

**An effective strategy implementation framework for South African banks**

by

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## DECLARATION

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I declare that “An Effective Strategy Implementation Framework for South African Banks” is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.



28 February 2026

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Date

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## **ABSTRACT – ENGLISH**

This study developed and validated a strategy implementation framework within South African banks. Although strategy formulation has been extensively examined in the literature, limited empirical attention has been given to strategy implementation performance within the banking sector, particularly in emerging market contexts. This study addressed this gap by conducting a holistic and systemic inquiry into the barriers and success factors influencing strategy implementation in a single South African banking institution. Guided by an interpretivist research philosophy and an inductive approach, the study employed a qualitative single embedded case study design. Data were collected through semi-structured interviews with 15 strategy implementation staff members across multiple organisational levels and functional areas, including operations, coordination, programme executives, management committees and executive leadership. Content analysis was used to identify recurring themes relating to strategy implementation practices, constraints and enabling mechanisms within the bank. The findings revealed multidimensional barriers to effective strategy implementation. Organisation-related challenges included ineffective senior management practices, unclear accountability structures, limited strategic understanding, insufficient skills, staff shortages and a risk-averse culture. Finance-related barriers involved misalignment between strategic objectives and budget allocation, as well as limited financial resources. Technology-related constraints included inadequate infrastructure and slow technological responsiveness. Stakeholder-related barriers were characterised by poor vertical communication, inadequate information sharing, conflicting priorities and weak coordination mechanisms. Correspondingly, the study identified critical success factors across the same dimensions. These included strategic leadership, aligned performance agreements, skilled and well-trained employees, shared values and a clear organisational culture, integration of operational and strategic budgeting processes, adequate resource allocation, access to appropriate technology and inclusive stakeholder engagement supported by regular strategy review processes. Drawing on the Viable Systems Model and the Swiss Cheese Model as complementary theoretical

lenses, the study developed an integrated strategy implementation framework that conceptualises strategy execution as a dynamic, system-wide process requiring alignment across structural, financial, technological and stakeholder domains. The framework was validated through two focus group discussions involving strategy implementation staff from the case organisation and experienced professionals from central, retail and investment banking environments. The validation process confirmed the coherence and practical relevance of the framework, while recognising that its empirical grounding is situated within a single institutional context. The study contributes to both theory and practice by providing a contextually grounded, theoretically integrated and empirically validated framework for strategy implementation within South African banks. While the qualitative design and single-case focus limit statistical generalisability, the framework offers analytical transferability and establishes a foundation for future quantitative testing and application in other organisational and industry settings.

## **ISISHWANKATHELO - ISIXHOSA**

Olu phononongo luphuhlise kwaye lwaqinisekisa ukuphunyezwa kwesicwangciso-nkqubo kwiibhanki zoMzantsi Afrika. Nangona ukuqulunqwa kweqhinga kuye kwaphononongwa ngokubanzi kuncwadi, kunikwe ingqwalaselo enqongopheleyo yokuphunyezwa kwesicwangciso-qhinga kwicandelo leebhanki, ngakumbi kwiimeko zemarike ezikhulayo. Olu phononongo luqwalasele lo msantsa ngokuqhuba uphando olupheleleyo nolucwangcisiweyo kwimiqobo kunye neemeko zempumelelo eziphembelela ukuphunyezwa kwesicwangciso kwiziko lebhanki elinye loMzantsi Afrika. Ngokukhokelwa yintanda-bulumko yophando lwe-toliko kunye nendlela yokufundisa, uphononongo lusebenzise uyilo lophononongo olunomgangatho omnye ogxininisiweyo. Idatha yaqokelelwa ngodliwano-ndlebe olulungelelanisiweyo kunye nabasebenzi abali-15 bokuphunyezwa kweqhinga kumanqanaba amaninzi ombutho kunye nemimandla yokusebenza, kubandakanywa imisebenzi, ulungelelwaniso, abalawuli beenkqubo, iikomiti zolawulo kunye nobunkokeli obulawulayo. Uhlalutyo lomxholo lusetyenziselwe ukuchonga imixholo eqhubekayo enxulumene nezenzo zokuphunyezwa kweqhinga, imiqobo kunye neendlela ezivumelayo ngaphakathi kwebhanki. Iziphumo zatyhila imiqobo enamacala amaninzi ekuphunyezweni kwesicwangciso esisebenzayo. Imingeni enxulumene nombutho ibandakanya ukungasebenzi kakuhle kwabalawuli abaphezulu, imibutho yokuphendula, ukungaqondi kakuhle kwesicwangciso-qhinga, ukungonelanga kwezakhono, ukunqongophala kwabasebenzi kunye nenkcubeko yokuchasana nomngcipheko. Imiqobo enxulumene nezimali ibandakanya ulungelelwaniso phakathi kweenjongo ezicwangcisiweyo kunye nolwabiwo lohlahlo lwabiwo-mali, kunye nezibonelelo zemali ezinqongopheleyo. Imiqobo enxulumene nobuchwephesha ibandakanya ukungonelanga kweziseko zophuhliso kunye nokusabela okucothayo kwezobuchwephesha. Imiqobo enxulumene nabachaphazelekayo ibonakaliswe lunxibelelwano oluthe nkqo olulambathayo, ukwabelana ngolwazi olunganelanga, izinto eziphambili eziphikisanayo kunye neendlela zolungelelwaniso ezibuthathaka. Ngokuhambelanayo, uphononongo luchonge izinto ezibalulekileyo zempumelelo kwimilinganiselo efanayo. Oku

kuquka ubunkokeli obucwangcisiweyo, izivumelwano zokusebenza ezilungelelanisiweyo, abasebenzi abanezakhono nabaqeqeshwe kakuhle, iinqobo ezisemgangathweni ekwabelwana ngazo kunye nenkcubeko yentlangano ecacileyo, ukuhlanganiswa kweenkqubo zohlahlo lwabiwo-mali olusebenzayo nolucwangcisiweyo, ulwabiwo lwezibonelelo ezaneleyo, ukufikelela kubugcisa obufanelekileyo kunye nokuzibandakanya kwabachaphazelekayo okuxhaswe ziinkqubo zokuphononongwa kweqhinga rhoqo. Ukuzoba kwiModeli yeeNkqubo eziSebenzayo kunye neModeli yetshizi yaseSwitzerland njengeelensi zethiyori ezihambelanayo, uphononongo luphuhlise isakhelo sophumezo lwesicwangciso esimanyanisiweyo esicinga ukuphunyezwa kweqhinga njengenkqubo eguquguqukayo, ebanzi yenkqubo efuna ulungelelwaniso kuyo yonke imimandla yesakhiwo, yezemali, yethexhinoloji kunye nabachaphazelekayo. Esi sikhokelo siye saqinisekiswa ngeengxoxo ezimbini zeqela ekugxilwe kuzo ezibandakanya abasebenzi bokuphunyezwa kwesicwangciso-qhinga abasuka kumbutho wamatyala kunye namagcisa anamava asuka kwiindawo ezigcina imali ephakathi, ezithengisayo nezotyalo-mali. Inkqubo yokuqinisekisa iqinisekise ukuyondelelana kunye nokufaneleka okubonakalayo kwesi sikhokelo, ngelixa kuthathelwa ingqalelo ukuba isiseko saso esisekelwe kuyo sikwimeko enye yeziko. Uphononongo lunegalelo kwithiyori nakwindlela yokusebenza ngokubonelela ngesikhokelo esisekelwe ngokweemeko, esidityaniswe ngokwethiyori nesiqinisekisiweyo sokuphunyezwa kwesicwangciso kwiibhanki zoMzantsi Afrika. Ngelixa uyilo lomgangatho kunye nemeko enye ekugxilwe kuyo umda weenkcukacha-manani ngokubanzi, isakhelo sibonelela ngokudluliselwa kohlalutyo kwaye siseka isiseko sovavanyo lobungakanani bexesha elizayo kunye nokusetyenziswa kwezinye iisetingi zombutho kunye neshishini.

