between small banks during financial crisis will give regulators and central banks the opportunity to formulate guidance that could increase stability of small banks, avoid costs associated with small bank failures, and decrease the possibility of systematic risks and potential disruption in the availability of credit (Huang, Zhou, & Zhu, 2012). This study may bring about positive social change by encouraging investors, regulators, and managers to monitor the change in efficiency in the banking system, possibly preventing future small bank failures. The social benefits to fewer small bank failures include a more stable economy for communities in which the small banks operate (FDIC, 2014). Based on the relationships small banks foster in their communities, they are able to provide investment advice to small businesses, which makes it possible for local businesses to pay loans back to the small bank (FDIC, 2014).

A Review of the Professional and Academic Literature

The purpose of the literature review is to review, analyze, synthesize, and interpret published literature that forms the foundation of this doctoral study (Bernard, 2013). The review of peer-reviewed literature is a critical aspect in this study, which provides supportive evidence to the problem statement and the reasons for the differences in efficiency of small banks during a financial crisis. I organized the literature review by leading themes, starting with the history of banking in the United States and Ghana, functions or services of small banks in the United States and Ghana, ethics in banking, measurements of efficiency of small banks, and a summary of relevant statements.

History of Banking in the United States and Ghana

The history of banking, according to Petitjean (2013), traces back to ancient times when religious sects or cults stored their resources in temples. Record of banking in recent time traces back its history to the medieval era in Venice, Florence, and Genoa in Italy. Banking in the United States traces to the First Bank of the United States in 1791. As part of Alexander Hamilton's, the first Secretary of the Treasury, vision to create a financial and economic development for the union (United States), he created the First Bank of the United States (Goldberg, 2011). On February 25, 1791, President George

Washington signed into law the *Bank Bill,* which gave the Bank of the United States (BUS) its charter to operate and function as the Central Bank. The First Bank failed to meet the expectations in assuming the debt and refunding programs after the War of Independence (Goldberg, 2011). The First Bank failed after operating for 20 years, and the Congress declined to renew its charter because the bank failed to meet the expectations of the early republic. Although little information is available about the First Bank of the United States due to the destruction of all historical documents in the treasury building, in 1833, most U.S. financial institutions accord their histories to the First Bank of the United States (Goldberg, 2011).

The Bank of Ghana, which is the central bank for Ghana, traces its roots back to the country's colonial days. The Bank of Ghana, formally known as the Bank of the Gold Coast, is a name derived from the country's colonial name, Gold Coast. Two days before Ghana gained its political independence on March 6, 1957, the British Parliament under the Bank of Ghana ordinance number 34 of 1957 established the Bank of Ghana (Hinson, Madichie, & Ibrahim, 2012). According to Hinson et al. (2012), the ordinance passed in 1957 officially put in place the organizational structures and commissioned the new Central Bank of Ghana headquartered in Accra-Ghana.

Monetary Policies for the United States and Ghana

The monetary policy of the United States under the Federal Reserve System, established in 1977, had two basic goals. These goals are maximizing sustainable output and employment, and promoting stable prices as an amendment to the Federal Reserve Act of 1913 (Federal Reserve, 2014). The Federal Reserve defined sustainment of the

United States economy as all goods and services the economy produces and the employment it generates in the long term. The factors that support the long-term growth include people's interest in saving, technology, risk, and work effort (Arnold & Quelch, 2012). According to Frankel and Saravelos (2012), the sustainment of goods and services includes broad policies that could reform international financial systems, strategies for development focused on domestic demands, viable agricultural policies for greener technologies, and policies that reduce inequalities.

The monetary policy of the Bank of Ghana, the Central Bank of Ghana, includes the objectives of ensuring stable prices, controlling (high) inflation, and supporting the Government of Ghana's long and short term economic goals which include an increase in employment and growth (Bank of Ghana, 2013). The management of the bank of Ghana defined price-stability as the government's target inflation rate (Boamah, 2012), revised yearly, in the Government Financial Plan and Statement for each fiscal year. The goal of Ghana's price stability includes the ability to provide an environment that is stable for other industries to flourish (Quartey, 2010). To achieve price stability, a focus must be on achieving economic stability, which is generally a broader environment that provides a favorable atmosphere that will maximize and sustain employment and economic growth (Damain, 2012). The Bank of Ghana Act, passed in 2002, gave the parliament of Ghana the authority over the national bank and authorized the bank of Ghana the authority to set interest rates; the Bank is accountable to parliament and the wider public. Articles 173, 178, and 181 of the constitution of Ghana empowers the Parliament of Ghana the legal oversight rights over the Central Bank's functions (Bank of Ghana, 2013). Section 56 of

Act 815 of the constitution of Ghana mandates federal entities such as the Bank of Ghana (BOG) to respond to The Public Interest and Accountability Committee (PIAC) with concerns from the public.

Bank failures generally create a series of inauspicious consequences on stakeholders external to the failed banks themselves. When bank failures happen more frequently across the globe within short intervals, it creates panic among depositors (FDIC, 2014). This panic also creates a multiple ripple effects, which affects other industries. Multiple effects such as a decline in trade volumes, lower export demands, and contamination of balance sheets of financial institutions (Nachane & Shahidul Islam, 2012), which undermines domestic investments (Milesi-Ferretti & Tille, 2011). Sometimes the cost associated with bank failures impacts other nonbanking systems such as manufacturing, schools, federal organizations, nongovernmental organizations, and employment (Mayuku, Ogude, Ibeh, & Onoriode, 2012). I will use the following literature review to amplify how banking failures could be avoided using various ratios and other methods that various institutions have used.

Ethical Issues Facing the Banking Industry

Financial institutions, including banks, equity firms (public and private), credit agencies, insurance organizations, pension/retirement funds, and others have a common objective, which is to create wealth (Goyal & Chowhan, 2013). Hence, society measures these financial institutions' performance solely based on the banks' capacity to maximize financial assets. According to Goyal and Chowhan, the general questions investors and the public (stakeholders) ask include the following: How much return or profit do these financial institutions get on their investment decisions, and what percentage of profits do the financial institutions derive from loans? The public, investors, and stakeholders continually judge financial institutions such as banks by their ability to develop complex financial instruments, sophisticated credit schemes, and derivatives that attract investors and creditors (Watkins, 2011). The sophisticated credit schemes and confidential agreements that banks have require them to keep information about their clients, policies, and procedures confidential (Goyal & Chowhan, 2013). According to Goyal and Chowhan (2013), the confidentiality of how banks conduct business has raised ethical concerns in financial arenas.

The essence of profit is to reward success, and loss is punishment for failure, but the bailout of failed or failing banks during the recent 2007 to 2009 crisis violated the legitimacy of the markets and ethos of profit and loss (Watkins, 2011). The government bailout, according to Watkins (2011), encouraged banks to practice the Goldman Rule. The Goldman Rule, according to Watkins, encouraged banks to pursue profitable opportunities, regardless of the effects on others (individuals and other institutions). Additionally, the Goldman Rule encouraged banks to undertake in profitable transactions (laissez faire) without government restrictions (Watkins, 2011). Watkins asserted that the Goldman Rule helped banks to violate banking ethics by engaging in unscrupulous actions such as converting household wealth tied in mortgages into corporate profits. Banks pursued subprime loans as an avenue to increase profits or generate income, regardless of the effects such actions could have on debtors. The rapid decline in housing prices resulted in lower profit margins for banks prompted the government bailout, which rewarded unethical behaviors of the banks (Watkins, 2011). Manning (2013) suggested that confidential practices have been in banking since its inception, but the lack of journalists in the banking industry to report wrongdoings has encouraged unethical practices even more.

Banking, according to Armstrong (2012), is a business based on trust. Stevenson and Wolfers (2011) stated that there was a public trust decline in businesses, public institutions, and banks after the 2007 to 2009 financial crisis. According to Stevenson and Wolfers, unemployment increased in countries that experienced loss of confidence in banks, governments, and other financial institutions. Zhorny (2010) emphasized the need to restore the trust consumers had in the financial markets and stated that the way to regain the lost trust, especially on American banks, is to tighten the loose regulatory policies.

Noor and Ahmad (2013) contributed to the literature that linked the recent global financial crisis to the Islamic banking model. Noor and Ahmad believed the Islamic banking model was key in playing down the severity of the global financial crisis based on the Islamic banking principle of sharing, which he believed to be ethical compared to Western style banks. Noor and Ahmad encouraged banks and businesses to adapt to systems that encouraged profit and loss sharing and transactions that are noninterest based. Noor and Ahmad also encouraged businesses and trade activities to engage in fair and legitimate profit practices, which Islamic banking practices advise. Noor and Ahmad concluded the intrinsic property of Islamic finance contributed towards insulation of possible risks from market speculations and excess market leverage, which contributed to the recent global financial crisis.

In every commerce and business environment, the role of ethics is always crucial and critical. Chowdhury's (2011) study aimed to develop ethical business models that enable the banking industry to be competitive. The study showed the relationship that existed between customer's satisfaction and business practices. Chowdhury collected data by survey from 186 participants. The survey was designed with questionnaires using pilot survey inputs, which showed the relationship that existed between customer satisfaction, reasons for customer satisfaction, and business ethical practices. The results of the study revealed that an increase in ethical business practices results in an increase of performance and an increase of satisfied customers. The study also showed the guidelines in developing ethical business practices for banks and its managers.

Banking Performance: Regulatory Policies

The recent global financial crisis has raised concerns about how most governments approach in providing oversight to certain banks due to their size (Stan & Mclntyre, 2012). Too big to fail has become the new governmental term to bailout large banks with taxpayers' money if failure appears imminent (Stan & Mclntyre, 2012). Stan and Mclntyre (2012) suggested this assurance from various governments to large banks encouraged large banks to take more risks as compared to small banks. Failure of large banks, according to Kerstein and Kozberg (2013), affects the local and regional economy as well as small banks. According to Ivanov (2011), some United States governmental organizations and private corporations have failed due to not having systems and policies that are realistic, related to their self-assessment, reevaluation, or catastrophic malfunction in their structure. Not having a self-assessment has caused invisible and silent trauma, in most organizations, by bruising good leaders and capable chief executive officers (CEOs). Silent trauma has caused individuals in large and small organizations such as banks to fail; the failure of one individual leads to collective failure, which cloaks the work place with suspicion and mistrust, resulting in low productivity and unfriendly customer service and causes small banks to fail (Ivanov, 2011). On the other hand, Yeo and Yussef (2010) believed small banks fail due to the image they have with the public. Yeo and Yussef analyzed commercial banks in Saudi Arabia using a questionnaire, presented in English and Arabic, to test groups of banking customers. Results of their study indicated that corporate communication, financial prospects, and corporate management influenced the public and customers' perception. Yeo and Yussef also revealed that a favorable public image could be what can make a difference in what gives a business or a bank competitive advantage, which ensures long-term success.

Tanyeri (2010) investigated how a change in honesty of statements of financial institutions affects the monetary policies in Turkey. Bank financial statements, according to Tanyeri, are translucent when shareholder and stakeholders have knowledge or have access to all pertinent information related to the statement in a timely manner. Stakeholders of commercial banks are depositors and creditors who might have contributed to capital, shareholders who gave or own stock-capital, borrowers who have a working or financing relationships with the bank, taxpayers who may end up financing the safety nets, and government regulators who enhance credit worthiness of banks through implicit and explicit safety nets. In 1980 and 1990, the regulators of Turkish banks passed laws that would allow transparency in how banks raised capital and how and when to report an increase or decrease in capital to stakeholders (Tanyeri, 2010). These processes, according to the study, saved small banks from failing. Higgins (2012) supported Tanyeri's study by providing an opportunity to address the importance of having transparency and internal control for small banks. Higgins focused his study on the internal control of Chinese banks, especially the Bank of China (BOC). According to Higgins, the purpose of internal control is to establish a process known by all involved in the management of an organization, such as the board of directors, in order to prevent theft and fraud. Lack of internal control, according to the results of the study, resulted in the intense increase of loans that were not performing in Chinese banks. The results of the study also revealed that the failure to report these loans correctly, and the way in which these conditions existed created a climate where bankers hide fraud and theft. These problems and the need for internal controls became evident in the description of a serious fraud scheme at BOC.

Rani, Hussain, and Chand (2013) stated high profile banks and other organizations have collapsed in recent years due to dubious financial reporting. Furthermore, state or government owned financial institutions are prone to collapse due to scandals (Rani et al., 2013). Iannotta, Nocera, and Sironi (2013) asserted that state owned or controlled banks operate at less profit as compared to privately owned banks. Joel, Li, and Ma (2011) also revealed that states or countries that own national media also own banks, and the concentration in the banking sector leads to corruption in lending, usually to senior officials. Turnbull and Pirson (2012) stated that regulators of large firms fail to manage, lead, and govern effectively due to the complexity of the changing times, and how effective their decentralized management practices are.

Mullineaux and Pyles (2010) examined the effects of investments in promotion and advertising by U.S. banks on their profits, performance, and market share. The goal of the study by Mullineaux and Pyles was to analyze whether marketing in banking pays off, and if so, to what extent. Mullineaux and Pyles used the theory of profit-function as the basis for their study, used data from selected banks from 2002 to 2006, and applied the Heckman model (Heckman, 1979), which is a two-step statistical approach that offers a means to correcting the methodically sampled population. The results of the study showed that profits for the selected banks increased significantly with increased spending on promotion and advertising. Mullineaux and Pyles also revealed that an increase in marketing expenditures resulted in increased market share and higher profits.

Tarr (2010) discussed the main policies and political and financial market performances that led to the recent global and United States financial crisis from 2008 to 2009, which led to more small-bank failures compared to larger banks. Tarr asserted that the United States Congress failed to give Freddie Mac and Fannie Mae the regulatory or supervisory power when it was attempting to fix the savings and loan crisis. Not regulating Freddie Mac and Fannie Mae with bank supervisory authorities became a political failure for Congress because Congress allowed them (Freddie Mac and Fannie Mae) to take unlimited risk with government guaranteed loans. In 1995, Congress encouraged home ownership by changing the Community Reinvestment Act requiring banks to use innovative and flexible methods to lower mortgage standards (Federal Reserve, 2014). Tarr indicated that this initiative caused the market failures, which encompassed the banks, mortgage brokers, credit rating agencies, and asset managers. The Community Reinvestment Act passed in 1977 made it possible for low-income communities and low-income workers to access mortgage loans. This initiative, according to Bates and Robb (2014), increased new business start-up across the United States. According Boamah (2011), a well functioning mortgage market contributes considerably to the socioeconomic growth of an economy, but the Ghana mortgage industry has not achieved that level where it might create employment and stabilize the economy.