## **OKUCASHUNIWE - ISIZULU**

Lolu cwaningo lwenze futhi lwaqinisekisa uhlaka lokuqaliswa kwesu ngaphakathi kwamabhange aseNingizimu Afrika. Nakuba ukwakhiwa kwamasu sekuhloliswe kabanzi ezincwadini, ukunakekelwa okulinganiselwe kuye kwanikezwa ekusebenzeni kokuqaliswa kwamasu emkhakheni wamabhange, ikakhulukazi ezimakethe ezisafufusa. Lolu cwaningo lubhekane naleli gebe ngokwenza uphenyo oluphelele noluhlelekile mayelana nezithiyo kanye nezici zempumelelo ezinomthelela ekusetshenzisweni kwesu esikhungweni samabhange esisodwa saseNingizimu Afrika. Ngokuqondiswa ifilosofi yocwaningo lomhumushi kanye nendlela yokufundisa, ucwaningo lusebenzise umklamo wocwaningo lwecala olushunyekiwe olusezingeni eliphezulu. Imininingwane iqoqwe ngezingxoxo ezingahleliwe nabasebenzi abangu-15 bokusebenzisa amasu emazingeni amaningi enhlangano nasezindaweni zokusebenza, okuhlanganisa ukusebenza, ukuxhumanisa, abaphathi bezinhlelo, amakomiti abaphathi kanye nobuholi obuphezulu. Ukuhlaziywa kokuqukethwe kwasetshenziselwa ukuhlonza izingqikithi eziphindelelayo ezihlobene nezinqubo zokusetshenziswa kwamasu, izithiyo kanye nezindlela zokunika amandla ngaphakathi kwebhange. Okutholakele kuveze izithiyo ezinhlangothi eziningi ekusetshenzisweni kwamasu ngempumelelo. Izinselelo eziphathelene nenhlangotho zazibandakanya ukungasebenzi kahle kwabaphathi abaphezulu, izinhlelo zokuziphendulela ezingacacile, ukuqonda okulinganiselwe kwamasu, amakhono anganele, ukushoda kwabasebenzi kanye nesiko lokungaziphathi kahle. Izithiyo ezihlobene nezezimali zazibandakanya ukungaboni ngaso line phakathi kwezinhloso zamasu kanye nokwabiwa kwesabelomali, kanye nemithombo yezimali elinganiselwe. Izingqinamba ezihlobene nobuchwepheshe zihlanganisa ingqalasizinda enganele kanye nokusabela kancane kwezobuchwepheshe. Izithiyo eziphathelene nabathintekayo zazibonakala ngokungakhulumisani kahle okuqondile, ukwabelana ngolwazi okwanele, izinto ezibalulekile ezingqubuzanayo kanye nezindlela zokuxhumanisa ezibuthakathaka. Ngokuhambisanayo, ucwaningo lwathola izici zempumelelo ezibalulekile kuzo zonke izici ezifanayo. Lokhu kuhlanganisa ubuholi obunamaqhinga, izivumelwano zokusebenza ezihambisanayo, abasebenzi

abanamakhono nabaqeqeshwe kahle, amanani okwabelwana ngawo kanye nesiko lenhlangano elicacile, ukuhlanganiswa kwezinqubo zesabelomali zokusebenza namasu, ukwabiwa kwezinsiza ezanele, ukufinyelela kwezobuchwepheshe obufanele kanye nokubandakanya ababambiqhaza okusekelwa yizinqubo ezijwayelekile zokubuyekezwa kwamasu. Ukudweba Kumodeli Yezinhlelo Ezisebenzayo kanye Nemodeli Yoshizi We-Swiss njengethiyori ehambisanayo amalensi, ucwaningo lwenze uhlaka oludidiyelwe lokusebenzisa isu olucabanga ukwenziwa kwamasu njengenqubo eguquguqukayo, ebanzi yohlelo edinga ukuqondanisa kuzo zonke izizinda zesakhiwo, ezezimali, ezobuchwepheshe kanye nababambe iqhaza. Lolu hlaka lwaqinisekiswa ngezingxoxo ezimbili zamaqembu okugxilwe kuwo ezihlanganisa abasebenzi bokusebenzisa amasu abavela enhlanganweni yamacala kanye nochwepheshe abanolwazi oluvela ezindaweni zamabhange amaphakathi, okudayisa nezokutshalwa kwezimali. Inqubo yokunqinisekisa iqinisekise ukuhambisana nokufaneleka kohlaka, kuyilapho iqaphela ukuthi isisekelo salo esingokomfanekiso singaphakathi komongo wesikhungo esisodwa. Ucwaningo luneqhaza kukho kokubili ithiyori kanye nokwenza ngokuhlinzeka ngohlaka olusekelwe ngokwengqikithi, oludidiyelwe ngokwethiyori noluqinisekiswa ngokwamandla ukuze kusetshenziswe isu emabhange aseNingizimu Afrika. Nakuba idizayini yekhwalthi kanye nokugxilwa komkhawulo wezibalo zecala elilodwa, uhlaka lunikeza ukudluliswa kokuhlaziya futhi lusungula isisekelo sokuhlola ubuningi besikhathi esizayo kanye nokusetshenziswa kwezinye izilungiselelo zenhlangano nezimboni.

## **KEYWORDS**

*Organisational performance, Optimal organisational performance, Strategy, Strategy formulation, Strategy implementation, Strategy implementation success, Strategy implementation science, success, barriers and success factors.*

## DEFINITION OF KEYWORDS

**Organisational performance:** Taouab and Issor (2019) define organisational performance as the ability of an organisation to reach its goals and maximise corporate results.

**Optimal organisational performance:** Miles (2022) defines organisational performance as a company's ability to achieve organisational goals effectively and efficiently in a state of constant change.

**Strategy:** Easterling and Metz (2016) define a new strategy as a change in strategic direction for the organisation's vision that develops and executes it. The new approach requires changed practices among programme officers and other foundation staff, new messages to various constituents, revised organisational procedures and possibly new policies aligned with the revised strategy.

**Strategy formulation:** Yang *et al.* (2010) define strategy formulation as a dynamic, iterative and complex process, which comprises a series of planned decisions and activities by managers and employees that are affected by several interrelated internal and external factors.

**Strategy implementation:** Harrington (2006) defines strategy implementation as an iterative process of implementing strategies, policies, programmes and action plans that allow a firm to utilise its resources to take advantage of opportunities in the competitive environment.

**Strategy implementation success:** Verlagsgesellschaft and Revue (2004) define strategy implementation success as the process that induces various forms of organisational learning because environmental threats and strategic responses are prime triggers for administrative learning processes.

**Strategy implementation science:** Easterling and Metz (2016) define implementation science as the methods or techniques used to enhance strategy implementation's adoption, implementation and sustainability to create a particular set of outcomes and is concerned with what it takes for an intervention to produce optimal value for its intended beneficiaries.

**Barriers:** Hrebiniak (2006) defines a barrier as an obstacle, hurdle or stumbling block that makes it difficult or impossible for something to happen or to be achieved.

**Success:** Eresia-Eke and Soriakumar (2021) define success as the status of having achieved and accomplished an aim or an objective.

**Success factors:** Bhattacharyya (2019) defines success factors as the key elements, skills, attributes or conditions essential for achieving a desired outcome, an objective or a goal.

## **ABBREVIATIONS**

DFI – Development Financial Institution

FSAP – Financial Sector Assessment Program

FSR – Financial Sector Regulation

GBS – Global Banking Sector

GFS – Global Financial Sector

IMF – International Monetary Fund

MIS – Market Infrastructure System

PA – Prudential Authority

RBV – Resource-based View

ROA – Return on Assets

ROE – Return on Equity

SABS – South African Banking Sector

SARB – South African Reserve Bank

SAFS – South African Financial Sector

SCM – Swiss Cheese Model

VIRO – Valuable, Inimitable, Rare, Non-substitutable

VSM – Viable System Model

## TABLE OF CONTENTS

DECLARATION.....	II
ACKNOWLEDGEMENTS .....	III
ABSTRACT – ENGLISH .....	IV
ISISHWANKATHELO - ISIXHOSA .....	VI
OKUCASHUNIWE - ISIZULU.....	VIII
KEYWORDS.....	X
DEFINITION OF KEYWORDS.....	XI
ABBREVIATIONS .....	XIII
LIST OF TABLES.....	XXI
LIST OF FIGURES .....	XXIII
<b>CHAPTER ONE – ORIENTATION AND RATIONALE FOR STUDY .....</b>	<b>24</b>
1.1 Introduction and background to the study.....	24
1.2 Problem statement.....	26
1.3 Primary research question.....	28
1.4 Research questions .....	28
1.5 Objectives of the study.....	28
1.6 Knowledge gap.....	29
1.7 Justification/significance of the study.....	29
1.8 Research design and methodology .....	30
1.9 Chapter outline of the thesis .....	30
1.10 Chapter summary.....	32
<b>CHAPTER TWO – LITERATURE REVIEW.....</b>	<b>33</b>

2.1 Introduction .....	33
2.2 The banking industry context.....	33
2.2.1 The origins of banking .....	33
2.2.2 The evolution of the global financial ecosystem .....	35
2.2.2.1 Evolution of the global financial ecosystem – WW1.....	35
2.2.2.2 Global financial recession in the 1930s .....	36
2.2.2.3 The 2007-2009 global recession.....	38
2.2.2.4 The emergence of fintechs .....	39
2.2.2.5 Covid-19.....	40
2.2.2.6 Russia's invasion of Ukraine .....	42
2.2.3 Milestones in the evolution of the South African financial ecosystem.....	44
2.2.3.1 The dominance of imperial banks from 1863 to 1920.....	44
2.2.3.2 The establishment of the South African Reserve Bank (SARB) in 1920.....	45
2.2.3.3 Increased concentration of banks from 1970 to 2007 .....	45
2.2.3.4 Mergers and acquisitions from the 1980s to the 1990s .....	46
2.2.3.5 Pre- and post-apartheid era.....	47
2.2.3.6 The small-bank crisis from 2002 to 2003 .....	47
2.2.3.7 Implementation of Basel II and III – 21st century.....	48
2.2.3.8 Sectoral transition towards digital banking from 2019 to 2020 .....	48
2.2.4 Competitive landscape of the global banking sector .....	49
2.2.4.1 Central banks .....	49
2.2.4.2 Retail and commercial banks.....	51
2.2.4.3 Credit unions.....	51
2.2.4.4 Savings and loan associations .....	53
2.2.4.5 Investment banks and companies.....	54
2.2.4.6 Brokerage firms.....	55
2.2.4.7 Insurance companies.....	56
2.2.4.8 Mortgage companies.....	56
2.2.5. Structure and size of the South African banking sector.....	57
2.2.6 The competitive landscape of the South African banking sector.....	57
2.2.7 Global and local regulators in the banking industry.....	59
2.2.7.1. Regulators in the global banking context .....	59
2.2.7.2. Regulators in the South African banking context.....	60
2.3 Organisational performance .....	61
2.3.1 Definition of organisational performance .....	61
2.3.2 Constructs for describing organisational performance.....	62
2.3.2.1 Organisational performance as a social system with limited resources .....	62
2.3.2.2 Organisational performance utilising limited resources optimally.....	63
2.3.2.3 Organisational performance of a client-centric approach measured by effectiveness .....	63
2.3.2.4 Organisational performance relating to employees' knowledge and skills.....	63
2.3.2.5 Organisational performance focusing on gaining competitive advantage.....	64
2.3.3 Determinants of organisational performance .....	64
2.3.4 Organisational performance measures .....	66
2.3.4.1 Financial performance measures .....	69
2.3.4.2 Stock market performance measures.....	70
2.3.4.3 Employee productivity measures .....	71
2.3.4.4 Efficiency and effective measures.....	71
2.3.4.5 Client-related measures .....	72
2.3.4.6 Technology-related measures .....	72
2.3.5 Factors influencing organisational performance.....	74

2.3.5.1 Internal factors influencing organisational performance .....	76
2.3.5.1.1 Strategy formulation (formulation of the right strategy) .....	76
2.3.5.1.2 Strategy implementation (ability to implement strategy) .....	76
2.3.5.1.3 Availability of internal resources .....	77
2.3.5.1.4 Employee productivity, skills and experience .....	78
2.3.5.1.5 Organisational structure .....	78
2.3.5.1.6 Leadership competencies .....	79
2.3.5.1.7 Organisational culture .....	80
2.3.5.2 External factors influencing organisational performance .....	80
2.3.5.2.1 Political factors .....	81
2.3.5.2.2 Economic factors .....	82
2.3.5.2.3 Social factors .....	82
2.3.5.2.4 Technological factors .....	83
2.3.5.2.5 Environmental factors .....	83
2.3.5.2.6 Legal factors .....	84
2.4. The link between organisational performance, strategy formulation, implementation and the feedback loop .....	84
2.4.1 The relationship between organisational performance and strategy implementation .....	84
2.4.2 Clarity in defining strategy implementation .....	85
2.4.3 Strategy implementation science .....	86
2.4.4 Strategy formulation .....	86
2.4.5 Strategy implementation .....	88
2.4.6 Strategy feedback loop .....	89
2.5. Barriers and enablers of strategy implementation .....	90
2.5.1 Organisation-related drivers .....	90
2.5.1.1.1 Human resources as a driver of strategy implementation .....	90
2.5.1.1.2 Top-of-the-range leadership as a driver of strategy implementation ..	91
2.5.1.1.3 Innovative culture as a driver of strategy implementation .....	91
2.5.1.1.4 Organisational reputation as a driver of strategy implementation .....	92
2.5.1.2 Finance-related drivers .....	92
2.5.1.3 Stakeholder-related drivers .....	93
2.5.1.4 Technology-related drivers .....	93
2.5.2 Strategy implementation barriers .....	94
2.5.2.1 Organisation-related barriers .....	95
2.5.2.2 Finance-related barriers .....	96
2.5.2.3 Stakeholder-related barriers .....	96
2.5.2.4 Technology-related barriers .....	97
2.5.3 Strategy implementation success factors .....	97
2.5.3.1 Organisation-related success factors .....	97
2.5.3.2 Finance-related success factors .....	99
2.5.3.3 Stakeholder-related success factors .....	99
2.5.3.4 Technology-related success factors .....	99
2.5.4 Summary of strategy implementation of drivers, barriers and success factors	101
2.6 Findings of empirical studies in the banking industry, the need for a holistic strategy implementation model and the research gap .....	104
2.6.1 Empirical studies on strategy implementation in banks .....	104
2.6.2 Synthesised findings of empirical studies .....	108
2.6.3 The need for a holistic, systems-based framework .....	108
2.6.4 The specific gap that this study addresses .....	109

2.7 Chapter summary.....	109
<b>CHAPTER THREE – THEORETICAL AND CONCEPTUAL FRAMEWORK</b>	
.....	<b>111</b>
<b>3.1 Introduction to theoretical foundations.....</b>	<b>111</b>
<b>3.2 Theoretical perspectives on strategy implementation.....</b>	<b>111</b>
3.2.1 Overview of key theories.....	111
3.2.2 Justification of a systems perspective for banking.....	112
<b>3.3 Viable Systems Model (VSM).....</b>	<b>114</b>
3.3.1 Core concepts relevant to strategy implementation.....	114
3.3.2 Prior applications where the VSM was used or not used.....	116
3.3.3 Relevance to coordination, control, and feedback.....	119
<b>3.4 Swiss Cheese Model.....</b>	<b>120</b>
3.4.1 Origin and core logic.....	120
3.4.2 Constructs of the SCM.....	122
3.4.3 Application beyond safety-critical industries.....	125
3.4.4 Relevance of the SCM to failure propagation and how the SCM complements the VSM but does not replace the VSM.....	128
<b>3.5 Integrating the theoretical lenses.....</b>	<b>129</b>
3.5.1 Explain why two theories are used.....	129
3.5.2 How the VSM addresses different dimensions of implementation.....	131
3.5.3 How the (VSM) and the (SCM) jointly explain execution success and failure.....	134
<b>3.6 Development of the conceptual framework.....</b>	<b>139</b>
3.6.1 Theoretical versus conceptual frameworks.....	139
3.6.1.1 Justification for adopting the VSM as the first theoretical framework.....	139
3.6.1.2 Justification for adopting the SCM as the second theoretical framework.....	141
3.6.2 Conceptual framework (developed by researcher).....	142
3.6.3 Constructs, relationships and assumptions.....	144
3.6.3.1 Constructs.....	144
3.6.3.2 Relationships.....	144
3.6.3.3 Assumptions.....	144
<b>3.7 Positioning the study's contribution.....</b>	<b>145</b>
3.7.1 How the conceptual framework extends existing models:.....	145
3.7.2 How the framework addresses gaps identified in Chapter 2:.....	145
3.7.3 How the framework is empirically testable (qualitatively):.....	146
<b>3.8 Chapter summary.....</b>	<b>146</b>
<b>CHAPTER 4 – RESEARCH METHODOLOGY.....</b>	<b>147</b>
<b>4.1 Introduction.....</b>	<b>147</b>
<b>4.2 Recapitulation of the research aim, questions, and objectives.....</b>	<b>147</b>
<b>4.3 Research methodological framework.....</b>	<b>148</b>

4.3.1 The research methodology applicable to this study.....	150
4.4 Research philosophy.....	150
4.4.1 Ontology, epistemology, and axiology as belief systems of philosophy.....	151
4.4.2 Positivism.....	152
4.4.3 Critical realism.....	153
4.4.4 Interpretivism.....	154
4.4.5 Postmodernism.....	156
4.4.6 Pragmatism.....	157
4.4.7 Justification of the interpretivism research philosophy for this study.....	158
4.5 Research approaches.....	160
4.5.1 Justification of an inductive research approach for this study.....	161
4.6 Research methodological choice.....	162
4.6.1 Justification of methodological choice for the study – qualitative multi-methods .....	163
4.7 Research strategies.....	164
4.7.1 Justification of research strategy – single embedded case study.....	166
4.8 Time horizon.....	168
4.8.1 Justification of time horizon for this study.....	168
4.9 Data collection methods.....	169
4.9.1 Interviews.....	171
4.9.2 Focus groups.....	172
4.9.3 Justification of data collection methods for this study.....	173
4.9.3.1 Interviews.....	173
4.9.3.2 Focus groups.....	174
4.10 Data analysis methods.....	176
4.10.1 Justification of data analysis methods chosen for this study.....	177
4.11 Single embedded case study in Bank X.....	178
4.12 Study population, sampling technique and sample size.....	180
4.12.1 Study population.....	181
4.12.2 Justification of using purposive sampling.....	181
4.12.3 Population and sampling for interviews.....	183
4.12.4 Population and sampling for Focus Group 1.....	184
4.12.5 Population and sampling for Focus Group 2.....	185
4.13. Credibility, dependability and confirmability.....	186
4.13.1 Criterion - Credibility.....	186
4.13.2 Criterion Dependability.....	187
4.13.3 Criteria - Confirmability.....	187
4.14. Ethical considerations.....	187
4.14.1 Ethical approval and research permit.....	188
4.14.2 Confidentiality.....	188
4.14.3 Informed consent.....	189
4.15 Chapter summary.....	189