The global financial crisis from 2007 to 2009 raised many leadership issues concerning the responsibilities and roles of small bank board members and executives. The perceived loss of checks and balances in banks and other organizations has brought under scrutiny dual the CEO concept in the United States (Carty & Weiss, 2012). CEO-duality refers to the circumstances when a CEO holds the position of the chairperson of the board. Carty and Weiss (2012) suggested that bank failures and the financial crisis between 2007 and 2009 presented an exclusive opportunity to explore the effectiveness of CEO-duality. Carty and Weiss investigated whether bank regulators oppose CEO-duality and the relationship between CEO-duality and bank failure. Carty and Weiss investigated the relationship between banks that traded publicly with dual CEOs that received bailout money during the recent financial crisis. Carty and Weiss suggested that CEO duality in corporate management is less significant than many have suggested.

CEO duality and corporate governance according to the World Bank (2012) are its incipient stage; however, enforcement of rules that support core functions of small banks is at its highest.

In his analysis, Petitjean (2013) defined key components of effective regulatory practices that could prevent bank failures; this regulatory failure became the main contributing reasons that led to the austerity of the financial crisis. Petitjean stated that complex future regulatory constraints may have negative and costly effects on the global economy. However, carefully constructed rule-based regulations, unfortunately, will not prevent bank failures. Petitjean also recommended the vital components of effective regulations should be Basel type rule (A set of regulations designed to improve oversight in the banking industry), comprehensive, well balanced, and with less emphasis on decreasing individual bank closures. According to Petitjean, practitioners and academics have agreed that, regularly, all future regulatory enactments must include mandatory regulatory laws for banks to internalize the negative externalities, such as cost of jets rentals used by CEOs, which impact the economy. Finally, Petitjean recommended future regulatory reforms must address socially unacceptable mechanisms that allow banks to socialize their risks and privatize their profits.

Huang and Lin (2011) explored the success of various types of compensation packages (tangible) for the service industry (utilitarian–a price reduction and hedonic–a gift). Huang and Lin revealed that offering neither utilitarian nor hedonic compensations to banks' executives affects a bank's profits and recommended bank package compensations that favor their customers. The primary contribution of this study provided an experimental outcome, which showed the relationships that existed among the various types of services and compensations from customers/clients perspective. Huang and Lin suggested that compensation packages that affected small banks' profits discourage customers and investors and contribute to small banks' failures.

Sassi (2013) analyzed the relationship between institutional indicators (factors that determine efficiency) and banking regulatory (factors that contribute to technical efficiency in commercial banks). Sassi collected data from 2003 to 2011 from five Middle Eastern and North African (MENA) countries. The Data Envelopment Analysis (DEA) was used to calculate the scores efficiency with the nonparametric approach, and then the Tobit regression analysis was used to study the impact on banks. Sassi focused on the characteristics of the economic freedom of banks efficiency, regulations, and governance indicators. Additionally, Sassi revealed strong evidence that restriction on growth regulations increases bank efficiency. However, banks that operate under situations of higher governance and operate freely in the financial markets have a higher probability compared to those with restrictions to increase operating efficiency levels.

The 2007 to 2009 global financial crisis spurred interest around the world in identifying best practices and regulations that would reform failing banks and promote bank performance, development, and stability. Barth, Lin, Ma, Seade, and Song (2013) based their study on surveys of 4,050 banks in 72 countries examined whether bank supervisions, regulations, and monitoring hinder or enhance operational efficiency. Barth et al. revealed that tighter restrictions or increase in regulations on banking industry or activities negatively affected bank performance. Barth et al. also showed that encouraging and empowering official banking oversight institutions positively affected bank performance in countries that have instituted self-governing supervisory authority. Finally, Barth et al. concluded that transparency and monitoring positively relate to bank efficiencies. From the early 1980s, the world's financial markets experienced several financial crisis that led regulators to take a new course of action towards structural and conjectural problems. The restructuring of the global financial laws and regulations led to the emergence of new world economic partners like India, China, and Brazil (Paulet, 2011). Paulet listed financial crisis related ethical issues from the 1980s to 2009 as the following:

- 1987 - Financial Krach financier;
- 1990-1991 - Asset depreciation in Japan, affecting the financial and property sector;
- 1990s - General property and banking crisis (savings and loans in the USA, UK, the Scandinavian countries, Credit Lyonnais);
- 1994-1995 - The Mexican crisis;
- 1997-1998 - The Asian crisis;
- 1999 - The Russian crisis;
- 2000-2003 - The NTC crisis;
- 2001 - The Argentina crisis;
- 2002 - The credit and information crisis (Enron); and
- 2007-2009 - The subprime crisis.

The significance and implications of this study were to solve the difference between profit and ethics. The 1987 financial crisis happened on Monday, 19 October, when the stock markets around the world crashed (Browning, 2007). The 1987 financial crash started from Hong Kong spreading through Europe then United States causing the Dow Jones Industrial Average to fall by 22.61% (Browning, 2007). The 1994 Mexican financial crisis according to the Federal Reserve (1996) was due to the policy changes by the Mexican government to devalue its currency (Peso) so the country can benefit from its largest trading partner, the United States. The Russian crisis was also due to the implementation of policies by Russian government to devalue the Ruble to control inflation. The Asian and Argentina crisis started due to high national debts, default to repay national debts, and corrupt political leaders (Federal Reserve, 2014). The credit and information crisis of Enron also known as the Enron scandal was due to corrupt executives that took advantage of accounting loopholes and poor financial reporting. Finally, the subprime mortgage crisis according to the Financial Crisis Inquiry Commission (2013) was due to lack of regulatory policies of credit agencies, government housing policies, and consumers. The common themes according to Paulet (2011) in above financial crisis were due to a combination of flawed fiscal monetary policies, corrupt financial executives, greedy consumers, and corrupt investors. Paulet noted banking is not an ethics free zone, but changing bankers behavior could had prevented the ethical related bank failures from 1980 to 2009 and could had added more credibility to the market and confidence towards clients.

Banking Performance: Credit Risk

The 168 bank failures in the United States comprised of 140 of the bank failures that happened in 2009, 25 in 2008, and three in 2007 (Samad, 2012). According to Samad, bank failures of such magnitude have not happened in the United States since the Great Depression, which ended in 1941. These bank failures in the United States were as a result of the financial crisis around the world particularly in Europe and Asia. According to this theory, a bank fails or closes when liabilities out weights assets over a prolonged period. In some situations, liabilities increase because of loans that are not performing (credit risk). Credit risk is a major risk most banks encounter because most of a bank's assets are in a form of loan, which ties to the quality of a loan (Samad, 2012). Bank failures relating to credit risk, accounts for one-third of bank failures (Pantalone & Platt, 2009). Identifying and understanding credit risk (risk ratios) could prevent bank failures and such information is valuable to bank examiners, managers, customers, and investors.

Fayman and He (2011) identified effects of risks such as interest rate risks, foreign exchange risks, liquidity risks, credit risks in the USA. Fayman and He focused on prepayment risks embedded in mortgage lending especially during the recent financial crisis. Fayman and He also focused on measuring the prepayment risk premiums and aimed to measure how the prepayment premiums affected various financial ratios and bank performances. Fayman and He used time wise, auto regressive, and cross section heteroskedasticity method to gauge and measure various credit risk ratios. The result of the study suggested that prepayment risks could affect returns on bank loans, mortgage loans, and return on equity (Fayman & He, 2011). Chijoriga (2011) investigated whether including how to assess variables in the Multiple Discriminant Analysis (MDA) model enhanced banks' ability in predicting credit risk assessments. Chijoriga used 56 non-performing (NPA) and performing assets of a commercial bank in Tanzania. The MDA used as a risk assessment model, which showed improvement in credit assessment increase in customer satisfaction, and errors in determining bad debts. Chijoriga revealed that the MDA model had a higher level of predicting bank failures at least 24 months prior. Chijoriga used financial ratios as independent variables in support of the MDA models. These variables confirmed the best predictors for banks performance. Chijoriga showed that classifying a customer's credit worthiness using MDA could improve decisions for banks and could have predicted commercial banks future performance as well as assessing credit risks.

Tan and Floros (2012) evaluated the common factors that affect performance of banks in China particularly, the volatility of the stock market, competition, and their effects on banks. Tan and Floros used 11 banks for their study and the selected banks comprised of seven joint stock commercial banks that trade on the Chinese Stock Exchange, four state-owned, and data collected extended from 2003 to 2009. Tan and Floros used the Generalized Method of Moments (GMM) difference and system estimators for the study. Tan and Floros showed high that the level of volatility of the stock market could translate into higher Return on Equity (ROE) and ownership of Chinese banks might not have any effect on the bank's profitability. The profitability of Chinese banks with higher competition had a lower ROE and Excess Return on Equity

(EROE). Tan and Floros also revealed that higher tax had a negative impact on all sampled banks while capital level impacted joint stock commercial banks negatively.

Williams and Prather (2010) measured how diversification of portfolios affect risks taken, how fee-based, and conventional-margin income methods selected impacted selected banks licensed to operate in Australia. Williams and Prather applied Bank risk and revenue using regression analysis and performance variables then compared to the benefits of diversification across various banks while measuring fee based income and margin income portfolios. William and Prather revealed that conventional margin income has less risk compared to fee based income, but margin income offered more benefits in terms of diversification to the bank shareholders than fee-based income. William and Prather further suggested that stakeholders in Australian banks benefitted from increased exposure to non-interest income when diversified. Finally, Williams and Prather concluded that diversification reduces the likelihood of systematic risk and cautioned against banks that focus mainly on absolute returns rather than providing constant oversight on risk return trade-offs. Diversification of bank portfolios could have limit or prevent the number of bank failures during the financial crisis from 2007 to 2009.

Measuring Bank Efficiencies

The global financial crisis that began in 2007 worsened with bank failures in 2008 and 2009. These bank failures, according to Tarullo (2013), had a direct reflection of their local economies. Tarullo compared his study to prior bank failure episodes from 1987 to 1992 when the United States experienced higher than normal bank failures; the 2007 to 2009 bank failures had regional and global effects compared to 1987-1992 bank failures, which affected, mostly, their localities. Although several accepted methods in accessing or evaluating bank performance, the most globally accepted are the Uniform Financial Institution Rating Systems (UFIRS). The Federal Examination Council (FFIEC) adopted the UFIRS since 1979 (FDIC, 2014). Federal supervisory agencies such as FFIEC use these systems to assess the soundness of various financial institutions to identify those institutions requiring attention. Under the UFIRS, the six components used to rate financial institution are; the capital adequacy, the asset quality, the management's capability, the level and quality of earnings, the liquidity capability, and the market risk sensitivity (Cadogan, 2011). This rating approach, CAMELS, is an acronym for these six components. Capital adequacy, Asset quality, Management risk, Earnings strength, Liquidity, and Sensitivity to market risk have all been proven, to measure bank failures accurately (Samad & Glenn, 2012; Trussell & Johnson, 2012).

The Federal Deposit Insurance Corporation (FDIC) has several ways of detecting early warning signals of banks that could potentially fail (Iqbal, 2012). In addition to the CAMELS, the management of the FDIC also examines banks by accessing supervisory issues, trust operations, bank's electronic systems, bank's community reinvestment act, and compliance (FDIC Bank Examination, 2014). Numerous studies have focused on early detection signals as a supplement to on-site bank examinations; the intent is to identify trouble banks between their scheduled examinations. According to Trussell and Johnson (2012), these intermittent indicators typically use the CAMELS system as inputs into the adopted prediction model. Xiang, Zongxian, and Xuyuan (2011) evaluated several early warning detection systems and concluded that using simple systems like the logit analysis was better in predicting banks capital inadequacy. Tsagkanos, Koumanakos, Georgopoulos, and Siriopoulos (2012), supported this model, using the logit analysis to predict bank failures in Greece. Samad (2011) although believed other methods of identifying bank failures works, their level of accuracy is low compared to using the bank's credit risk ratios. These credit ratios identify the risk associated with bank performances and are important indicators to measure bank efficiencies. A bank's credit ratios are considerable significant to its examiners, mangers, and customers.

A study conducted by Saad and El-Moussawi (2011) revealed that cost associated with efficiency of banks increases over time. Saad and El-Moussawi covered 43 Western style banks from 1992-2005. Saad and El-Moussawi used the DEA and SFA to compare Islamic banks in the Lebanese banking system. Saad and Moussawi used an approach introduced in 1977 by Sealey and Lindley (1977). Sealey and Lindley recommended banks collect deposits before creating loans. From the study conducted by Saad and Moussawi, the SFA produced higher efficiency levels compared to the DEA.

Li and Wang (2012) explored the efficiency of commercial banks by finding the correlation that existed between fiscal policies, capital regulation, and the asymmetric effects on commercial banks. Li and Wang used DEA and SFA for their study. The DEA and SFA used by the authors did not directly provide evidence that indicated that a linear relationship existed among them (Li & Wang, 2012). Ahmad and Rahman (2012) used the DEA to measure the relative efficiency of selected Malaysian banks. Ahmad and Rahman examined the performance of traditional commercial banks (CCB) and Islamic commercial banks (ICB) by comparing data of selected banks from 2003 to 2007.

Ahmad and Rahman used 10 local commercial banks, which comprised of two ICB's and eight CCB's. Ahmad and Rahman revealed that the ICBs underperformed CCBs in all efficiency measures. Ahmad and Rahman suggested that the underperformance ICDs are due to managerial efficiencies and technological advancements.