<b>CHAPTER 5 – PRESENTATION OF FINDINGS.....</b>	<b>190</b>
5.1 Introduction to the chapter .....	190
5.2 Profile of research participants .....	190
5.2.1 Interview participants.....	190
5.3 Overview of data analysis output.....	191
5.4 Organisational and technological-related factors .....	192
5.4.1 Theme 1: Organisation-related factors .....	192
5.4.1.1 Subtheme 1.1: Leadership alignment.....	192
5.4.1.2 Subtheme 1.2: Organisational culture .....	194
5.4.2 Theme 2: Technology-related factors .....	195
5.4.3 Summary of findings .....	197
5.5 Strategy execution and feedback loops .....	198
5.5.1 Theme 3: Strategy execution as a performance enabler .....	198
5.5.2 Theme 4: Feedback loops and performance monitoring .....	200
5.5.3 Summary of findings .....	202
5.6 Strategy implementation barriers and success factors .....	202
5.6.1 Theme 5: Barriers to strategy implementation .....	203
5.6.2 Theme 6: Success factors for strategy implementation .....	206
5.6.3 Summary of findings .....	209
5.7 Chapter summary.....	210
<b>CHAPTER 6 – DISCUSSION OF FINDINGS .....</b>	<b>211</b>
6.1 Introduction .....	211
6.2 Organisational and technological-related factors .....	211
6.2.1 Organisation-related factors and performance .....	211
6.2.2 Technology-related factors and performance .....	214
6.2.3 Implications for organisational performance theory .....	215
6.3 Strategy execution and feedback loops .....	215
6.3.1 Strategy execution as a mediating mechanism .....	215
6.3.2 Role of feedback loops in sustaining performance .....	217
6.4 Strategy implementation barriers and success factors.....	218
6.4.1 Barriers to strategy implementation.....	219
6.4.2 Success factors and enablers.....	221
6.5 Integration of findings .....	223
6.6 Theoretical implications .....	223
6.7 Practical implications .....	224
6.8 Chapter summary.....	224
<b>CHAPTER 7 – PROCESS OF FRAMEWORK DEVELOPMENT .....</b>	<b>225</b>

7.1 Introduction .....	225
7.2 Process of framework validation.....	225
7.3 Focus group participants .....	226
7.4 Integration of focus group findings .....	227
7.5 The development of an effective strategy implementation framework for South African banks .....	227
7.6 Chapter summary.....	228
<b>CHAPTER 8 – SUMMARY, CONCLUSIONS, CONTRIBUTIONS, LIMITATIONS, RECOMMENDATIONS AND FUTURE RESEARCH .....</b>	<b>229</b>
8.1 Introduction .....	229
8.2 Conclusions regarding the research objectives .....	229
8.2.1 Objective A: Establish the factors influencing performance in banks operating within the South African financial ecosystem.....	230
8.2.2 Objective B: Describe the relationship between strategy implementation and organisational performance .....	230
8.2.3 Objective C: Establish the factors influencing strategy implementation success .....	230
8.2.4 Objective D: Develop and validate a framework (based on C) for effective strategy implemented in South African banks to achieve optimal organisational performance.....	231
8.3 Contributions, limitations, recommendations and future research .....	234
8.3.1 The research contributions to theory .....	234
8.3.2 Contributions and implications for practice .....	234
8.4 Limitations of the study.....	235
8.5 Recommendations .....	236
8.6 Directions for future research .....	237
8.7 Chapter summary.....	238
<b>REFERENCES .....</b>	<b>239</b>
Appendix A: ETHICAL CLEARANCE.....	271
Appendix B: PARTICIPATION INFORMATION SHEET .....	272
Appendix C: INTERVIEW GUIDE .....	275
Appendix D: FOCUS GROUPS GUIDE .....	278
Appendix E: LANGUAGE EDITING CERTIFICATE .....	280
Appendix F: PROFESSOR BANKOLE AWUZIE'S DECLARATION THAT THE RESEARCH COMPONENT IS OF AN ACCEPTABLE STANDARD OF CONTENT ORIGINALITY .....	281

## LIST OF TABLES

Table 1.1: Chapter outline of the thesis .....	31
Table 2.1: Metrics and norms related to KPI areas and their business goals .....	68
Table 2.2: Categories of organisational performance measures .....	73
Table 2.3 The two most dominant strategic approaches .....	87
Table 2.4: Strategy Implementation drivers, barriers and success factors .....	101
Table 3.1 Summary of observations emanating from the use of the Swiss Cheese Model across various industries .....	127
Table 4.1 Comparison of five research philosophies - Positivism .....	152
Table 4.2 Comparison of five research philosophies - Critical realism .....	153
Table 4.3 Comparison of five research philosophies - Interpretivism .....	154
Table 4.4 Comparison of five research philosophies – Postmodernism ...	156
Table 4.5 Comparison of five research philosophies – Pragmatism .....	157
Table 4.6 Contrasting characteristics of five qualitative research strategies .....	165
Table 4.7 Qualitative data collection methods .....	170
Table 4.8 Qualitative data analysis steps used for analysing data emanating from different qualitative research strategies .....	176
Table 4.9 Sampling techniques in qualitative research .....	182
Table 4.10 Population and sampling for interviews .....	183
Table 4.11 Population and sampling for Focus Group 1 .....	184
Table 4.12 Population and sampling for Focus Group 2 .....	185
Table 5.1 Participants' demographic and professional profiles of interview participants .....	190

Table 5.2: Research questions, themes and sub-themes .....	191
Table 5.3 Summarises the themes and sub-themes identified .....	197
Table 5.4: Summarises the themes and key insights .....	202
Table 5.5 Summarises categories and factors identified .....	209
Table 7.1 Participants' demographic and professional profiles	
Focus Group 1 .....	226
Table 7.2 Participants' demographic and professional profiles	
Focus Group .....	227

## LIST OF FIGURES

Figure 2.1: Milestones that relate to the evolution of the South African Financial eco system .....	44
Figure 2.2: Constructs describing organisational performance .....	63
Figure 2.3 Operational and organisational performance measures .....	67
Figure 2.4: Groupings of organisational performance measures .....	69
Figure 2.5: Internal and external factors influencing organisational Performance .....	75
Figure 3.1 Proposed framework for successful strategy implementation...	112
Figure 3.2 Five key dimensions of successful strategy implementation....	113
Figure 3.3 Viable System Model (Adapted from Beer 1985) .....	114
Figure 3.4 The original Swiss Cheese Model .....	123
Figure 3.5 Conditions and defence layer design flaws .....	124
Figure 3.6 Proposed Conceptual Framework .....	143
Figure 4.1 The research onion .....	149
Figure 4.2 Research methodological framework for this study .....	150
Figure 4.3 Methodological choice .....	162
Figure 8.1 An effective strategy implementation framework for South African Banks .....	233

## **CHAPTER ONE – ORIENTATION AND RATIONALE FOR STUDY**

### **1.1 Introduction and background to the study**

Banking has evolved from traditional banking to new ways of banking over the past two decades. These new ways have introduced more opportunities for banks to compete with their peers, fintechs, and other microfinance institutions (MFIs). As a result of increasing competition, banks are now expected to re-evaluate their basis of competitive advantage due to advances in information technology and pressure from fintech companies (Jakšič & Marinč, 2019).

Significant factors that have contributed to the banking evolution over the past two decades include mortgages (Som & Ram, 2020), the adoption of new technologies (Coetzee, 2018), increased competition (Yanagawa, 2022), and improved corporate governance (Geary, 2022). For instance, the use of advanced digital technologies by fintechs has been shown to confer competitive advantage on them in the marketplace.

Accordingly, the effective integration of digital technologies across various facets of existing businesses remains central to the Fourth Industrial Revolution (4IR) era in terms of how business is conducted. As such, the adoption of digital technologies is no longer optional for traditional banks but an imperative (Von Solms & Langerman, 2022). The expectations of modern clients have increased due to technological advancements, and there is a renewed focus on unlimited accessibility, convenience, and speed of service. Therefore, banks stand to lose market share to competitors if they cannot offer similar competitive services (Kötting, 2021).

Increased competition in the banking sector by peers, fintechs and other new entrants to the banking sector, for example insurance organisations and mobile network operators (MNOs), have forced traditional banks to choose an appropriate strategic response based on assessing the nature of the threat. Rooted in analysing the impact of the market- and technology-centred disruptive threats, banks must strategically choose between decisions to either buy, make, merge, hold, or exit (Anand & Mantrala, 2019). Furthermore, mergers and acquisitions have played a pivotal role in the evolution of the banking industry and are mainly associated with

expanding a bank beyond its internal capabilities and resources (Bhattacharya & Biswas, 2021). Such developments within the banking space have also brought about the need for increased corporate governance mechanisms to enhance the overall performance of banks while protecting depositors and all other relevant stakeholders (El-Chaarani & El-Abiad, 2022).

These developments have significant implications for traditional banking. Banks need to offer similar technology-based broad services to clients comparable to those provided by fintechs and MNOs. These services include: (i) credit deposits and capital-raising services; (ii) payments, clearing and settlement services, including digital currencies; (iii) investment management services (including trading); and (iv) insurance, if they are to remain competitive (Thakor, 2020).

Banks in Africa are not immune to the evolution of the global banking industry (Sardana & Singhania, 2018). The competition from fintechs and MNOs, which are providing the same financial services in a more efficient way, threatens the survival of banks. Therefore, banks in Africa must adopt these digital technologies as part of their growth strategy, productivity, and organisational performance. The need to put in place strategies and systems that are agile, scalable, provide rapid service, ideally in real-time with designated areas of contact with clients in a safe environment where client data is protected, is vital in making banking in Africa relevant in the 4IR era (Ohene-Afoakwa & Nyanhongo, 2017).