Yahya, Muhammad, and Hadi (2012) studied the distinction or lack of performance levels of ICBs and CCBs in Malaysia. Although Islamic banks have constraints due to the Islamic tenets, Yahya et al. (2012) purposed their study to understand whether Islamic banks performed as equally as conventional banks. Yahya et al. used DEA to measure performance levels of Islamic commercial banks and conventional commercial banks using two banks (one ICB and one CCB), which had been operating for three years. Yahya et al. showed that although the tenets of Islam limits Islamic banks, their operations and performance were equivalent to conventional commercial banks. Lozano-Vivas and Pasiouras (2010) also adopted the FDIC's early warning detection systems, in addition to non-traditional activities, that impact banks' performances.

Sufian and Habibullah (2010) studied the efficiency of banks in Thailand from 1999 to 2008. Sufian and Habibullah used the DEA approach to analyze and evaluate the efficiencies of the selected banks and the Central Tendency Parametric (CTP) method of Tobit regression method to investigate production efficiency. Between 1999 and 2008, Sufian and Habibullah revealed the levels of personnel inefficiencies outgrew technical inefficiencies (level of output that produces loss) were major factors in determining selected banks' performance in Thailand. The analysis using the multivariate regression revealed that “banks with higher loans intensity and better capitalized tend to exhibit higher efficiency levels” (Sufian & Habibullah, 2010, p. 244). Sufian and Habibullah suggested that credit risks negatively affected the performance of banks in Thailand. Finally, Sufian and Habibullah suggested the global recession that started in 2007 negatively impacted the efficiency of banks in Thailand, although not as much as compared to other countries.

According to Kamarudin, Nordin, Muhamad, and Hamid (2014), conventional banking theories suggest that banks earn profits from the difference between the cost of purchasing deposits and the revenue generated from selling those deposits at a predetermined interest rate. Islamic banks perform similar intermediary banking functions and do not collect predetermined interest rates (Kamarudin et al., 2014). Islamic banks earn profits based on revenue/profit sharing agreements (Kamarudin et al., 2014). Hassan et al. (2012) investigated the difference in factors that contribute to profit performances, revenue, and mean cost between conventional and Islamic banks using 40 banks in 11 Organization of Islamic Conferences (OIC) between 1990 and 2005. Hassan et al. suggested the differences that exists between ICBs and CCBs are not significant to impact overall performance. However, Kamarudin et al. (2014) concluded that both banks, on average, lost the opportunity to receive 27.9% more in revenue and 20.9% more profit.

Understanding retail banking activities in terms of productivity and performance management increases the chances for efficiency. Mangold (2013) analyzed research findings concerning the performance of bank revenues and factors that determine those revenues. Mangold developed empirical models based on the theoretical framework and cross-sectional ordinary least squares analysis. Mangold used data from 521 retail bank advisors in Switzerland and applied four regression models (base model and three variants) to measure efficiency. Mangold revealed retail bank advisors that lived closer to their clients and commuted less to work, in addition to having more years of work experience, were successful in generating revenue.

The goal of this study was to explore ways of reducing inefficiencies that create burdens on banks. Understanding various methods that enhance revenue or reduce expenses could alleviate such burdens. The purpose of this article was to evaluate the efficiencies of bank branches using the DEA. Tsolas (2011) adopted an approach using the DEA to define the variables in disaggregating bank branch income and expenses of banks in Greece. Tsolas indicated that the size of a bank's branch significantly influences its performance. Additionally, the superior insights and location of a bank's branch increased its pure technical efficiency (PTE) and scale efficiency (SE).

Perera and Skully (2012) evaluated SFA and DEA, since there is no conformity on the reliability of their estimates in assessing bank efficiency. Perera and Skully used four efficiency computation models to analyze their efficiency (two DEA models and two SFA models). The DEA technical models were constant and variable returns to scale, and the two SFA cost efficiency models were on Translog and Fourier specifications using data collected from 59 Indian banks from 1990 to 2007. Perera and Skully revealed, "Translog and Fourier specifications in SFA and constant and variable returns to scale in DEA were *best practice* and *worst practice* respectively" (p. 40). The relationship between the non-frontier standard performances and DEA performance estimates showed mixed and questionable outcomes. The SFA effective assessments found to be reliable with profit ratios and cost as compared to DEA.

Tsolas and Giokas (2012) assessed the efficiency and performance of Greek individual large banks using Goal Programming (GP) and DEA. Tsolas and Giokas assessed the performance of the selected banks using a log linear parametric functional model and two alternative goal programming methods; the first focused on production performance and business transactions. Under the DEA assessments models, Tsolas and Giokas used the business Transaction Efficiency Models to provide specifications of variables or constant returns to scale. Tsolas and Giokas revealed a positive correlation between the rankings provided by the DEA and GP. This correlation and relationship translate into increased efficiency of banks as a result of each branch's performance.

Hasan, Wang, and Zhou (2012) investigated how institutional developments, such as the influence and authority of laws and the rights to property in a market economy, impact banks' financial efficiencies in China. Hasan et al. (2012) applied profit-efficiency and cost-efficiency scores of banks using the SFA. In addition, the regional results were aggregated, and the difference in timing of the developments that affected the selected banks' efficiency were exploited. Hassan et al. revealed that institutional developments affected bank efficiency, and the performance banks in regions or locations where there are more private businesses increased. Finally, Hasan et al. concluded that private institutional developments are critical to a bank's performance, as are economic developments, especially in transition economies.

Tsolas (2010) used a two-stage DEA model to evaluate bank performance in terms of profitability efficiency and effectiveness in Greece. Tsolas focused on the significance of encouraging increased performance and profitability through commercial banks' branch networks. Tsolas indicated that employing the two-stage DEA models and the selected Key Performance Indicators (KPI) quickly identify troubled banks. Chortareas, Girardone, and Ventouri (2013) also supported this model and approach in their study.

Kumar, Malathy, and Ganesh (2010) purposed to understand the technological factors that influenced changes in the banking industry. Kumar et al. (2010) used Total Factor Productivity-TFP (technical change and technical efficiency change), and Data Envelopment Analysis (DEA) to assess the banking sector in India. Kumar et al. revealed that, between 1995 and 2006, the TFP grew for the entire period. The growth was a result of changes in technology as compared to changes in efficiency, and showed that innovations and technology had a greater impact on the changes in efficiency Kumar et al. indicated that policies that impact technology in banks positively affects bank efficiency.

Kumar and Gulati (2010) used 27 Indian public sector banks (PSB) to appraise the performance, effectiveness, and efficiency of commercial banks using a two-stage performance evaluation model. Kumar and Gulati used the DEA to compute efficiency and effectiveness scores for the selected PSBs using data from 2006/2007 financial year. Kumar and Gulati revealed that high effectiveness in Indian public sector banks does not translate to high performance, although a strong relationship existed between effectiveness and performance. Kumar and Gulati also revealed that Indian PSBs improved their overall performance by paying attention to generating income (effectiveness) relative to their capability to create traditional banking outputs, such as advances and investments (efficiency). Chunhachinda and Li (2014) analyzed inputs and outputs (cost and profit) of Western banks that operate in Thailand. The study and data collected covered the period from 1990 through 2008. Chunhachinda and Li measured the efficiency scores by using non-parametric frontier approaches and parametric approaches. Chunhachinda and Li indicated that there is s direct correlation between financial characteristics of selected banks and growth rate (GDP) and the impact Thailand commercial banks.

Al-Khasawneh, Bassedat, Aktan, and Thapa (2012) analyzed the cost and revenue efficiencies of banks in the North African Arab countries. Al-Khasawneh et al. (2012) used nonparametric Data Envelopment Analysis (DEA) to analyze cost and revenue efficiencies of Islamic banks and conventional banks in the region. Data collected from nine Islamic banks and 11 conventional banks assumed variable return to scale (VRS) and DEA to estimate revenue efficiency scores to estimate the cost. Al-Khasawneh et al. indicated conventional commercial banks achieved less than average revenue efficiency scores as compared to Islamic banks in the region, and vice versa with the growth rate of efficiency scores in revenue. Although Islamic banks and conventional banks are similar in the region, the results varied from country to country in terms of efficiency in cost. (Al-Khasawneh et al., 2012). Jagwani (2012) supported Al-Khasawneh et al. (2012) by using DEA analysis to analyze the impact of deregulation (financial) on profit and cost of

Western banks that operate in India from 1990-2008. Jagwani suggested that the size, product diversification, and ownership of commercial Western banks were major indicators of revenue generation and performance.

Minh, Long, and Hung (2013) compared and estimated the efficiency performance of Vietnamese commercial banks from 2001 to 2005. Minh et al. (2013) determined factors that contributed to the efficiency performance. Minh et al. assumed Variable Return to Scale, and used the DEA model and Super Slacks-Based Model (SBM). Minh et al. compared small banks with large banks, and large banks did not have any advantage in production efficiency. Gunsel (2010) researched the timing of bank failures in North Cyprus using Time Logistics Survival (TLS) analysis and data from 1984 to 2002. Gunsel employed methods that allowed him to determine the primary factors that contribute to bank failures in Cyprus. The method allowed Gunsel to link a set of specific bank inefficiencies that contributed to the internal plight of the selected banks. Gunsel revealed three key variables that linked time analysis to bank survival. Low liquidity (total liquid assets as a percentage of total assets), high credit extended to the private businesses without collateral, and low asset quality (total loan as a percentage of total assets).

Li, Escalante, Epperson, and Gunter (2013) retested the hypothesis of bank failures related to the agricultural crisis in the 1980s in the United States to establish whether the recent bank failures were linked to farm loans. Li et al. (2013) developed an early warning model based on the factors that could cause bank failures, with particular attention given to agricultural lending portfolios. The model included profitability ratios/risks, asset quality, levels of capital adequacy (capital ratios), portfolio compositions of loans, and liquidity risks. Gunsel (2010) suggested these models are the key contributing factors that explain the survival and failures of banks in Cyprus. Gunsel indicated that agricultural credit exposure does not necessarily increase a bank's propensity to fail. Evidence to support the findings includes low agricultural loan delinquency rates compared to other industries.

Conclusion

The financial sector of every economy or country is crucial to the success of that economy. Banks, due to the services they provide are crucial to small and large businesses in both developed and developing countries. More importantly, banks are the core of the financial industry, particularly when it comes to developing and emerging economies where the capital market is not sufficient to support economic development (Ravikumar, 2012). Bank performance (positive and negative) is a reflection of an economy especially during a financial crisis (Hasan et al., 2012).

Measuring small bank efficiency is central to the survival of that bank. The literature review cited more quantitative methods for measuring bank efficiencies, as that is the most widely used method for assessing banking efficiencies. This study may help to explain why banks fail by capturing the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis, as well as good operational strategies that improved the selected banks' performance.

Banks are the primary source of funding for businesses, especially in economies where the market for capital is still developing (Condosta, 2012). Following this rationale, the existence of small banks in communities, their good performance and survival have become the focal point of discussions for communities (Bennett & Kottasz, 2012). Studies that explore or investigate the performance of small banks are vital to the identification of the reasons why small banks fail. The survival of small banks strengthens the banking industry, which serves as the backbone of economies, especially in developing or emerging countries (Condosta, 2012). Attention to bank performance and failure increased significantly after the Great Depression in 1941 and the recent financial crisis from 2007 to 2009 (Hidayat & Abduh, 2012). The sensitivity of small bank performance to developing and emerging economies, the bank failures in the 1940s, and bank failures from 2007 to 2009 have encouraged bank regulators to put in place regulations that will guarantee a future for small banks (Hidayat & Abduh, 2012).

Transition and Summary

The rapid decline of the equity and housing markets and the ensuing recession led to the largest bank failures since the Savings and Loan Crisis in the late 1980s in the United States. During the financial crisis between 2007 and 2009, the failure of small banks (with assets of $280 million or less) in the United States became a global problem, and, as a result, some countries had more bank failures than others did. In my study, I conducted interviews of 20 senior executives of small banks in the United States and Ghana to record their experiences during the recent financial crisis from 2007 to 2009, and analyzed the reasons in the differences in efficiency that occurred. The overall intent was to determine if there are any valuable lessons to be learned from the relative success of small Ghanaian banks during the 2007 to 2009 financial crisis. Section 2 covered my role as the researcher and I elaborated on participants and their selection criteria, methodology, data collection (technique and analysis), and the ethical concerns among other elements. Section 3 includes the presentation of findings from the interviews, theories applied, implications to social change, and my recommendations.

Section 2: The Project

The purpose of this qualitative comparison case study was to explore the reasons for the differences in efficiencies between small banks in the United States and small banks in Ghana during the 2007 to 2009 financial crisis. The background of the study, problem statement, purpose statement, research questions, and other elements of the study were covered in Section 1. In Section 1, I explained the different methods of assessing banking efficiencies by applying statistical methods such Data Envelopment Analysis (DEA), Variable Return to Scale (VRS), and Stochastic Frontier Analysis (SFA). I explored the documented and undocumented practices and policies of small banks from senior executives' perspectives regarding the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis. Using a qualitative comparative case study designed to explore the policies, practices, and perceptions of senior executives of small banks during the recent financial crisis from 2007 to 2009, I aimed to add new ideas to measuring small banks' efficiency.

I covered the methodology and approach to analyzing the data collected from participants in this section, in addition to the purpose of the study, my role as the researcher, design of the study, population sample, and possible ethical concerns, among other elements. The primary method of gathering data was by interviewing senior executives of small banks who held leadership roles during the recent financial crisis from 2007 to 2009. This qualitative comparative case study explored the reasons for the differences in efficiency between small banks in the United States and small banks in Ghana.

Purpose Statement

The purpose of this qualitative comparison case study research was to explore the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis. The specific populations this study covered were small banks in northeastern Florida and small banks in Accra (the capital of Ghana). Using comparative case studies allowed me to explore the reasons for the differences in efficiency between small banks in the United States (northeastern Florida) and small banks in Ghana (Accra); the banks in northeastern Florida experienced small bank closures (FDIC, 2014) compared to banks in Ghana that had no bank closures (Bank of Ghana, 2013). I conducted semistructured interviews using the selected purposive sample of 10 senior executives of small banks from northeastern Florida and 10 senior executives of small banks from Accra as well as a review of each organization's documents, publications, or announcements that might be beneficial. The results of this study could help identify reasons for the differences in efficiency between for small banks with assets less than $280 million during a financial crisis. Improved performance and increase in revenue of small banks could have a positive impact on local economies by maintaining steady credit lines for small and local businesses. This study could bring also about social change by encouraging investors, regulators, and managers to monitor the change in efficiency in the banking system, possibly preventing future small bank failures. The social benefits to fewer small bank failures could include a more stable economy for communities in which the small banks operate.

Role of the Researcher

The role of a researcher in a qualitative study includes exploring, collecting data, organizing, and explaining (Frost et al., 2012). I conducted diagnostic exploratory research, which allowed me to examine the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis (Kapoulas & Mitic, 2012). My role during the data collection process included conducting interviews, taking notes (journal), transcribing data, coding data, and offering recommendations. Recognizing the contributions of small banks to communities, I was obligated to address the reasons for the differences in efficiency that occurred during the 2007 to 2009 financial crisis.

Using a qualitative methodology for this study gave me an advantage to explore the impact of small bank successes and failures on communities by attempting to bridge the gap using the reasons for the differences in efficiency between policies and practices of small banks from the senior executives' perspectives. I took a social constructivist worldview when valuing the perspectives and experiences of participants (senior executives of small banks in Ghana and the United States) as they answered the research questions. The constructivist worldview allowed me to develop subjective meanings from participants' perspectives (Johnson, Hall, Greene, & Ahn, 2013).

For this study, I gained access into the banks or the preferred location of the participants where the interviews took place. I developed an action plan that included a letter stating my intention on the method of data collection, identified participants, and specified how long the interviews would take. To conduct interviews in Ghana, I traveled to Ghana and conducted face-to-face interviews with senior executives of small banks. My family and friends in higher positions in the Ghanaian government and other private institutions assisted me in accessing all participants.

My intentions were to do all my interviews from the capital of Ghana, Accra. However, if that were not possible, I would have extended my interviews to the other nine regions of the country. My interviews in the United States came from the northeastern part of Florida; if I had been unable to obtain all required interviews, I would have extended the geographical boundary to cover central Florida. I spoke with selected senior and chief executives of small banks or other gatekeepers of the financial institutions and gauged their interest in permitting the interviews to happen at their locations. I posted the IRB approval number in Appendix C of this study.

I made conscious and continuous efforts to avoid judgment or bias during the interviews and to ensure protecting the credibility and reliability of the study. During data collection, I made a conscious effort to avoid offering personal opinions or statements that could influence the participants' decisions or ideas. I discussed the social implications of the study with the participants hoping that they would feel inclined to support and answer the interview questions. My relationship to this study is that I was born in Ghana (my extended family still lives there), and that I currently live in northeastern Florida with my family. My final role as the researcher included presenting my findings and recommendations.

Participants

I used a purposive sampling of senior executives of small banks for this study. According to Suri (2011), purposive sampling allows the selected population equal opportunity for selection. Bernard (2013) confirmed that purposive sampling is the best when studying business and social issues. The population for this study comprised of 20 senior executives of small banks from Ghana and the United States qualified to offer their experiences during the recent financial crisis from 2007 to 2009. Ten of the 20 senior executives came from the 14 small commercial banks in Ghana, and 10 of the 20 senior executives came from the 17 small commercial banks in the northeastern Florida. The primary distinction between the banks in northeastern Florida and Ghana is that the small banks in northeastern Florida experienced closures while small banks in Ghana did not. The criteria for selecting participants included having a banking career for at least 10 years, holding an executive position for at least 5 years, and being directly involved with the banking industry from 2007 to 2009.

The strategy for gaining access to participants was a formal request to the selected banks to conduct interviews with executives that met the criteria. For participants in Ghana, since most banks are located in the urban cities such as Accra, Kumasi, and Cape Coast, I limited my geographical search to these cities. In addition to having family in the Ghanaian government who assured me access to most of the banks, a formal request to the gatekeepers of each bank was my primary way to gain access to participants. For participants in the United States, I gained access to the banks using the FDIC's bank list to identify small that banks survived the 2007 to 2009 financial crisis in northeastern and central Florida and executives who met the criteria.

The data collection method was through face-to-face interviews and data collection. Face-to-face, open-ended interview questions provided the flexibility to clarify sensitive questions and questions that participant did not answer fully (Bernard, 2013). I interviewed participants in person, in their natural setting, preferably their office or a preferred location of the participant. The interview questions (posted as an appendix to the study) were answered by a minimum of 20 small bank executives, 10 from Ghana and 10 from northeastern Florida. According to Green and Thorogood (2014), 20 interviews add emphasis to a study. According to Moustakas (1994) and Green and Thorogood, (2014), 20 interviews are both adequate and the minimum requirement for qualitative studies.

If finding senior executives of small banks that met these criteria had become a problem, I would have reduced the years of experience from 10 to 6, but kept the requirement of 5 years as an executive during the period of 2007 to 2009). Regarding participants as coresearchers was ideal in undertaking a comparative case study (Moustakas, 1994). As suggested by Moustakas (1994), coresearchers who have experienced the phenomenon offer the most valuable responses in interview sessions.

Participants/coresearchers stated their credentials for this study, but not other Personal Identifiable Information (PII) such as addresses, phone numbers, name, and place of work. To guarantee the anonymity and confidentiality of participants, my research journal, recorded interviews, transcribed interviews, and all other data have been locked in a safety deposit box for at least 5 years. I informed all participants that information received would be kept confidential and that I would make every effort to protect and not disclose their names and all other personal information in the study.

Finally, prior to answering any question, each participant received complete and descriptive guidance about their rights and responsibilities as coresearchers, and I gave them the chance to refuse the interview. All recorded interviews, transcribed interviews, and all collected data shall be stored in a safety deposit box for 5 years. After 5 years, I will erase all information from the hard drives, shred, or incinerate every document to protect participants' identities. Agreement/confidentiality documents are in Appendix C of this study.

Research Method and Design

Method

The three methods of research are qualitative, quantitative, and mixed methods. Quantitative research relies on statistical or historical numerical data to test single or multiple hypotheses, while qualitative research is descriptive and evocative in nature and tends to answer questions without the dependent use of numerical data or arithmetical tools; mixed methods research is a combination of the two. The reasons for not selecting quantitative and mixed methods include the following: Quantitative and mixed research methods (because of quantitative elements) provide experimental studies, which require the proposal of one or more hypotheses to be tested. These hypotheses require a preconceived notion of the researcher of what variables the study would consider (Yin, 2012). Mertens et al. (2011) supported the use of mixed method (quantitative and qualitative) research to integrate various design aspects, including the need to set up the elements of the hypotheses for further quantitative examination when the researcher establishes the qualitative element of the study first. The results from such studies, according to Yin (2012), are for empirical verification, perhaps using triangulation as a technique of validation that supports subsequent elements of the study.

The qualitative method was the best choice for the study. The justification behind why I selected this methodology was that the study was explorative, narrative, and evocative in focus. Selecting the best-fit research method, according to Bernard (2013), requires the researcher to examine the problem statement and research question. I chose the qualitative method for this study because it is the most effective methodology to explore a business problem based on the experiences of the selected participants (Bernard, 2013). According to Bryman (2012), the qualitative method provides a casual exploration of a phenomenon and gives participants confidence to freely offer their opinions because their names will not mentioned in the study. For this study, there is no requirement that necessitates the use of statistical or numerical data in order to support the research because qualitative research provides an opportunity to develop possible explanations for a phenomenon, but only quantitative research can test or prove a relationship or determine cause (Bryman, 2012). Using semistructured interviews to explore the experiences of the selected participants could reveal the underlining factors that contributed to a phenomenon (Stuckey, 2013); therefore, the qualitative method was the best choice to answer research question.

Using a qualitative methodology enables researchers to search for articles or studies involving how the world functions (Trotter, 2012). The intent and purpose of this study made the qualitative methodology the best and most effective option. The purpose and intent of the study was to capture the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis. According to Bernard (2013), qualitative methodology is best when personal interpretation of policies and practices are studied.

Bernard (2013) claimed that the qualitative method explores cases of business concerns that occur in a society. This study used a business lens to explore the reasons for the differences in efficiency that occurred in small banks in the Unites States and Ghana during the 2007 to 2009 financial crisis. Participants' responses pertaining to the study contributed to the reasons for the differences in efficiency. Mixed method was an option, but I did not select it because the qualitative method best captured the policies and practices from the selected participants' views.

Research Design

The purpose of this study was to explore the reasons for the differences in efficiency between of small banks during the 2007 to 2009 financial crisis in the United States and Ghana. Within the qualitative method, there are numerous evolving designs, but the best design is dependent on the research question (Bernard, 2013). Based on the selection of the qualitative method, five design options are available: narrative, ethnography, grounded theory, case study, and phenomenology (Bernard, 2013). To address this problem, I chose comparative case study because it addressed the reasons for the differences in efficiency between small banks during the 2007 to 2009 financial crisis.

The objective of this study was to understand the reasons for the differences in efficiency between small banks using comparative case study as the design. According to Yin (2012), comparative case study explores experiences, reasons, or possible explanations. The primary purpose of this comparative case study, according to Bernard (2013), allowed me to reduce the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis to a report that is applicable to business research within a real-life context. Additionally, comparative case study design provided a powerful way of understanding participants' experiences and gaining insight into their banks' policies and practices. Using a comparative case study design allowed me to cut through cluttered data and contribute to the study (Baines, & Cunningham, 2013). Since my goal was to expand on the insight and viewpoints of the selected senior executives of small banks, qualitative comparative case study was the best methodology and design for this study.

Ethnographic design, according to Sangasubana (2011), enables researchers to analyze and study a cultural group in their natural environment for a prolonged period. Moreover, Reiter, Stewart, and Bruce (2011) emphasized the importance of ethnographic study for gathering data in a natural setting over an extended period. Furthermore, Belton, Myers, and Ngana (2014) used ethnographic design (interview) to understand their participants. Ethnographic design was inconsistent with my intention to collect verbatim and individual experiences away from the participants' natural workplaces. Therefore, I did not select ethnographic design.

Another option was narrative design, which requires gathering detailed data, stories, and experiences from one or two individuals and reporting it chronologically (Lincoln & Gupa, 1985). I did not select this because I could not limit my study to only one individual's life experience, regardless of its relevance to the research topic (since one person can only contribute his or her own experiences to the broader question). Grounded Theory (GT) design was an option, but I did not select because the population sample was relatively small compared to comparative case study design, which requires one to claim an abstract or general explanation (Thornberg, 2012). Additionally, grounded theory was not be used in the study because it requires detailed description and discovery of a theory. Finally, I considered phenomenology design, but did not select it because of the number of interviews required to meet saturation point for a study as well as correct number of interviews to add emphasis to the study (Green & Thorogood, 2014).

My objective was to understand the reasons for the difference in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis from the participants' perspectives, and the comparative case study design was the best option for the study. Qualitative methodology was the best option for the study because it allowed me to appreciate meanings to the phenomenon (reasons for the difference in efficiency), which do not focus on arithmetical or quantitative information, to arrive at conclusions (Devers, 2011).

Population and Sampling

The extant research, as indicated in the literature review, has demonstrated that problems exist in accurately identifying and assessing the performance of small banks. The specific population I selected for this study is comprised of small bank senior executives from northeastern Florida and Ghana. Although the geography, working environments, and customers' expectations of both locations are different, these populations are still appealing for this study. The northeastern part of Florida experienced more bank failures during the 2007 to 2009 financial crisis (FDIC, 2014) compared to Ghana, which had no bank failures (Bank of Ghana, 2013). For this study, I asked 20 small bank executives from northeastern Florida and Ghana to share their experiences during the recent financial crisis from 2007 to 2009. Ten of the 20 small bank executives came from the 14 small commercial banks in Ghana and the other 10 were from 17 small banks in northeastern Florida. If, for any known reason, I was unable to obtain all 10 interviews from northeastern Florida, I would have notified my chair to request to extend my geographical area to central Florida.

For this study, I used purposive sampling. Purposive sampling allowed each organization or participant equal opportunity for selection based on a specific purpose associated with answering a research question (Barratt, Ferris, & Lenton, 2014). According to Sharp, Mobley, Hammond, Withington, Drew, Stringfield, and Stipanovic (2012), purposive sampling generates participants who can provide rich accounts of a phenomenon. Additionally, selecting participants using purposive sampling brings in-depth experiences to the study (Sharp, Mobley, Hammond, Withington, Drew, Stringfield, & Stipanovic, 2012).

For this study, I interviewed at a minimum 20 small bank executives, 10 from Ghana and 10 from northeastern Florida. Manson (2010) suggested that five to 25 interviews are be sufficient to achieve saturation in a qualitative study, as well as the correct number of interviews to add emphasis to the study (Green & Thorogood, 2014). The participants needed to answer the research questions based on their experience in the banking sector. Thus, I purposefully selected participants in an organization who experienced the phenomenon (exploring the reasons for the difference in efficiency between small banks in the United States and Ghana) during the period under study (2007 to 2009). The criteria for selecting participants included having a banking career for at least 10 years, holding an executive position for at least 5 years, and being directly involved in the management of a bank from 2007 to 2009.

The eligibility criteria I used to select participants included those that had been in the banking industry for at least 10 years and held an executive position in a small bank from 2007 to 2009. My intent was to drive to the banks in the selected geographical areas, personally talk to the local branch managers or gatekeepers of the banks, and request the support (interviews) needed for my study. Participants who agreed to contribute their experiences to the study had the option to be interviewed at a location of their choice. The option to choose a location gave them the liberty to express their emotions and experiences freely. According to Rubin and Rubin (2012), when participants select their location for interview, they feel obligated to the study and a sense of co-authorship.

Ethical Research

The consenting process for this study was recorded in writing on a consent form, and posted in Appendix C of this study. Participation for this study was voluntary, and participants were reminded before the start of their scheduled interview. Prior to each interview, if potential participants were unwilling to participate, they had the option to withdraw by either email or a phone call to me. Participants had the option to withdraw from the interview if they were uncomfortable with the interview questions during or after the interview. If a participant wanted to withdraw from the interview, I thanked him or her, and assured the participant that his or her responses and information would be destroyed, deleted, and not included in the study.