Banks in South Africa are also not immune to this evolution as they are compelled to adopt and implement strategies to boost productivity and remain competitive in the banking industry. However, traditional banks in South Africa have been unable to operate in a dynamic manner that allows them to compete with non-banking institutions because they are not able to implement their strategies in an equally agile and efficient manner (Coetzee, 2018). Hanafizadeh and Marjaie (2020) explain that as banks evolved, management faced challenges with successful strategy formulation and implementation, particularly having an aligned feedback loop or mechanism to monitor and track the progress of implementation policies. Coetzee (2018a) argues that existing strategy implementation solutions appear not to have worked in traditional banks due to the silo mentality prevalent therein, hence

prompting this investigation to use different sets of theoretical lenses and methodologies to facilitate effective implementation performance.

A limitation of this study is that the validation of the effective strategy implementation framework was conducted through 2 focus group sessions, consisting of 3 participants from Bank X and 3 external participants who have worked on strategy implementation initiatives in South African Banks. More participants would have strengthened the study's findings.

This introduction and background section informed the problem statement that will be explored and discussed next.

## **1.2 Problem statement**

Selvam *et al.* (2016) point out that strategic management provides an appropriate platform for organisations to react to changes in a business environment. Strategic management is an applied field of business. As such, its survival and growth depend not only on its theoretical sophistication and the rigour of its methods but also on its relevance to practitioners. Researchers like Cândido and Santos (2019) explain that the strategy implementation process remains the most crucial factor in a firm's ability to realise its strategic intent. However, practitioners often do not perceive the strategy implementation process as relevant to improving an organisation's performance.

Nyoka (2020), in a study focusing on South African banks, reveals that the existence of traditional banks is threatened by the emergence and growth of non-banking institutions. This revelation highlights the need for banks to revise their strategies for re-aligning bank products and services.

Brenes *et al.* (2008) explain that strategy moves from strategy formulation to strategy implementation and finally to the follow-up phase, also referred to as the feedback loop. However, Sardana and Singhania (2018) highlight that research in the banking sector addressing strategy formulation, implementation, and the feedback loop as a holistic process remains limited.

Extant strategy implementation research focusing on South African banks highlights several key factors influencing success. Effective communication and alignment between management levels are crucial, with misalignment due to unclear communication identified as a major challenge (Sim & Waterfield, 2019). Strategic leadership is recognised as a key driver of successful implementation, positively contributing to organisational performance (Eresia-Eke & Soriakumar, 2021). Technology, social capital, organisational culture, and top management support significantly impact strategy implementation, leading to improved financial outcomes and competitive advantage (Boikanyo, 2023). Studies done by Sunindijo (2014), Salman *et al.* (2020), and Gupta (2024) further emphasise the importance of clear communication, strong leadership, and strategic alignment when implementing strategic initiatives. Additionally, digital transformation and aligning information systems strategy with business strategy remain vital for organisational performance in the banking sector, with misalignment often resulting in suboptimal resource allocation and project outcomes (Reinking *et al.*, 2020).

Eresia-Eke and Soriakumar (2021) argue that strategy implementation fails because strategy formulation, implementation and feedback are currently happening in silos. In constituting a significant organisational challenge, the silo mentality limits knowledge sharing and teamwork between departments (De Waal *et al.*, 2019). This phenomenon extends beyond physical structures, manifesting as an unconscious state of mind that negatively impacts team identity and relationships (De Waal *et al.*, 2019). Silos create gaps, weak ties, and disconnections within organisational networks, potentially leading to communication breakdowns and reduced interactivity (Gasela, 2021). Despite efforts to eliminate silo thinking, it remains a persistent issue in many organisations (Van Dyk & Van Belle, 2019). Research suggests that addressing the silo mentality phenomenon requires an in-depth understanding of its underlying psychological aspects and not just focusing on structural changes (De Waal *et al.*, 2019).

Getz *et al.* (2009) emphasise inclusion, shared goals, bi-directional communication, and relationship building as critical elements for reducing silos in organisations. However, studies seeking to explore this incidence of silos, its impact on strategy implementation in banks, comprehensively and across multiple scales within South

Africa, appear limited. This study seeks to address this gap by leveraging relevant theoretical lenses.

### **1.3 Primary research question**

How can South African banks engage in effective implementation of strategy to boost optimal organisational performance?

### **1.4 Research questions**

- a) Which factors influence performance in banks operating within the South African banking sector?
- b) What is the nature of the relationship between strategy implementation and organisational performance?
- c) What are the factors influencing strategy implementation success?
- d) How can effective strategy implementation be achieved by harnessing the factors presented in c)?

### **Aim of study**

The aim of the study is to develop and validate a framework for facilitating effective strategy implementation in South African Banks..

### **1.5 Objectives of the study**

The following objectives guide the research to:

- a) Establish the factors influencing performance in banks operating within the South African banking sector.
- b) Describe the relationship between strategy implementation and organisational performance.
- c) Establish the factors influencing strategy implementation success.
- d) Develop and validate a framework (based on c) for effective strategy implemented in South African banks to achieve optimal organisational performance.

## **1.6 Knowledge gap**

Existing studies on strategy implementation in the banking sector have predominantly examined isolated elements of the strategic management process, such as formulation (Radomska, 2015), implementation barriers (Sunindijo, 2014), or performance outcomes (Nyoka, 2020). While these studies provide valuable insights, they do not explain how strategy formulation, implementation, and feedback interact dynamically within the highly regulated and digitised context of South African banks. In particular, limited empirical research has examined how organisational silos structurally impede coordination across these stages. This study addresses this gap by developing and empirically validating an integrated strategy implementation framework that explicitly models these interactions within a South African banking case.

## **1.7 Justification/significance of the study**

This study makes an original contribution to the body of knowledge on strategy implementation by advancing a systems-based, empirically validated framework tailored to the South African banking context. While existing strategy implementation models predominantly treat strategy formulation, implementation, and performance feedback as sequential or loosely connected phases Weiser *et al.* (2020), Pretorius (2016), Correani *et al.* (2020), Boyd and Gupta, (2001), Mishra and Mohant, (2020), Crittenden and Crittenden (2008a), Aaltonen and Ikävalko (2002), and MacLennan and Markides (2021) Correani *et al.* (2020), Pretorius (2016), De Oliveira *et al.* (2019), this study demonstrates that these processes are dynamically interdependent and structurally constrained by organisational silos within banks. Drawing on the Viable Systems Model and the Swiss Cheese Model, the study extends existing theory by integrating barriers and success factors into a unified explanatory framework that illustrates how misalignment across organisational subsystems undermines execution effectiveness. The originality of this contribution lies not in the identification of individual implementation challenges, which are well documented in prior studies Hrebiniak (2006), Eresia-Eke and Soriakumar (2021) MacLennan and Markides (2021), but in explicating how these challenges interact systemically within a highly regulated, digitally transformed banking environment. By empirically grounding this integrated framework in a South

African banking case, the study contributes context-specific theoretical insight that refines existing strategy implementation theory and provides a transferable analytical lens for examining execution failures in comparable financial institutions.

### **1.8 Research design and methodology**

This study was a qualitative single embedded case-study research study. The research design was outlined within the interpretivist approach to social research, where strategy implementation staff shared their own stories that reflected their actual lived experiences of strategy implementation. Rich, in-depth insights and meaning were gained from the stories communicated by the strategy implementation participants. The most appropriate means of obtaining the human stories of strategy implementation staff coping practices during the strategy implementation process were from first-hand descriptions of strategy implementation staff at different layers of the bank. The strategy implementation staff provided individual versions of their experiences, thereby highlighting similarities related to the problem. Hence, a single case study strategy was employed at a specific point in time, utilising semi-structured interviews to gather first-hand qualitative data from strategy implementation staff who met the inclusion criteria. Data analysis involved identifying themes and subthemes from the data collected from 15 participants engaged in strategy implementation. The interviews were recorded and transcribed accurately. The data were analysed using pseudo-codes, and themes and subthemes were identified to answer the research questions and address the research objectives.

### **1.9 Chapter outline of the thesis**

The study consists of seven chapters, including the details and the sequence shown in Table 1.1 below.

Table 1.1: Chapter outline of the thesis

A high-level overview of each chapter's purpose
Chapter 1: Orientation and rationale for the study
Chapter 1 provides an introduction and background to the study. It also reveals the problem statement, the study's questions and objectives, the knowledge gap, the justification/significance, and the study's research design and methodology.
Chapter 2: Literature review
Chapter 2 provides the theoretical background on the banking industry, then proceeds to discuss organisational performance, the link between organisational performance and strategy formulation, implementation, and feedback loops. Barriers and enablers of strategy implementation are discussed thereafter, with the final section focusing on empirical studies and the gap of this study.
Chapter 3: Theoretical and conceptual framework
Chapter 3 presents a theoretical perspective on strategy implementation, the VSM, the SCM and the integration of these lenses. The chapter also discusses the development of a conceptual framework and finally positions the study's contribution.
Chapter 4: Research methodology
Chapter 4 presents the study's methodology. The researcher discusses issues related to in-depth research design, research philosophy, data collection methods, study population, sampling techniques, sample size, and data analysis process. The aim of the research determined the methodological choice. The chapter also reflects on the study's credibility, dependability, confirmability and ethical considerations.
Chapter 5: Presentation of findings
Chapter 5 presents the findings of this study as they relate to organisational and technological factors, strategy execution and feedback loops, and strategy implementation barriers and success factors.
Chapter 6: Discussion of findings
Chapter 6 presents a discussion of the study's findings and a comparison to existing literature, providing insights into the study. The discussion includes organisational and technological-related factors, strategy execution and feedback loops and strategy implementation barriers and success factors. The chapter also provides the integration of the findings, theoretical implications and practical implications.

Chapter 7: Process of framework development
Chapter 7 sets out the framework validation process, the focus group participants, the integration of focus group findings, and the development of an effective strategy implementation framework for South African banks.
Chapter 8: Summary, conclusions, interpretations and recommendations
Chapter 8 reflects on the conclusions, contributions, limitations, recommendations and future research.

Source: Researcher's construct (2024)

The next section will address the summary of the chapter.

**1.10 Chapter summary**

This chapter consisted of the following sections: introduction and background to the study, statement of the research problem, primary research question, sub-research questions, and aim and objectives of the study. The study's knowledge gap, delimitations, summary of the research design and methodology and the chapter outline also formed part of Chapter 1. The next chapter reviews the existing literature on the origin of banks, the composition and evolution of the global financial ecosystem, milestones in the evolution of the South African financial ecosystem, and organisational performance.

## **CHAPTER TWO – LITERATURE REVIEW**

### **2.1 Introduction**

This chapter gives a comprehensive overview of the origins of banking, the evolution of the global financial ecosystem, and the milestones of the South African financial ecosystem. The competitive landscape of both the global banking sector and the South African banking sectors are reflected on. Furthermore, organisational performance is discussed, followed by a discussion of barriers and enablers of strategy implementation. Lastly, the findings from empirical studies are discussed to demonstrate how the research gap for this study was established.

### **2.2 The banking industry context**

#### **2.2.1 The origins of banking**

Mwelwa (2023) states that the origins of banking can be traced back to ancient civilizations such as Mesopotamia, Egypt and Greece around 2000 BCE, where temples were often considered the earliest banks as they served as (medium-of-exchange) repositories for valuable items and grain, where priests would lend these resources to local farmers and merchants. Beattie (2023) states that the barter system of exchanging goods for goods utilised around 2000 BCE became problematic when people began travelling from town to town in search of new markets for their goods and products to take home.

Mwelwa (2023) points out that the ancient Egyptians implemented and used a system of metal weights to measure value where each metal was weighed and a value was assigned to it for trading purposes until 500 BCE. Derover (2012) explains that modern forms of commerce and banking gradually emerged during the Middle Ages, which included the production of metal, silver, bronze, and gold coins of various sizes to provide a store of value for trade. During this time, religious temples were formally seen as banks as they offered a safe place to store the money coins.

Kim (2011) highlights that the need to carry cumbersome strings of metallic coins, such as gold coins linked to a gold standard to conduct transactions quickly, proved problematic for more significant transactions. Mikliński (2021) states that this led to the origination of paper money, where individuals would transfer their coins to a

trustworthy party and then receive a note denoting how much money they had deposited. The money notes could then be redeemed for currency in the trading system. The first recorded use of paper money was reported in China during the 7th century AD (Which & Added, 2001). Although paper money eliminated the need to carry heavy coins around, people were worried about the safety and security of their money because of a lot of cash coins and notes changing hands every day (Kohn,1999).

This led to the establishment of the first savings bank in Italy called Banca Monte dei Paschi di Siena, which was established in 1472 (Which & Added, 2001). A savings bank is a financial institution that profits from the spread of, or the difference between, the interest rate it pays for deposits from investors and the interest rate it receives on the loans it grants to lenders. The primary objective of a savings account is to encourage individuals to save money over time, providing them with a safe and accessible place to keep their funds while earning a specific interest rate on the deposited amount (Kagan *et al.*, 2024). Savings accounts also require investors to accept the terms and conditions that include a minimum required balance in their accounts, that they may be charged a monthly fee for administering the account, that the interest that they earn is taxable and that the interest rates can vary along with the federal funds rate and the benchmark interest rate set by the Federal Reserve Bank (Axelton, 2023).

Various countries around the world established saving banks, for example, Hollard in Europe during the 15th century, Hamburg in Germany in 1778, Ruthwell Savings Bank in the United Kingdom in 1810, Liberty Bank in the United States in 1825 and the Peoples Savings Bank in Rhineland Missouri in 1935 (Which & Added, 2001). Although savings banks have undergone significant developments to provide clients with a medium of exchange throughout the decades, the introduction of digital savings banks in the late 20th and early 21st centuries is one of the most critical developments in the history of the savings bank. Since their advent, neo-banks have transformed to offer the most potent digital solutions as a medium of exchange for savings banking as we know it today (Stefanka, 2022). Having reflected on the origin of banking, the next section will discuss the composition of the global financial ecosystem.

## **2.2.2 The evolution of the global financial ecosystem**

Thakor (2020) explains how several events and related factors influenced the development of the global financial ecosystem. The most significant events include the global financial crisis during WW1, the economic recession in the 1930s, the 2007-2009 global recession, the evolution of fintechs, the Covid-19 pandemic, and Russia's invasion of the Ukraine. These events are discussed next.

### ***2.2.2.1 Evolution of the global financial ecosystem – WW1***

Levy (2015) mentions that World War One (WWI) took place between 1914 and 1918 and that the war was indeed, at the time, the most destructive war in history as it led to the deaths of over ten million men, wounded countless civilians, destroyed economies, and led to massive starvation and political and social disorder throughout Europe. McCormick (2018) highlights that the war started with the assassination of Archduke Franz Ferdinand in Bosnia, followed by alliances between countries, militarism, nationalism, imperialism, secret diplomacy, and internationalism. From the beginning, the British, French, German and Belgian governments made the war global by pulling the inhabitants and resources of their empires into the war. Countries, whether neutral or not, helped maintain the epic scale of the violence through the industrialised production of munitions, food and other supplies, while also seeking to uphold as much of the law of war as they could (Becker, 2015).

Singh (2011) states that the global financial impact of WW1 was devastating as the financial markets froze, shares crashed, depositors could not access their funds, the London Stock Exchange shut down and stayed shut for five months, and payments and access to credit of countries around the globe were dysfunctional. According to Landon-Lane and Bordo (2010) the United States consciously provided economic assistance to restore the global financial infrastructure and assist in ending the war. Germany began creating transportation projects, modernisation of power plants and gas works to reduce unemployment rates. After WW1, regulators were called in to work with the central banks to unwind the inflation caused by the war. The global approach adopted for addressing inflation was the imposition of shifts in production and agriculture patterns. The effect of disinflation,

however, impinged on the balance sheets of international financial organisations, ultimately leading to the worldwide recession in the 1930s.

### **2.2.2.2 Global financial recession in the 1930s**

Landon-Lane and Bordo (2010) state that the global financial recession in the 1930s was seen as the worst economic crisis experienced in recent history. Furthermore, Rodeck and Adams (2024) define a recession as a significant decline in economic activity lasting several years. Romer and Pells (2024) explain that the global financial recession began in 1929 and lasted until about 1939. Experts declare a recession when a nation's economy experiences an adverse gross domestic product (GDP), severe unemployment, acute reduction of output in almost every country of the world, falling retail sales, and reduced income and manufacturing for an extended period, which was the case during the global financial recession (Rodeck & Adams, 2024).

The causes of the global financial recession related to overinflated shares, growing bank loans, agricultural overproduction, panic selling, stocks purchased on margin, higher interest rates, a negative media industry, the implosion of international fiduciary currency reserves and fixed exchange rate links of the gold exchange standard. As a result, the stock market crashed in the United States (Kramer *et al.*, 2024). The impact of this crash was poorly managed by the Federal Reserve Bank, thereby spiralling the global financial ecosystem, with banks panicking (Landon-Lane & Bordo, 2010).

According to Kane and Chussier (2024) the gold standard system was used before and during the global financial recession. They also explain that a gold standard is a monetary system in which the standard unit of currency is a fixed quantity of gold or is kept at the value of a fixed quantity of gold. In an international gold-standard system, gold or a currency converted into gold at a fixed price is used as a medium of global payments. Under such a system, exchange rates between countries are fixed; if exchange rates rise above or fall below the fixed mint rate by more than the cost of shipping gold from one country to another, large gold inflows or outflows occur until the rates return to the official level.

Temin (2010) states that the gold standard system offered numerous advantages at the time, such as helping countries maintain stable currency values, which many felt improved predictability for businesses and provided greater consumer economic security. Organisations could invest and expand more easily thanks to the stability of the gold standard offered and the economic growth its dependability promoted. The gold standard was also able to limit inflation, to an extent, by putting absolute limits on the supply of currency, as governments tied each coin or bill to a finite amount of gold. On the other hand, Meissner (2013) explains that the gold standard limits governments' ability to strategically use monetary policies, such as restricting a nation's ability to finance national defence. The gold standard also caused deflation, as it required a country's government to have large reserves of gold upon which its currency was based. The countries with insufficient gold reserves could not increase demand for paper currency as the governments of those countries were able to back the creation of new currency. The disadvantages of the gold standard system outweigh the benefits, resulting in the global financial recession in the 30s.