As an incentive, some participants received a gift of up to $20.00 in value as compensation for completing the interview. These gifts were commemorative artifacts from Walden University or the United States Navy, because both organizations have made it possible for me to achieve my education. I will keep the recorded interviews, transcribed interviews, and all collected data in a safety deposit box for 5 years. No one will have access to the safety deposit box except me. After 5 years I will erase, shred, or incinerate all saved information to protect the participants' identities. The agreement document is posted in Appendix C of this study.

Data Collection Instruments

Data collection in small banks in Ghana and the United States has its own peculiarities. Boateng (2012) found that the lack of relevant literature about small banks presents a challenge that could restrict the minimum of 20 participants due to the limited number of small banks. Twenty participants are also the minimum number of participants required by Walden University (Walden University, 2012) for a qualitative study using interviews as a means of data collection. Bryman (2012) stated case study frequently begins with first-person accounts or experiences that determine the instrument.

I used open-ended, semistructured, researcher-designed interview questions to collect data relevant to the research problem. According to Bryman (2012), using open-ended interview questions provides the best option or design to collect data that are relevant to a qualitative research question or research problem. I selected the open-ended interview question because it is the most effective way to fill the gap (undocumented bank closures) with such information as thoughts, feelings, attitudes, and experiences (Zeng, North, & Kent, 2012). Open-ended interview questions provide an opening through which participants can contribute their insiders' perspectives with little or no limitations. Open-ended interview questions allowed me to interject where necessary to support or explain questions during interview.

I collected data in person during face-to-face, semistructured interviews with 20 selected participants (Al Marzouqi & Forster, 2011; Green & Thorogood, 2014; Moustakas, 1994, Walden University, 2012) using a prearranged series of 22 open-ended questions with probing follow-up questions as required (Appendix D) in accordance with

Moustaka's (1994) recommendation. All additional follow-up questions that aided in understanding the research problem are posted in Appendix D. Asking open-ended questions ensured that participants have the opportunity to elaborate and expand on their responses as they see necessary.

The process for assessing the reliability and validity of the research instrument is embedded in the data collection instruments (Whiteley, 2012). Thus, the reliability and validity of this study stemmed from the responses of the selected participants (those who experienced the phenomenon). Additionally, the process for assessing reliability and validity of the instruments are the trustworthiness, accuracy, and dependability of the information participants provide (Barry, Chaney, Piazza-Gardner, & Chavarria, 2014). The terms reliability and validity in qualitative research do not share the same connotations as in quantitative research (Crescentini 2014). An additional process that I used to complete instruments was a pilot study. Prior to conducting the actual interviews with the selected participants, I conducted a test pilot study, using my interview questions to ensure the interview questions were clear and easy to understand. According to Kim (2011), using a pilot test is an important technique that is helpful in understanding a phenomenon.

Strategies I used to address threats to validity in this study included member checking. Member checking, according to Buchbinder (2011), is the best method to confirm and affirm initial statements. Member checking is achievable by either a follow-up email or phone call. Other strategies include checking for accuracy, not taking notes or doing anything that could distract participants during the interview, and debriefing peers.

Terms such as authenticity, plausibility, and criticality were borrowed from quantitative studies in support of a more meaningful process of reliability and validity for qualitative studies (Kaczynski, Salmona, & Smith, 2014). Kaczynski et al. (2014) also stated that, for qualitative studies, a transparent audit trail is one that includes reflectivity on the part the researcher, and one that demonstrates the researcher's efforts to protect the authenticity of the original responses. Other terms such as transparency, dependability, credibility, and integrity has also evolved to support reliability and validity in qualitative studies (Whiteley, 2012). I ensured all transcripts were verbatim from their original recordings to foster reliability. All notes were taken from the transcripts (or the recordings) to ensure no drift in the definitions when coding.

Data Collection Technique

According to Condie (2012), substantial amounts of data can be collected using interview as the preferred tool for data collection in the shortest possible time and effective in understanding the phenomenon from those that experienced it. Open-ended questions are the primary process for data collection, and follow-up questions are used when needed for clarification. During interviews, I requested for supporting documents only when easily accessible to the participants without interfering with the interview process. According to Fakis, Hilliam, Stoneley, and Townend (2014), open-ended unstructured interviews lead to more friendly conversation rather than structured responses.

I communicated (email or phone) with the selected participants to confirm whether they meet the criteria described earlier then schedule a face-to-face interview with the selected participants' desired natural setting and location. For Ghanaians, face-to-face interviews was the best option because culturally, in Ghanaian, talking loud is considered disrespectful and unmannered hence to avoid talking loud, Ghanaians prefer to be close when communicating (Aziato, & Adejumo, 2014). Projecting confidence, allowing enough space between parties, and looking directly at the participant according to Rubin and Rubin (2012) are ideal values in conducting interviews in the United States and most of the western world.

Prior to conducting the actual interviews with the selected participants, I conducted a test, pilot study, using my interview questions to ensure the interview questions were clear and easy to understand. Using a pilot study according to Yin (2012) helps to refine the data collection plan with respect to both content of data and procedures. Using a pilot study ensured the interview questions yielded the desired results. I selected three individuals (peers) purposively for a pilot test. I used my semistructured interview questions posted in Appendix D to test if the outcomes from the actual interview would yield expected results. According to Kim (2011), these practices are critical thinking techniques, which are helpful in communicating an understanding of a phenomenon.

To capture the information as part of this study, I transcribed all recorded interviews and added them as an appendix to this study. During the interview, only limited notes were taken when necessary to avoid distractions and enhance the effectiveness of communication between the participant and myself. If participants observe the interviewer taking notes, it may prevent them from giving or discussing personal or confidential information. Another risk involved in taking notes during an interview could be omitting pertinent information the interviewer purposely or unintentionally paraphrases. Taking notes could affect the validity and reliability of information as well as limit the flow of information. Taking notes during an interview could also limit involvement and the participant might not take the interview process seriously. Recording the interviews heightens the validity and reliability as compared to taking notes, because the recorder captures every response exactly how the participant said it. Instead of taking notes during the interview itself, I took notes later based on the recorded responses.

To guarantee the validity of the interview responses, I phoned or emailed the participants (based on their preference), and asked them to summarize their thoughts and experiences regarding the phenomenon. I recorded this telephone interview on a voice recorder, and took notes afterwards to ensure accuracy of participants' responses. The transcribed data and all notes analyzed were ready for coding. According to Bernard (2013), coding is the systematic way in which a researcher condenses extensive data collected into sets, or smaller analyzable segments, through the creation of categories and themes derived from the data.

Data Organization Techniques

To organize and structure the collected data, I used detailed note codes in a research journal to manage the information. According to Bernard (2013), organizing the collected data involves the following steps: (a) data checking, (b) maintaining, and reviewing a reflective journal throughout the study, (c) entering raw data into qualitative data analysis software, and (d) reviewing researcher notes. Coding is a technique used to interpret and organize data, which provides a means to introduce the interpretations into segments (Campbell, Quincy, Osserman, & Pedersen, 2013). Mackenzie and Vurdubakis (2011) stated that qualitative coding is usually comprised of phrases or words that suggest how the associated data segments inform the research objectives. Jackson and Kolla (2011) stated that coding is the summation of essential data consisting of interview transcripts, documents, journals, participant observations, and email correspondences. Jackson and Kolla also stated that the coding process ranges from the interpretation of single words, phrases, long passages, and the reconfiguration of the coded themes themselves. All interview responses were categorically coded and themed to align with the research question and interview questions. Other methods to group the collected data for coding include those who had direct involvement in affecting the performance their bank and those that did not have a direct impact.

To guarantee the anonymity and confidentiality of participants, I will keep the research journal in a safety deposit box for at least 5 years. To protect participants' identity, no one will have access to the safety deposit box except me. The safety deposit box will contain saved information on a removable drive (the removable drive will have multiple passwords) and all other information relating to the study. After 5 years, all contents pertaining to the study disposed of by deleting information saved on the removable drive and shredding all physical evidence.

Data Analysis Technique

When analyzing a qualitative research, it is important to identify patterns within the data collected, descriptions, and general explanations that answer the research question (Fade & Swift, 2011). According to Fade and Swift, responses from participants that describe their lived experiences are those that are detailed, emotional, contextual, and those that establish significance to the experience. For this study, I interviewed at a minimum 20 small bank executives, 10 from Ghana and 10 from the United States. Accordant with qualitative study, this research relied heavily on rich information provided by participants as opposed to testing hypotheses.

Well-constructed qualitative studies use the following data collection and analysis process: (a) conduct face-to-face interviews of up to 10 participants willing to share their lived experiences, (b) transcribe interview data collected, (c) identify relevant statements from transcripts, (d) identify meanings contained in each statement, (e) synthesize the meaning of statements into common themes, and (f) synthesize the themes across all interviews to establish general understanding of the phenomenon under study (Collingridge & Gantt, 2008).

This study explored the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis.

Research Question: What are the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis?

The following interview questions were the primary source of data collection from small bank chief executives regarding the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis.

Interview Question 1: How would you classify your bank? Is it commercial, investment, or agricultural?

Interview Question 2: How has this classification contributed to the efficiency of the bank's performance?

Interview Question 3: What are the primary functions or services your bank provides?

Interview Question 4: Among all the services, which would you say customers patronize most?

Interview Question 5: Which of these service contributed most to the increase of revenue/profit (efficiency) and why?

Interview Question 6: How has the increase in revenue/profit contributed to growth and performance (efficiency)?

Interview Question 7: How would you classify your role at this bank?

Interview Question 8: How does your role contribute the overall performance of the bank?

Interview Question 9: What are the major types of investments your bank undertakes?

Interview Question 10: What factors contribute to investment decisions in each of the major types in your bank?

Interview Question 11: What are the contributing factors for your bank's increase/decrease in assets from 2007 to 2009?

Interview Question 12: Between 2007 and 2009, some regions experienced less small bank failures as compared to others. What are the practices (undocumented) that prevented your bank from going under?

Interview Question 13: How did your bank contribute to the 2007 to 2009 financial crisis?

Interview Question 14: If your bank did not contribute to the 2007 to 2009 financial crisis, what did your bank do differently compared to other banks?

Interview Question 15: On average, how many mortgage loans does your bank issue per year?

Interview Question 16: What computer software did your bank use that might have contributed to a decrease or increase in assets and performance?

Interview Question 17: What are the strategies that led to the increase or decrease in profit of your bank during the 2007 to 2009 financial crisis?

Interview Question 18: What are the cost savings measures your bank has in place?

Interview Question 19: What other practices and policies have been introduced after the 2007 to 2009 financial crisis?

Interview Question 20: How did the practices and policies introduced affect your bank's profit and performance?

Interview Question 21: How has your bank's accounts payable policy contributed to overall efficiency?

Interview Question 22: What additional information would you like to add that I did not ask?

All interviews were audio recorded, transcribed verbatim from the recording, and then coded. Using open coding techniques supported by NVivo 10 helped to develop categories before analyzing. Coding is the attempt to structure multiple types of information to fit a theme. Coding is the process of organizing materials into chunks or segments of text before bringing meaning to information (Bazeley, 2012). According to Jackson and Kolla (2011), the process of coding is the summation of essential information that ranges from the interpretation of long passages, phrases, interview transcripts, and words. Mackenzie and Vurdubakis (2011) supported Jackson and Kolla and by adding that the essential information is broken down into segments that inform the researchers' objectives. The program, NVivo 10, helped me analyze the collected data easy. Electronically, the software assisted in streamlining the information and classified the data based on various constructs. This program (NVivo 10) permitted me to answer the research question by presenting the collected data in a way that is consistent with participants' responses. Coding helped me identify the important concepts or categories that address the research problem. Methods I used included; (a) read the whole transcript carefully, (b) identify repeated word, (c) identify indigenous words, (d) identify key-words-in-context, (e) find descriptive wording for the research topic (Saldana, 2012; Tesch, 1990). The coding and data analysis helped me to seek and explore the reasons for the difference in efficiency between small United States and Ghanaian banks during the 2007 to 2009 financial crisis.

For this study, I used a combination of Saldana (2012) and Tesch (1990, p.142-145) to code the collected data (Appendix B). Saldana and Tesh provided guidelines and systematic processes for coding. Coding mandates that the researcher organize data into sections prior to interpreting the information (Bernard, 2013). I read the transcripts from the interviews and demarcated segments within each interview that answer the research question. This process was repeated until all themes were coded by a phrase, meaning, or word. The purpose was to bring out similarities, relationships, sources, and context (Bernard, 2013). After following the major themes for coding, if other themes emerged based on the shared lived experiences provided by participants, the coding process continued until all other themes were coded. After I identified and coded all themes, I presented my findings and recommendations.

Finally, I tied in the data collected and their meanings to the conceptual framework of Contingency Theory. Contingency Theory stipulates how significant managers are in the performance and success of their organizations. The lived experiences of selected participants were be coded either by their contributions to the efficiency of their banks to prevent closure or by contributions that led to closure of their banks.

Reliability and Validity

Reliability

The process of gathering reliability for a study, such as banking efficiency, usually involves quantitative statistics. However, with this qualitative study, reliability and validity are embedded in the methods for collecting data (interview). Reliability in qualitative and quantitative studies is a critical component of a study that is worth protecting by any researcher. For this study, reliability stemmed from the responses of the selected participants (source – who experienced the event in question) and their shared common lived experiences they brought to the phenomenon under study. In other words, the trustworthiness, accuracy, and dependability of the information participants provide (Barry, Chaney, Piazza-Gardner, & Chavarria, 2014).

Qualitative reliability, according to Correa (2013), indicated that a researcher's approach must be constant across different studies and different projects. The reliability of this study is dependent on the outcome if another researcher undertakes the same or similar interview with the same or similar participants, (dependability). The confirmability of this study followed the standard for reliability and validity of a qualitative study. Confirmability refers to the quality of an outcome (results of literature) of an independent researcher's study compared to the original study results (Sanders & Cuneo, 2010). Sanders and Cuneo stated that confirmability audit and dependability audit be conducted at the same time because they both follow similar audit trails.