Organisations recovered from the debt and currency crises by leaving the gold standard and following an expansionary monetary policy (Landon-Lane & Bordo, 2010). Cukierman (2013) explains that the expansionary monetary policy aims to increase the rate of monetary expansion to stimulate the growth of a domestic economy. The author further explain that economic growth must be supported by an additional money supply via money injection boosts of consumer spending and increased business capital investments. According to Sauter and Sturm (2010), implementing the expansionary monetary policy system facilitated the recovery of the global financial recession as it prompted economic growth through increased liquidity. The authors further explain that the increased money supply promoted economic growth because corporations and individuals sought to capitalise upon readily available funds by undertaking more significant investments, expanding operations, and increasing consumption. The expansionary monetary policy system further aided in reducing the negative impact of the global financial recession by increasing the money supply and thereby improving liquidity while managing the risks that the system posed of not raising the money supply and reducing interest

rates as quickly as that would have resulted in increased inflation. This would have reduced the purchasing power of consumers significantly.

After the recession, financial regulators played a pivotal role in implementing extensive financial regulations and controls to prevent the reoccurrence of such global economic chaos (Landon-Lane & Bordo, 2010). The next significant event that occurred after the 1930s recession relates to the 2007-2009 global recession, which will be discussed next.

### ***2.2.2.3 The 2007-2009 global recession***

The global crisis in the mortgage market occurred from 2007 to 2009 due to fire-sale externalities, fuelled by direct cross-exposures in interbank markets and the interconnectedness of the financial sector and regulatory arbitrage (Hassan & Giouvris, 2021). The expansion of mortgages to high-risk borrowers and rising house prices contributed to a period of turmoil in financial markets as many homeowners could not meet the repayment agreements with financial institutions. Rising home prices and expanded mortgage availability were relatively unprecedented, new mortgage products' longer-run sustainability was untested, and the riskiness of private-label mortgage-backed securities may not have been well understood. On a practical level, the risk was 'off the radar' because many gauges of mortgage loan quality available at the time were based on prime rather than new mortgage products (Bernanke, 2013). This recession was worsened by the economic ecosystem-based disruptions of digital transformation brought about by fintechs in the macro-environment. Large banks and financial institutions were forced to pursue major digital transformation programmes to make mortgage services more accessible to their clients and partners (Som & Ram, 2020). The advantage of digital transformation is that banks and consumers now have more control over their mortgage data, which aligns with regulators, governance structures and policies (Wadsworth, 2020). Similarly, the global recession had an adverse effect on the South African financial ecosystem in terms of the performance of financial organisations, credit risk, profitability and fragility (Hanafizadeh & Marjaie, 2020). The crisis further resulted in increased competition among financial service providers, with a particular focus on providers of mortgages. Banks took hidden tail risks through highly leveraged positions in securitised subprime

mortgages. This, in turn, resulted in extreme losses during this time frame (Danisman & Thong, 2018).

The global recession from 2007 to 2009 also had an adverse effect on the South African financial ecosystem in terms of the performance of financial organisations, credit risk, profitability and fragility (Hanafizadeh & Marjaie, 2020). The crisis further evolved in increased competition among financial service providers, with a particular focus on providers of mortgages. Banks took hidden tail risks through highly leveraged positions in securitised subprime mortgages. This, in turn, resulted in extreme losses during this time frame. With fintechs entering the South African financial ecosystem, information technology that enabled the securitisation of mortgages in the South African financial ecosystem was provided. This facilitated the transformation of mortgages into tradable instruments, and financial institutions, particularly banks, could extend more credit to investors. Banks could also reduce capital requirements via off-balance sheet financing (Danisman & Thong, 2018). The emergence of fintechs followed the significant event of the 2007-2009 global recession, as reflected in the subsequent section.

#### ***2.2.2.4 The emergence of fintechs***

Since the global recession from 2007-2009, organisations have been exposed to new opportunities and threats unprecedented in history, driven fundamentally by technology. This increased adoption of technology in the financial sector culminated in the emergence of fintechs (Coetzee, 2018). Fintechs have been described as organisations that use technology extensively as a competitive driver. The Financial Stability Board (FSB) defines a fintech as a technologically enabled financial institution that results in new business models, applications, processes, and products with an associated material effect on financial markets and institutions and providing financial services (Thakor, 2020). The emergence of fintechs in the global financial ecosystem has brought with it several changes over the past three decades where technology-based skills have become mandatory for staff due to the repurposing of organisational strategies to focus on providing services to clients via technology-based distribution channels. Regulators are required to identify governance structures that ensure organisational accountability. Similarly, competition within the global financial ecosystem has become fierce as fintechs

aggressively gain market share from traditional financial organisations that are still struggling to adapt to the new ways of working (Coetzee, 2018).

When fintechs originally entered the South Africa financial ecosystem, existing financial organisations viewed them as a threat and a new competitor who aimed to gain market and grow their client base at the expense of existing financial organisations. Misperceptions around collaboration and partnerships considerably slowed their expansion in the market. This perception started to change over time as some of the financial institutions began to merge with fintechs. This resulted in synergies for financial institutions and fintechs, where fintechs gained exposure, governance, access to the client base and scalability. In contrast, financial providers gained innovative thinking, a new way of providing financial services and a solution built with a high user experience focus (Bebb-McKay, 2019). The evolution of fintechs also brought about the need for stringent governance to mitigate new risks that unfolded, and the need for the SARB to have a comprehensive and rigorous regulatory framework in place that captures the potential systemic threat posed by fintechs in the South Africa financial economy (Coetzee, 2018). The emergence of fintechs was followed by another significant event – the Covid-19 pandemic, which will be discussed in the subsequent section.

#### **2.2.2.5 Covid-19**

According to Yanagawa (2022), the Covid-19 pandemic had a negative impact on the global financial ecosystem. In 2019, the novel Coronavirus (Covid-19) erupted from Wuhan, China. The Coronavirus is a group of viruses consisting of genetic material inside and surrounded by a lipid layer and protein spikes that cause high temperature, loss of taste and smell, lung problems, cardiac issues, a sore throat, breathing problems and even death. The virus is highly contagious, and preventing its spread from 2019 to 2022 required the isolation of infected people around the globe. This negatively impacted all sectors, particularly the transportation, health care, education, tourism, food sector, trading, agriculture, sports, pharmaceutical industries, leading to unemployment, resulting in global poverty (Adoni *et al.*, 2022). For example, the Arab Trade Union Confederation (2020) highlighted that Covid-19 had a devastating impact on the transportation industry and transport workers as many of them lost their jobs, which left them in poverty, unable to feed their families.

Accra (2021) explains that the negative impact that Covid-19 had, for example, on agriculture was that movement restrictions resulted in the closure of restaurants, bars, and street-food vendors, which created an overproduction of corn, wheat and livestock products for local suppliers and a shortage of these agricultural commodities (corn, wheat, meat and milk) in foreign importing countries, which caused severe hunger for millions of people across the globe. Geary (2022) highlights that the negative global financial impact of Covid-19 resulted in challenges from low- or negative-growth interest rates, diminished environment-impacting profitability, and reduced price/earnings ratios to scrutiny from regulators around resilience, exposures and new reporting requirements.

The pandemic also severely impacted the South African financial ecosystem. The Financial Sector Assessment Programme (FSAP) was utilised to bring clarity and show how financial instruments were being used to minimise the negative impact of this pandemic within the South Africa financial ecosystem. Based on this report, South African financial organisations had to make various changes to remain afloat when the pandemic period ended. These changes incorporated: (1) for restructured loans to remain current when the pandemic period ends; (2) for the allowance of temporary capital and liquidity relief; and (3) for appropriate changes regarding the treatment of restructured loans (International Monetary Fund, 2022b).

However, the pandemic also brought about an opportunity for the increased uptake of digital solutions like automation, artificial intelligence, optimising the client's journey, comprehensive data structures and assisting in turning competitors into partners (Livevox, 2022). Furthermore, Ponce *et al.* (2024) identify numerous positive effects of Covid-19, including stronger relationships with business stakeholders, improved employment, and better financial conditions. Relationships in households are enhanced due to increased quality time spent together and contact between family members. In the business sector, organisations are increasingly focusing on relationships among employers, partners, and employees that support work-life balance. Positive employment changes incorporate flexible working hours and working from home, which also brought about a positive financial impact due to increased income, receiving government assistance, increased savings and decreased spending. Bibi and Murtaza (2023) state that crime rates in

most regions of the world dropped during the period of Covid-19 due to people working from home, thereby protecting their property and other personal belongings on their premises. Community involvement, family communication, behaviour, sanitation, cleanliness, online learning, and distance learning are all positive impacts of the Covid-19 pandemic.

The last significant event related to the evolution of the global financial ecosystem is Russia's invasion of Ukraine, which will be discussed next.

#### **2.2.2.6 Russia's invasion of Ukraine**

Astrov *et al.* (2022) state that the Ukraine invasion by Russia in February 2022 is seen as the most significant armed conflict in Europe since WW2. Diaconășu *et al.* (2022) point out that political observers long predicted the Ukraine invasion by Russia, even though the time frame could not be quantified. Cordesman (2022) states that the outbreak of the war reshaped international energy costs on a global basis, helped create massive global food shortages, seriously damaged the entire Russian economy, and helped trigger an enormous increase in the rate of inflation in the global financial ecosystem. Hossain and Masum (2022) explain that the adverse global economic effect incorporated the volatility of global stock markets where global stock indices declined and international currencies depreciated against the US dollar. The magnitude of the stock price reactions to this crisis exhibits considerable variation across industries, countries and the size of organisations (Ahmed *et al.*, 2022). The estimated global economic growth in 2022 would have been around 5 percent before Russia invaded Ukraine. The impact of the "massive and historic energy shock" of the war was one of the main factors that slowed economic growth in 2022 to just 3.1 percent and in 2023 to 2.2 percent. The war also devastated Europe's economy, where growth in 2023 was reduced to 0.3 percent. (Jerkins, 2023). The Ukrainians continue to contend with high inflation, with the national annual inflation rate projected to increase from 5 percent to 8.6 percent by the end of 2023 (FewsNet, 2024).