For quantitative research, replication of research discoveries is an indication of reliable information, as hypotheses are consistent if the present results are similar to other independent research (Collingridge & Grant, 2008). Ensuring reliability in qualitative research is equally important as protecting the credibility and reputation of the researcher and the study. Collingridge and Grant (2008) stated, "From a qualitative perspective, reliability is uncovering the rich meanings inherent in people's conscious experiences" (p.390). For ensuring reliability for this study, I ensured participants are aware and knowledgeable about the phenomenon of the study. In addition, safeguarding interview recordings as well as transcripts developed from the interview response (recordings) protect the reliability of the study. Safeguarding all data and not misinterpreting original data ensured the authenticity and trustworthiness of the information (Lincoln & Guba, 1985). Finally, I explained the methods and approaches for coding to avoid changing the meaning or intended purpose of participants' responses. I ensured reliability to this study based on the studies dependability. Dependability according to Barry et al. (2014) is ensuring replication of the study if conducted with the same participants in the same context.

Validity

Validity is the strength of a conclusion, deduction, or proposition (Neuman, 2006). In comparative case study research, the importance of validity is to ensure reality, the extent to which it matches research findings and its consistency with other occurrences and interpretations (Buchbinder (2011). There are four types of common validity in social research (Neuman, 2006). Each type of validity highlights a different aspect of the relationship between the treatment and the outcome (Ellis & Levy, 2009). These are (a) conclusion validity, which asks the question: Is there a relationship between the study and the observed outcome; (b) internal validity asks the questions: Is there is a relationship between the study and the observed outcome? Is it a possible causal relationship; (c) construct validity, which asks the question: Is there a relationship between how the researcher operationalizes the concepts in a study, and the actual causal relationship under study; and (d) external validity, which refers to the ability to take a broad view the results of the study to other settings (Ellis & Levy, 2009). While collecting data during this study, I ensured that each element of validity (internal and external) was constantly checked. I did this by referring to each participant's response to interview questions and finally, eliminated the non-relevant responses that could clutter the experiences that have a direct relationship to the phenomenon and research question.

Another method that I used to ensure validity of this study was triangulation. Triangulation refers to or indicates the use of more than one approach to investigate or authenticate a research question in an attempt to enhance confidence in the ensuing findings (Bryman, 2012). Denzin (2011) extended the basic idea of triangulation beyond basic research and design, and developed the four forms of triangulation (data triangulation, investigator triangulation, theoretical triangulation, and methodological triangulation). Data triangulation refers to gathering data from different sources for a study of diverse views to support validation (Denzin, 2011). Investigator triangulation involves the use of more than one trained researcher to gather, analyze, and interpret data (Denzin, 2011). Theoretical triangulation, according to Denzin (2011), referred to the interpretation of data using more than one theory, and methodological triangulation involves using more than one method to collect data.

The credibility of this study was also based on how credible the participants were, their involvement with the phenomenon, and how detailed their answers to the interview questions were. To ensure validity, I made sure that the data collected would be transferable. According to Barry et al. (2014), transferability is making sure the findings are useful in other conditions. Another strategy to support validating my research included member checking. With member checking, using a follow-up email or telephone call (participant's preference) to summarize the key points during the interview validated their intentions. Observing participants' reactions and bodily movements (facial expressions, tone variations, change in attitudes) are other ways to validate responses (since I did not take notes during interviews). Debriefing my peers and committee chairperson as quality assurance (QA) was another form to validate this study.

Transition and Summary

Elements described and justified in this section include the reasons why the qualitative method and comparative case study design were selected. In addition, data collection methods, data analysis, and others are the primary processes that I used to explore the reasons for the difference in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis. I conducted interviews using open-ended questions as the primary means of collecting data and ensured confidentiality and anonymity as part of the standard research practice. Selected participants responses were then entered into software, NVivo, which aided in organizing and analyzing.

I ensured that the various methods described to protect the reliability, validity, credibility, and authenticity of the study implemented. My disclosed cultural and professional background did not influence the study in any way. My role as the researcher in this study was to ensure that results from participants' responses are understandable and to present the research in an unbiased manner. The next section of this research paper began with the presentation of findings from the interviews, applied theories, and implications to social change. Finally, I provided my recommendations and conclusions in Section 3, and presented all required supporting documents as appendices to the study.

Section 3: Application to Professional Practice and Implications for Change

The purpose of this qualitative comparison case study was to explore the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis. Section 3 contains a brief summary of the study, a presentation of the findings, how the findings relate to professional practice and implications for social change, recommendations for action and further study of small banking efficiency, and a summary and conclusion.

The participants were males and females. The objective of the study was to answer the following research question: What are the reasons for the differences in efficiency between small United States and Ghanaian banks during the 2007 to 2009 financial crisis? I interviewed 10 small bank executives from the United States and 10 small bank executives from Ghana using semistructured interview questions in Appendix D. Findings from the study revealed that small bank failures, closures, and poor performance in the United States were because of drastic policy changes and, in some cases, less oversight provided by regulators. I uncovered that efficient performances in the United States and Ghana were because of customer services and the ability for small banks to create new products and services that catered to their customers and communities. Additionally, small banks that focused primarily on commercial loans had fewer losses compared to small banks that invested more in residential real estate. The loss of operating capital of small banks also impacted businesses in the community in which the small banks operate.

Presentation of the Findings

Research Question

The research question that guided the study was as follows: What are the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis? I also had 22 semistructured interview questions, located in Appendix D, designed to answer the research question. Based on the responses from participants regarding the reasons that contributed to differences in efficiency, either positive or negative, and their impact, I segmented participants' responses into two major themes. These themes are policies and practices and reasons that contributed to differences in efficiency during the 2007 to 2009 financial crisis in the selected banks.

Theme 1: Practices and Policies

I developed this theme, *practices and policies*, because according to Deng, Moshirian, Pham, and Zein, (2013) there is a direct link between organizational practices, policies, and performance. According to Deng et al. (2013), the limited reference of organizational practices and policies results in efficiency. Kehoe and Wright (2013) stated when management shows consistency in their support for organizational policies and practices, efficiency levels or performance increase. Yan, Riska, and Smirni (2012) also mentioned that higher-level performances from employees are a result of consistency in their knowledge of organizational policies and practices. Therefore, I considered the practices, policies, and services provided to develop the following conclusions.

According to the participants from the United States, the 2007 to 2009 financial crisis was triggered by complexity in the interplay of policies that encouraged homeownership by providing easier access to mortgage loans by borrowers. These regulations and policies where mandated by the federal government agencies and FDIC, and Congress forced banks to give home loans to those who did not qualify under conventional loan requirements (according to one United States participant). According to another United States participant, failure to give mortgage loans to less qualified people resulted in their inability to request approvals such as additional ATMs and other licenses. One United States participant stated there were heavy regulations that limited services small bank executives provided. This resulted in small bank executives being forced to lend if they wanted to stay in business. A United States participant stated that some customers threatened to sue the bank because the bank was not abiding by the Community Reinvestment Act (passed by Congress), although they did not qualify for a mortgage loan.

Some community banks changed their credit underwriting policies to attract more customers. Banks that changed their policies, practices, or standards had huge losses. Some U.S. participants echoed that the accounting rule developed by the General Acceptable Accounting Principle (GAAP) required them to realize all their losses immediately. Realizing huge losses within the same period lowered their capital below the FDIC acceptable requirements, causing the FDIC to close the bank. Additionally, small community banks that purchased underwriting services outside their immediate geographical area or state experienced higher losses because the underwriter's perception about what was being financed was mostly different because they did not live in that area. One United States participant stated, “How can an underwriter in North Carolina know what is going on with properties in a small town in Wisconsin or Florida?”

Participants in the United States believed that their practices and policies to invest within their communities, especially in small businesses, was what saved their banks from closure. The reason for efficiency is because some of those small businesses have been around in families for decades, and they will always work with the bank, even in difficult times, to pay back every loan extended to them. In addition, another contributing factor was that the relationships established with most of the small businesses in their communities were very important to the banks and the businesses; thus, the banks and businesses made an effort to honor promises made to each other.

Every participant from the United States and Ghana believed the services community banks provide to their customers made a difference. It is their business policy and practice to know each customer by name and not by number like larger banks. Participants believed that knowing their customers’ business and personal financial needs made customers come back to them every time they had a banking need. Hence, the policy and practice of being warm and welcoming to anyone who walks into their banks is required.

Some United States participants believed undocumented practices that were not aligned with the bank’s policies got them into the financial crisis. Other United States participants believed that undocumented practices such as listening to customers, not just saying no when they did not qualify for a product, and educating them on other options and what they could do to qualify brought more business to the banks. Participants in the United States believed gaining the confidence of customers has the potential to extend to employees, friends, and family of that business. Therefore, they changed their policies from marketing several products to marketing a quality product.

Ghanaian banks have a policy of providing *bank assurance*, which encompasses various types of insurance policies, benefits, legal services, and educational investments. The introduction of this product to the country in 2005 provided a platform that absorbed the shock from the global financial crisis, some Ghanaian participants stated. The bank assurance provided free international visa debit cards, SMS alerts on all account transactions, free check books, mobile banking, and salary advance or overdraft protection.

Banking in Ghana has been a profitable business. Since 2002, when the Bank of Ghana, authorized the establishment of community banks, participants in Ghana believed there had been an increase in bribery. Bribery led to the installation of cameras almost everywhere, and any violation results in dismissal of the employee. Violation of bribery encouraged some banks to form an association to report anyone caught taking a bribe from a customer; the event was reported to the other banks, which made it difficult for that employee to get hired by another bank. According to participants in Ghana, the installation of cameras and other security measures also contributed to increased efficiency.

A participant in Ghana echoed that all resources that come or leave the bank have to come to his office, and he is responsible for measuring performance against predefined standards. In his professional role, this participant measures the efficiency and performance for every staff member to gauge their performance and contribution to revenue generation. The participant measures the efficiency and performance based on how long the staff member took to handle a customer or situation and the outcome of the interaction against predefined standards. He also is responsible for product performance review, which measures each product performance and revenue generation as defined by the product revenue parameters policy. The participant believed measuring staff and product performance was the primary policy that contributed to increased revenue and efficiency.

A practice that every participant in Ghana mentioned was the *now account*, which is a product that is tied to a *salary worker's* income. This product allows salary workers to receive loans from the bank to take care of personal or family needs. With the introduction of this product, more customers patronized other banking products such as the *bank assurance*. The *now account* is another product that contributed to an increase in revenue and assets. Table 1 shows the identified theme and supporting statements from participants.

Table 1

Identified Themes and Supporting Statements

Findings	Participant	Participants' statement
Policies	USBE02	The financial crisis was triggered by complexity in interplay of policies that encouraged home ownership providing easier access to loans to borrowers. Regulators come placed very hard restrictions almost to the point where it was too far over to the pendulum because it then made it even harder for people who maybe could had survived if regulators had not drastically implemented policies. Drastic implementation of policies put us in a position were some banks were not able to handle all of these requirements and losses as it hit our capital
Practices	USBE05	You don't change your under writing to creditors standards and you don't change your credit standards regardless of what everybody else was doing We did not purchase any underwriting services
Policies	GHBE01	We also do some form of insurance and we call it bank assurance. With this bank assurance, we have education policy, funeral policy, and legal insurance as well so we have quite a number of customers patronizing this through our retain business. I will say we intensified our internal audit team and the number of audits we do in a year. We made it clear that any violation will result to dismissal.
Practices	GHBE03	This office, performs, risk control and efficiency, was established in 2004 and has been a pillar by which performance and efficiency is measured. We also focus on the type of investment and we advice the riskiness of it

Note. USBE = United States Bank Executive; GHBE = Ghana Bank Executive.

Theme 2: Reasons for Differences in Efficiency

The theme *reasons for differences in efficiency* addressed the factors that contributed to positive and negative performances in small banks in the United States and Ghana. These reasons include practices that contributed to banks' nonperformance and efficient performance during the 2007 to 2009 global financial crisis.

As the U.S. economy began to decline, the federal and state regulators (OCC, FDIC, state, and local) came in and placed restrictions almost to the point where it made it harder for banks that could have survived. Many of these banks were forced to merge or close, according to a U.S. participant. Participants in the United States believed if the federal regulators had scaled back, most banks and jobs could have been saved, jobs such as restaurants, manufacturing, small businesses, and services that related to commercial and residential constructions. Executives of community banks in the United States believed small banks failed because federal regulations and regulators mainly represented large banks, and examiners who reviewed their performances did so in accordance with the standard applied to large banks. One CEO, a United States participant, stated

> You have the Federal Reserve pumping in money, you have the Federal Reserve saying "I am not going to regulate you like I am supposed to," and on top of that, you have Congress saying, "FDIC make sure these guys are lending to everybody whether they qualify or not."

The participant believed the confusion between the Federal Reserve, FDIC, and Congress was the primary reason most community banks went out of business.

Participants in the United States believed their interest in their customers' wellbeing and the support they provided for their communities saved their banks. Some United States participants described it as having the ability to realize and capitalize on the "unspoken need" of your customer. The unspoken need of small business owners and individual banking needs ranges from not knowing the type of loan required to run a business or pay for a family emergency to the best use of a business line of credit and credit cards. Other factors participants in the United States believed saved their banks were treating their customers with respect and not as a number, executive members taking pay cuts to keep front desk workers, consolidating and automating sections so one or two people could run a section that was previously run by five or six people, and training senior staff at the Ritz Carlton on how to serve customers.

The appraisal and valuation or revaluation of collaterals was a major contributor to bank closures in northeastern Florida. According to a United States participant, the leading mortgage firm in northeastern Florida abused the use of their warehouse line of credit. A warehouse line of credit is a short-term revolving credit/loan used by mortgage banks or companies to fund an original mortgage until the mortgage is sold in the secondary market. Instead of using one credit line for a mortgage until sold, the mortgage firm had multiple mortgages tied to a single line of credit and hoped all mortgages would sell at the same time. Therefore, the housing market in Florida took a big hit because there was not enough or, in some cases, no collateral to hold against some mortgages when the economy crashed, and community banks suffered the consequences. Other factors that contributed to inefficient performances include not verifying income before issuing loans, believing the unrealistic inflation of property values, the ignorance and arrogance of people who buy outside of their means, Wall Street selling securities based on assumed decisions (and not having any skin in the game), and investing in speculative loans.

One president and owner, a U. S. participant with over 35 years of experience in banking, asserted that some older board members or directors and owners see owning a bank as a country club. With the introduction of Dodd-Frank Act, a new consumer finance program, and new real estate programs, some owners did not want to deal with the federal requirements or laws, so they sold their shares, retired, or got out of banking. The exit of some owners was another reason some banks failed. Principal owners of two community banks had to merge to operate less than one charter to prevent closure or failure because co-owners of these banks left the banking business. Operating less than one charter cut down cost of executives pay by eliminating a set of executives, external audit cost, and time associated with preparing for federal and state regulators twice a year.

Based on these data, it appeared that most small banks in the United States could have survived the global financial crisis if federal regulators had not implemented drastic policies or had controlled the rate at which residential and commercial building prices were rising. Drastic policies, such as the deregulation of FDIC, OCC, Freddie Mac, and Fannie Mae, strengthened large and national banks but forced small community banks to close (Bresser-Pereira, 2011; Crotty, 2011).

One chief operations director attributed his/her Ghanaian bank's success to the establishment of an impairment officer position. The role of the impairment officer, established in 2006, is to prevent anything that is not in the bank's policy or has the potential to erode the bank's capital. Since most banks in Ghana's asset portfolio are over 90% are in loans, any nonpayment, late payments, or anything relating to loans are continually scrutinized by the impairment officer. Other key factors that contributed to efficiency during the 2007 to 2009 financial crisis in Ghanaian banks include "mystery shopping" to ensure policies are being upheld by HR and customer service departments. Mystery shopping occurs when a bank's executives coordinate with external auditors to pose as customers with exceptional demands, negative attitudes or appear confused about what they need to see how customer service and other departments involved will respond. Aligning every position to revenue generation, the ability to transfer and receive money via ATMs, establishing now or ultimate accounts, creating special banking halls and services for premium customer, and reducing the amount required to open an account to 5 GH Cedi (equal to $2) impacted bank performance.

In 2007, the discovery and drilling of crude oil in Ghana led to increase of businesses that support oil drilling, refineries, selling, and transporting crude oil and crude oil products. Most banks took advantage of these businesses by offering higher interest rate loans because the market was unknown. To their surprise, all the loans were paid, and some continue to request business lines of credit. According to a Ghanaian participant, the drilling of oil and the payment of loans saved the small banks in Ghana from the global financial crisis, compared to Ghanaian multi-national banks that had ties with American or European banks.

Other advantages to small banks in Ghana were the policy to support small and medium enterprises (SME). The establishment of SME loans in Ghana contributed to the increase in revenue a Ghanaian participant stated. The SME program, because it was new, did not have any standards or policy of its own, but was modeled after corporate and personal credit decisions and not SME or start-up credit decisions. According to a participant from Ghana, using other credit decision programs did not work well for some banks in Ghana. The corporate and personal credit decisions, according to one participant in Ghana, would have been great if they had used them for their purposes and not for SMEs. The use of corporate and personal credit programs for SMEs resulted in inefficiencies in loans to SMEs and, in few cases, resulted in rejections or non-approvals of prominent customers.

The literature review in Section 1provided the different ways and methods of assessing banking efficiencies by applying statistical methods such Data Envelopment Analysis (DEA), Variable Return to Scale (VRS), and Stochastic Frontier Analysis (SFA). I explored the documented and undocumented shared lived experiences of executives of small banks regarding the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis. This approach/method could add value to how small bank efficiency is measured. Using a qualitative comparative case study approach to explore the lived experiences and perceptions of undocumented practices of small banking chief executives during the recent financial crisis from 2007 to 2009 could add new ideas to measuring small banks' efficiency. Table 2 shows the identified theme and supporting statements from participants.

Table 2

Findings Supported by Significant Statements From Interview Participants

Findings	Participant	Participants' statement
Reasons for change in efficiency	GHBE02	With our ATM's to, for instance, we offer cash send as well where you can send money to even those that don't bank with us and they can go to another ATM enter their code and can withdraw the money you sent them. This is very exclusive with our bank. We also bring in people who come in to do mystery shopping to find out whether our customer service departments are doing or following the policies and practices in place
Reasons for change in efficiency	USBE02	compensation structures that prioritized short term deal float over to long term value creation Lot of banks ended up being in a position where their capital accepted ratios fell below the accepted levels and consequently banks then will fail because of increased regulations. TARP gave us the relief we need to survive
Reasons for change in efficiency	USBE03	We just started a new product called the CASSASA and what that does is it keys in on the personal side of the small business owner. It offers high interest rate, it offers extra line ATMS, it offers free ATM card, or debit card, it offer online banking and what we do is we just ask them to do a few behaviors that they are already probably doing, using their debit or credit card few times a month. What we have done is given customers monthly reward just like major credit card companies do

Note. USBE = United States Bank Executive; GHBE = Ghana Bank Executive.

Findings Related to Larger Body of Literature

Understanding the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis is important. Banking efficiency exposes the quality of credit risk for nonperforming loans and increases the level of management effectiveness (Reverchuk, Lobozynska, & Megits, 2013). According to Tandon, Tandon, and Malhotra, (2014) efficiency in banking is a fundamental requirement for any economy to function smoothly. The literature in banking covers the relationship between efficiency in banking and stability of an economy. Tripathy (2014) noted the efficiency in a small bank has a direct impact on the economy in which the bank operates.

Practices and policies. According to a U. S. participant, most community banks have policies and practices, which limit their geographical area of investment to 80% in their county and 20% in adjacent counties. Most of these investments were tied to real estate (commercial and residential). Banks thrive when policies and policies have defined parameters (Deng, Moshirian, Pham, & Zein, 2013). Community banks that stayed within their parameters regardless of heavy regulation had less bad debt or losses compared to those that did not. Kehoe and Wright (2013) stated when management shows consistency in their support for organizational policies and practices, efficiency levels or performance increase. Yan, Riska, and Smirni, (2012) also mentioned that higher-level performances from employees are a result of consistency in their knowledge of organizational policies and practices.

Reasons for differences in efficiency. In an attempt to avoid systemic risk of the financial sector in the United States, the United States Congress enacted the Troubled Assets Relieved Program (TARP) (Bayazitova, & Shivdasani, 2012). In the United States, the Troubled Assets Relieved Program (TARP) helped save five out of the 10 United States participants' banks from closure. Three out of the 10 had mergers to avoid closures and two survived on their own. The two that survived on their own believed it was due to actions of the board of directors. These actions included: not approving any subprime mortgages; maintaining conventional community banking practices; following the conservative nature of lending guidelines; maintaining fee income programs to offset cost of banking products to customers; staffing adequately and not following what big banks did; not buying underwriting services; issuing 80% of their mortgage loans within their counties; and treating staff with respect, since some customers always want to see certain staff because of the established relationships. Participants that received TARP believed TARP saved their banks but the U.S. government requirements and conditions potentially increased their credit risk. Black and Hazelwood (2013) stated recipients of TARP were encouraged by the U.S. government to make additional loans despite increased borrower risk.

Tie Findings to Conceptual Framework

The contingency theory (Fiedler, 1964) is paramount to the success of small banks during a financial crisis. Using semistructured interviews to explore the experiences of the selected participants revealed the underlining factors that contributed to the differences in efficiencies (Stuckey, 2013). Contingency theory in banking efficiency relates to how management dealt with human resources, financial resources, fixed assets, and liabilities during the 2007 to 2009 financial crisis. Understanding contingency theory and its relation to management performance might lead to greater banking efficiency. The 2007 to 2009 global financial crisis and the mortgage bubble/burst in the United States highlighted why mismanagement of banks can create far-ranging waves when they close or fail. If the experiences, policies, practices, and models of the executives interviewed applied, small bank closures could have been reduced (Gittell, Seidner, & Wimbush, 2010).

Practices and policies. Building and maintaining relationship with customers of small community banks is essential to the survival of the banks and the community in which the bank operates. Participants from the United States and Ghana stated their relationships with customers were essential to their survival during the 2007 to 2009 financial crisis. Loureiro, Kaufmann, and Rabino (2014) indicated that marketing for banks are influenced by the services banks provide and the relationships banks forge with their customers. Loureiro et al. stated banks reputations are enhanced by customers perceived reputation and satisfaction based on banking and nonbanking services received by customers. Loureiro et al. indicated the study varied by location and culture, which aligned with the conceptual framework, contingency theory advanced by Fiedler (1964).

Reasons for differences in efficiency. Innovation and creativity in any organization are vital to that organization's performance (Anderson, Potocnik, & Zhou, 2014). The financial crisis created a necessity whereby small banks had to become creative to survive. Participants from the United States and Ghana rebranded old products and services, implemented reward systems, encouraged online banking, and free cash withdrawals from Automated Teller Machines (ATM) to attract and keep customers. As the process of idea generation and implementation has become a tool and source of competitiveness for organizations, creativity and innovation in work place have increasingly become determinant of organizational performance, long-term survival, and success (Anderson, Potocnik, & Zhou, 2014). Products and ideas generated by participants in the United States were different from products and ideas from Ghana hence supporting the contingency theory developed by Fiedler (1964) which states leaders' performances and effectiveness are dependent on the situation, environment, and the organization for which the leaders are responsible.

Ties Findings to Existing Literature on Effective Business Practice

The existing literature explained the different methods of assessing banking efficiencies by applying statistical methods such Data Envelopment Analysis (DEA), Variable Return to Scale (VRS), and Stochastic Frontier Analysis (SFA). For this study, I explored the documented and undocumented practices and policies of small banks from senior executives' perspectives regarding the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis. Using a qualitative comparative case study designed to explore the policies, practices, and perceptions of senior executives of small banks during the recent financial crisis from 2007 to 2009 could add new ideas to measuring small banks' efficiency.

Practices and policies. Changes in regulations in the United States impacted the efficiency of small banks, and led to other practices such as subprime lending, poor valuation of collaterals, and ultimately, small bank closures (Kroszner, & Strahan, 2011). Despite the challenges that small banks experienced, new ideas and products such as conservative banking, internet banking, debit card rewards, and ways of assessing efficiency standards/performances have emerged after the global financial crisis. According to Dos Santos et al. (2013), comprehensive governance, and evaluating and implementing effective business practices increases sustainability and efficiency. Lessons learned from this study include effective and efficient risk controls.

Reasons for differences in efficiency. Banking in Ghana focuses on the short term and banking in the United States focuses on primarily on the long term. Therefore, small banks in the United States have more regulations and oversight compared to small banks in Ghana, and more personalized customer service. Participants, senior executives of small banks, in the United States believed the ability to make loan decisions at the branch compared to larger banks that have to forward loan requests to head quarters for approval make them attractive to small businesses and that also prevented their banks from failing. Curi and Lozano-Vivas (2014) stated big, medium, and small banks positively increased productivity due to the 2007 to 2009 financial crisis and the change was driven by technical changes. Additionally, small banks responded more positively in scale-efficiency and seemed to gain higher productivity growth as compared to larger banks (Curi & Lozano-Vivas 2014). According to Storbacka (2011), such lessons learned become a framework upon which effective business models and management practices necessary for effective management are developed.

Applications to Professional Practice

The effects of the 2007 to 2009 global financial crisis on small banks are evident, as they have adversely affected a significant class of Americans, Ghanaians, businesses that had links with small banks, and particularly the communities in which these small banks operate. While subprime lending is frequently cited as a catalyst for current banking problems, the impact of this practice on the community in which banks operate has not publicized (Makarov & Plantin, 2013). The impact of small bank closures includes a decrease in liquidity in the overall financial system, deterioration in traditional residential and commercial real estate loans, and limited consumer loans including credit cards and student loans. These phenomena have had a catastrophic effect and require attention (Reynaud, 2010). A failure to protect small (community) banks limits creativity, limits competition, and reduces the improvement that small banks been known to take the lead on their communities. Reynaud (2010) indicated that the stability of small banks provides stability for their communities, and has positive effects on the overall financial systems.

Practices and policies

Participants from the United States indicated after the financial crisis between 2007 and 2009, the U.S. government, and the bank regulators required all banks to increase their bank reserves with the Federal Reserve. The purpose according United States participants was to absorb any shock created by future financial turmoil. The increase in reserve requirements according to United States participants created additional burden on small banks because most had their capital were tied up in foreclosed properties and could not meet the requirement hence forced by banking regulators to close, merge or forced acquisition. According to Bassett, Chosak, Driscoll, and Zakrajsek (2014), the move to increase bank reserves or tightening shock led to decrease in credit supply, which led to substantial decline in output and the capacity of businesses and households to borrow from banks, as well as to a widening of credit spreads and an easing of monetary policy.

Reasons for differences in efficiency

Small banks' efficiency contributes to the professional practice of businesses in that the findings disclose the actual practices, policies, undocumented practices, and regulations from small bank executives and how these impacted their banks and their personal lives. Bank leaders, regulators (federal, state, and local), and investors can apply the recommendations the study provides to improve their approach to regulating small community banks in general. Recommendations from the study can enhance lending in communities in which small banks operate, promote stability, promote growth, and protect brand image and reputation. According to the Federal Reserve (2014), small banks' impact their communities through mortgage loans, start-up loans, business lines of credit and personal loans is at an all time low. Regulators and lawmakers can evaluate the cause of small bank closures and implement legislation that will ensure fair business practices. Legislation that protects small banks could give executives of small banks the confidence to lend more in their communities and encourage investors to invest in small banks. This study can be referenced for additional literature that focuses in on reasons for change in efficiency on small banks and other historical analysis that may prove helpful in reaching a desired goal.

Implications for Social Change

The 168 U.S. bank failures during the 2007 to 2009 financial crisis contributed to an increase in unemployment and a decrease in socioeconomic growth (Federal Reserve, 2014). Efficient and effective bank leaders contribute to economic growth (Bernanke, 2014). According to Ziebarth (2013), bank failures lead to higher poverty, lower income, lower employment, and an increase in compensation. Making available the undocumented practices of small bank executives and the reasons for change and differences in efficiency could give bank leaders the confidence to lend money to businesses and individuals (i.e. mortgages), thereby creating jobs. The study's results may give regulators, investors, business leaders, and borrower's additional tools to detect banks that might be in jeopardy and provide interventions to help leaders of small banks before they fail and cause financial stress to the economy and society.

Recommendations for Action

The purpose of this study was to understand the reasons for the differences in efficiency between small United States and Ghanaian banks during the 2007 to 2009 financial crisis. According to Singh and Bruning (2011), approximately 1.5 million households had foreclosures due to their inability to make mortgage payments. Mortgage holder's inability to make payments is related to increase in unemployment from 4.4% in 2007 to 10% in 2009 (Bureau of Labor Statistics, 2014). Restructuring banks is necessary to combat loan defaults and damages to the financial systems (Singh &

Bruning, 2011). It is recommended that regulators review regulations that negatively impact small community banks negatively their survival is crucial to creating jobs, supporting local economies, and community developments.

The Federal Reserve Board approved the final rules implemented by the Basel Committee on Banking Supervision on capital guideline for United States banks (Federal Reserve, 2014). The capital requirement increases both the quality and quantity of capital held by banks from 2% to 4.5% (Basel Committee on Banking, 2012). The United States is on track to implement this guideline, but another possible consequence is that banks will have large sums of cash for possible future crisis and small banks will not have that luxury. Therefore, regulators need to pay attention to the study results and the potential impact of these rules on small banks. Owners of small banks and investors will consider the impact of holding 4.5% of their capital for possible financial crisis when making investment decisions. According to Rossignolo, Fethi, and Shaban, (2013), if the leptokurtic models, which were designed to protect banks during a crisis by gauging each bank's asset risk level, had been enforced, it could have shielded banks from such heavy losses. Participants believed the new capital requirements will burden small banks. According to Rossignolo et al. (2013), other consequences will include making it more expensive to service delinquent loans. Increase in overall cost in servicing delinquent loans could result in driving returns for small banks lower, and could cause small community banks to exit the financial market.

Banks are required to keep their reserves (and excess reserves) with the Federal Reserve, and after the introduction of the zero percent policy, the Federal Reserve has been paying banks 25 basis points on their reserves and deposits (Federal Reserve, 2014). With the uncertainty of the economy, it is safer for small banks to rely on the payments or revenue from the Federal Reserve and not give out loans to businesses and consumers. Hence, growth becomes stagnant.

According to Shelkle (2012), the United States government played a key role in the resolution of the 2007 to 2009 financial crisis, especially since it contributed to the crisis by not intervening in regulatory activities. All United States participants stated that new regulations (enacted since 2008) have made operating small community banks very expensive and cumbersome. Regulators (federal, state, and local) should find a mix, which should help ease the pressure on small banks and not be concerned about small banks making bad decisions. Amending and finding a good mix will give small banks the confidence to start lending again and businesses and individuals the confidence to borrow again. When banks begin to lend again, will in turn, create more jobs. I will disseminate a summarized or full version of this study to all participants for their participation, and I will be available to Florida participants for further explanation if required.

Recommendations for Further Study

The purpose of the study was to understand the reasons that led to differences in efficiency during the 2007 to 2009 global financial crisis. Data collected for this study focused on documented and undocumented practices and policies of small banks, and experiences of small bank executives, which revealed that drastic change in regulations and lack of oversight contributed to the change. I recommend for further study the impact or cost of regulations on small community banks in the United States. Along the same rationale, I recommend that further study conducted on how less complex regulations are affecting Ghanaian banks.

Additionally, since unemployment increased from 4.4% to 10% from 2007 to 2009 (Bureau of Labor Statistics, 2014) during the time that small banks were reluctant to make loans, I recommend that further study be done on the systemic unemployment due to small community banks' failures. Many businesses were unable to meet their obligations regarding loans made to them, and individuals had their homes foreclosed on due to non-payment. Some of these entities and individuals and are currently in positions to request another loan, but a tarnished relationship with their community bank hinders their loan approval. Therefore, I recommend that further study be conducted on the socioeconomic impact of credit relationships on a community.

The limitations identified before the study included the fact that measuring bank efficiencies based on interviews of experiences of small bank executives does not provide measurable data; rather, it provides insight, which can be factored into measuring small bank efficiency in the future. Another limitation to this study was the sample population. Twenty banking executives from the United States and Ghana participated in the interviews for this study, and their responses evaluated to provide their experiences with the phenomenon. The number of participants as a limitation to this study can be addressed in future research by increasing the number of participants for the study.

Reflections

The significance and impact of bank failures and the damage it caused to society and the economy empowered me to inquire and learn from the perspectives of bank executives that lived through the experience. When the media reports concerns or problems with banks, the media usually refers to larger banks such as Bank of America, Wells Fargo, JP Morgan, and Citibank. However, small banks play a critical role in the financial health of many communities around the globe. My goal for the future is to work with either the International Monetary Fund (IMF) or World Bank to support developing nations and help developing nations understand their economy. Understanding trends in any economy is to know what small (community) banks are involved in and what affects them. As my birth country is Ghana and I currently reside in Florida, I saw it best to understand these economies.

I realized setting appointments via phone or email was going to be a challenge, so I scheduled most of my interviews on a walk-in basis, with few appointments after face-to-face interactions with the bank executives. Most executives felt reluctant to open up the first few minutes, but they did open up after the introductory questions. All participants seemed willing to share their experiences, which made the interview process comfortable. I initially had a bias towards senior executives not willing to share ideas or *business secrets*, but that proved to be wrong when it came to small community banks in the United States. Ghana was different in the sense that some participants, although willing to support the study, were people of few words. In these cases, I had to follow up with phone calls and emails for detailed responses.

I recorded all interviews, which made transcribing easy using Scribe Express. Scribe Express allowed me to control the speed of each recording making it possible to type without having to rewind to locate missed sentences or words. Recording and transcribing the interviews made it easy to extract themes and restricted my personal interpretations that would have flawed the data. Transcribing verbatim from the recording also ensured the reliability of the data collected. Using Nvivo 10 and Saldana (2013) eliminated the concerns I had about coding and added value my study.

I validated all my transcribed interviews by sending emails to every participant to confirm the data collected. Eleven out of the 20 responded with concurrence or additional comments. In this instance, the member checking technique proved practical at ensuring validity within the study.

Summary and Study Conclusions

I explored the reasons for the difference in efficiency between small banks in the United States and Ghana during the 2007 to 2009 global financial crisis. I applied comparative case study, explored existing literature, examined the root causes, and then compiled the results. Using semistructured interview questions, I interviewed 20 participants, 10 from the United States and 10 from Ghana, and was able to share their lived experiences and perspectives. This contributed to the development of applicable themes and concepts within the study. Section 1 contained the problem and purpose statements, the nature of study, research question, conceptual framework, definitions of terms, and the literature review laid the groundwork for the study. My role as the researcher, participant involvement, population sampling, research design and method, and reliability and validity were covered in Section 2. In Section 3, I presented the research findings, application to professional practice and social change, recommendations for further study, and a concluding statement.

I concluded that small community banks were significantly impacted on all levels, and small banks that focused primarily on commercial real estate felt less impact compared to small banks that invested more in residential real estate. The impact was the result of fewer turnovers or resale of businesses compared to residential homes. Micro business loans or Small Medium Enterprises (SME), although risky because most SMEs do not keep accurate records, yielded higher revenue as evidenced by Moro and Fink (2013). This phenomenon contributed to increasing in assets for small banks in Ghana during the 2007 to 2009 financial crisis. Changes in regulation and their enforcement were major contributors to differences in efficiency to small United States banks. The 2007 to 2009 global financial crisis has been a blow to small banks and the communities in which they operate and have caused damage to small banks, small businesses, individuals, and communities. Bankers, bank leaders, regulators, and individuals can learn from historical events that have promulgated and this study to prevent small bank closures during future financial crisis.

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Appendix A: Preliminary Questions

Preliminary questions to determine if criterion is met:

1. Could you tell me your name (Last & FI) for the record
2. Have worked as a banker for more than 10 years?
    a. If yes, tell me your experience.
    b. If no, proceed to question 3.
3. What is your current position?
4. Have you served more than 5 years as an executive of this bank?
    a. If yes, tell me your experience
    b. If no, proceed to the next question
5. Do you live in Ghana or the East coast of the United States
    a. If yes, how long have you lived here.
    b. If no, where did you live before

Appendix B: Coding

1. Get a sense of the whole. Read all the transcripts carefully, perhaps jot down some ideas as they come to mind.
2. Pick one document (interview) - the most interesting one, the shortest, the one on top of the pile. Go through it, asking yourself, “What is this about?” Do not think about the substance of the information but its underlying meaning. Write thoughts in the margin
3. Take note of word repetitions. Words that occur a lot are often seen as silent in the minds of respondents.
4. Indigenous categories: Local terms that may sound unfamiliar or used in an unfamiliar ways
5. Key-words-in-context (KWIC). These are usually closely associated with indigenous categories
6. When you have completed this task for several participants, make a list of all topics. Cluster together similar topics. Form these topics into columns, perhaps arrayed as major topics, unique topics, and leftovers.
7. Now take this list and go back to your data. Abbreviate the topics as codes next to the appropriate segment of the text.
8. Find the most descriptive wording for your topics and turn them into categories. Look for ways of reducing your total list of categories by grouping topics that relate to each other.

9. Make a final decision on the abbreviation for each category and alphabetize these codes.
10. Assemble the data material belonging to each category in one place and perform preliminary analysis.
11. If necessary, recode your existing data

Appendix C: Consent Form

You are invited to take part in a research study of understanding lived experiences of small bank failures and successes. You were chosen for the study because you and your bank meets the criteria stipulated for this study. This study is being conducted by a researcher named Reuben Amarh, who is a doctoral student at Walden University.

Background Information:

The purpose of this qualitative comparison case study research is to explore the reasons for the changes in efficiency that occurred in small United States and Ghana banks during the 2007 to 2009 financial crisis

Procedures:

If you agree to be in this study, you will be asked to:

- Answer preliminary questions that would qualify you to continue process
- Understand and agree to having your responses audio recorded in an approximate 20 minute timeframe
- Engage in a follow-up telephone interview summarizing your thoughts about your experience upon data collection completion as well as to double check the accuracy of collected data.

Voluntary Nature of the Study:

Your participation in this study is voluntary. This means that everyone will respect your decision of whether or not you want to be in the study. If you decide to join the study now, you can still change your mind during the study. If you feel stressed during the study you may stop at any time. You may skip any questions that you feel are too personal.

Risks and Benefits of Being in the Study:

Possible risks of participating in this study include an emotional response due to the sensitivity of the problem. Also, the risk of scrutiny of your responses from readers is a possibility, even though your identity is not revealed at any time in the study. Benefits include participating in the act of promoting social change and development. Also, you will be encouraging awareness of the problem on a small scale.

Compensation:

To compensate you for your time, you will receive a commemorative artifact from the United States Navy or Walden University up to $20 worth once the interview has been completed.

Confidentiality:

Any information you provide will be kept confidential. The researcher will not use your information for any purposes outside of this research project. Also, the researcher will not include your name or anything else that could identify you in any reports of the study.

Contacts and Questions:

You may ask any questions you have now. Or if you have questions later, you may contact the researcher. If you want to talk privately about your rights as a participant, you can call Dr. Leilani Endicott. She is the Walden University representative who can discuss this with you. Her phone number is 1-800-925-3368, extension 1210 or +1-612-312-1210. Walden University's approval number for this study is **05-12-14-0305143** and it expires on **May 11, 2015**.

The researcher will give you a copy of this form to keep.

Statement of Consent:

I have read the above information and I feel I understand the study well enough to make a decision about my involvement. By signing below, I am agreeing to the terms described above.

Printed Name of Participant ______________________________

Date of consent _________________________

Participant's Written or Electronic* Signature ____________________________ __

Researcher's Written or Electronic* Signature ____________________________ __

Electronic signatures are regulated by the Uniform Electronic Transactions Act. Legally, an "electronic signature" can be the person's typed name, their email address, or any other identifying marker. An electronic signature is just as valid as a written signature as long as both parties have agreed to conduct the transaction electronically.

Appendix D: Interview Questions

This study explored the reasons for the differences in efficiency between small banks in the Uatesited S. and Ghana during the 2007 to 2009 financial crisis.

Research Question: What are the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis?

The following interview questions were the primary source of data collection from small bank chief executives with regard to the reasons for the differences in efficiency between small banks in the United States and Ghana during the 2007 to 2009 financial crisis.

Interview Question 1: How would you classify your bank? Is it commercial, investment, or agricultural?

Interview Question 2: How has this classification contributed to efficiency of the bank's performance?

Interview Question 3: What are the primary functions or services that your bank provides?

Interview Question 4: Among all the services, which would you say customers patronize most?

Interview Question 5: Which of these service contributed most to increase revenue/profit (efficiency) and why?

Interview Question 6: How has the increase in revenue/profit contributed to growth and performance (efficiency)?

Interview Question 7: How would you classify your role in this bank?

Interview Question 8: How does your role contribute the overall performance of the bank?

Interview Question 9: What are the major types of investments your bank undertakes?

Interview Question 10: What factors contribute to investment decisions in each of the major types in your bank?

Interview Question 11: What are the contributing factors for your banks increase/decrease in assets from 2007 to 2009?

Interview Question 12: Between 2007 and 2009, some regions experienced less small bank failures as compared to others. What are the practices (undocumented) that prevented your bank from *going under*?

Interview Question 13: How did your bank contribute to the 2007 to 2009 financial crisis?

Interview Question 14: If your bank did not contribute to the 2007 to 2009 financial crisis, what did your bank do different compared to other banks?

Interview Question 15: On the average, how many mortgage loans does your bank issue per year?

Interview Question 16: What computer software did your bank used that might have contributed to decrease or increase in assets and performance?

Interview Question 17: What are the strategies that led to increase or decrease in profit of your bank during the 2007 to 2009 financial crisis?

Interview Question 18: What are the cost savings measures your bank has in place?

Interview Question 19: What other practices and policies has your bank introduced into your bank after the 2007 to 2009 financial crisis?

Interview Question 20: How did the practices and policies introduced affect your bank's profit and performance?

Interview Question 21: How has your bank's accounts payable policy contributed to efficiency?

Interview Question 22: What additional information would you like to add that I did not ask?