On the other hand, the war in Ukraine also created opportunities for countries to benefit from. America has capitalised on the situation by selling weapons, oil, and gas at high prices globally. Similarly, Arab oil and gas have become more expensive (Khan, 2023). China and India have taken advantage of the conflict by purchasing

oil, gas, and other resources from Russia at lower prices using the Chinese and Indian currencies, and selling them to the world at higher prices (Ash, 2023). The Ukraine war also created opportunities for Ukrainians, foreign investors, and entrepreneurs. Despite the full-scale invasion by Russia, Ukraine remains an attractive investment destination for business. According to the National Bank of Ukraine, the volume of foreign direct investments in the Ukrainian economy remains as equity and debt instruments, and it was USD 50,986.7 million as of 31 December 2022. According to the balance of payments published on the website of the National Bank, the net inflow of foreign direct investments in Ukraine was estimated at USD 2.9 billion for the eight months of 2023 (Kostruba, 2024). Khan (2023) explains that the opportunities for foreign investors in Ukraine relate to construction, energy, agriculture, IT, tourism, logistics, and trade. For example, the construction industry covers many projects as opportunities to improve the country's physical infrastructure by restoring, enhancing and rebuilding roads, bridges, tunnels, etc. Kostruba (2024) agrees that Ukraine offers many opportunities to Ukrainians and foreign investors in the future and highlights that the pressing need to restore housing for people who have been evicted or lost their property will take priority over other investment opportunities.

The above section discussed the most significant events in the evolution of the global financial ecosystem. The following section will focus on the evolution of the South African financial ecosystem with particular reference to milestones.

### 2.2.3 Milestones in the evolution of the South African financial ecosystem

The essence of this section is to articulate milestones that relate to the South African financial ecosystem evolutionary landscape. However, the following events are unique to the South African financial ecosystem. Figure 2.1 below shows the significant evolutionary events and timelines in a pictorial format.

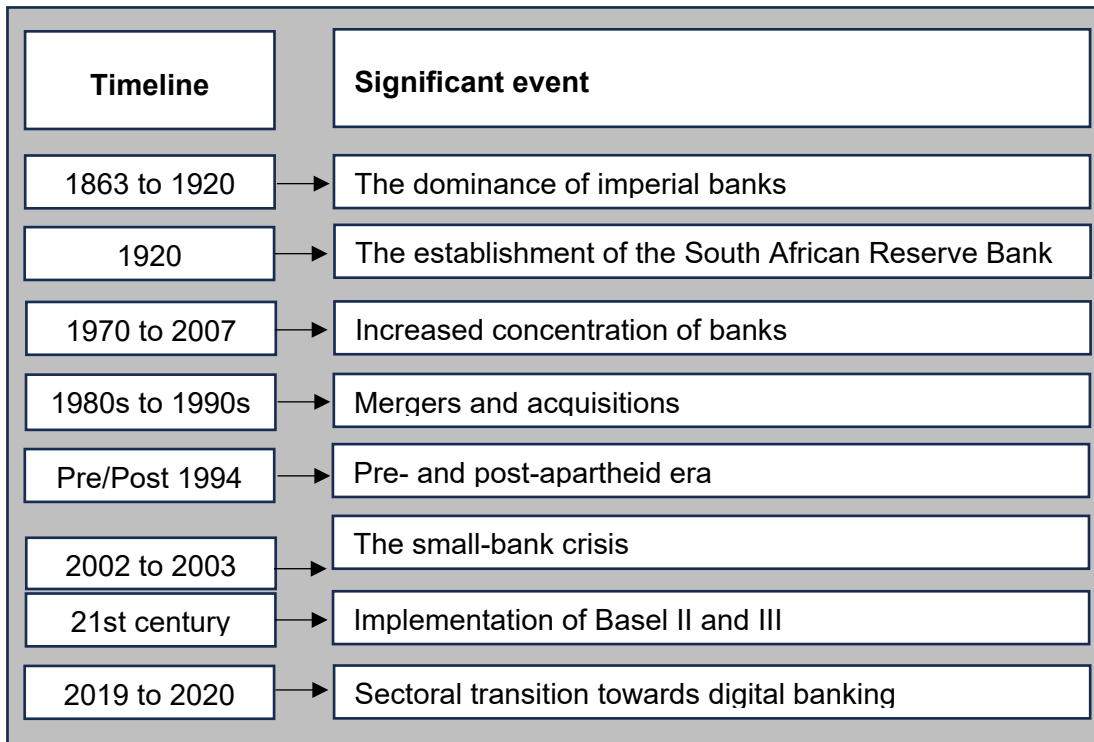


Figure 2.1: Milestones that relate to the evolution of the South African financial ecosystem

Source: Researcher's construct (2025)

The following section elaborates on each milestone depicted in Figure 2.1 above.

#### 2.2.3.1 The dominance of imperial banks from 1863 to 1920

Regarding the first milestone, Jones (1998) describes how imperial banks dominated the banking industry in South Africa for part of the 18<sup>th</sup> and 19<sup>th</sup> centuries. The imperial banks introduced the best banking practices of the day into the South African banking industry. These practices were refined based on experience gained during the industrial revolution. There was no significant change in the functions or the sources of income of the banks over this timespan. Banking services incorporated taking in deposits, issuing bank notes, and providing short-term loans,

usually in bill discounts. A constitutional regime was established in which arbitrary rule was not tolerated, and the rule of law was practised. Enduring stability characterised the period from 1860 to 1960, notwithstanding the effects of two world wars and the abandonment of gold. Even though these policies and procedures brought about increased economic growth, they had to be combined with technological advancements to provide a stable and efficient banking operating platform in the last third of the 20th century (Jones, 1998).

### ***2.2.3.2 The establishment of the South African Reserve Bank (SARB) in 1920***

Regarding the second milestone, the South African Reserve Bank (SARB) was established in 1921, with private shareholding and the responsibility of maintaining a common national currency. The principal legal instrument implemented by the regulator is the Banks Act, No. 94 of 1990 and the regulations promulgated thereunder (Hart & Padayachee, 2013). Banks in South Africa initially resisted supporting the rules and regulations laid out by SARB. As a result, the International Monetary Fund (IMF) suspended loans to South Africa to reconcile differences between the relevant parties. This resulted in financial sanctions severely impacting South Africa's economy and banks (Moloi, 2014). Large banks at the time, primarily Standard Bank and Barclays, reconciled their differences with the SARB as a priority to minimise the negative impact on the banking industry. The advantage of the SARB and banks in South Africa working together resulted in a well-regulated banking system that compared favourably with the regulatory environment applied by developed countries (Hart & Padayachee, 2013). Moloi (2014) supports this view that an adequate regulatory system creates a healthy South African banking environment that promotes credibility, stability and economic growth.

### ***2.2.3.3 Increased concentration of banks from 1970 to 2007***

Concerning the third milestone, Jones (1998) states that the deregulation of central bank regulations regarding bank mergers and operations led to the emergence of new, yet equally dominant, bank groups. The implementation of Basel II, risk-related capital and liquid asset requirements resulted in a high degree of concentration within the South African banking landscape. Jones (1998) points out that the banking concentration proceeded further in South Africa and was higher than in any other country. Robust banks were the resilience of the growing economy since the

mining revolution and throughout industrialisation since the post-war era. The historically 'protected' environment assisted the large banks in establishing a footprint that newcomers to the market struggled to remove. The relatively isolated demand for banking services further rendered banks in South Africa less efficient than their global counterparts, however, the banking sector in South Africa remained highly concentrated and regulated. Verhoef (2007) argues that the deregulation laws implemented after the 1980s revealed many benefits to the South African banking industry, among others, improved efficiency of banks and increased competition among competitors.

#### ***2.2.3.4 Mergers and acquisitions from the 1980s to the 1990s***

Regarding the fourth milestone, the SARB opposed potential mergers of banks and insurance companies during the mid-1980s. This argument was based on a misconception that such unions would result in enforced marketing and business conduct in less-than-optimal conditions. After the deregulation, South African banks underwent many mergers during the 1990s and the 21st century's first decade. The mergers and acquisitions resulted in increased and healthy competition among the four largest bank groups at the time, First Rand Group, Standard Bank Investment Corporation, the Nedcor Group and ABSA, and new entrants into the market (Verhoef, 2007).

Mergers and acquisitions between banks in South Africa and South African fintech organisations were to follow next. Mergers and acquisitions are among the most complex amalgamations due to valuation considerations and legal undertakings. Banks supported the mergers and acquisitions to gain from technological advances offered by fintechs. Fintechs, on the other hand, primarily supported the mergers and acquisitions route to gain quick access to a large client market and to benefit from exclusive rights. Even though the advantages of unions are that they offer a direct route into a new client base, and exclusivity, the disadvantages are that the valuations can be challenging, it can be difficult to integrate cultures, the retention of talent is problematic, and there are high integration costs and challenging regulatory considerations (Bebb-McKay, 2019).

### **2.2.3.5 Pre- and post-apartheid era**

The fifth milestone relates to the pre and post-apartheid era. Before 1994, South Africa was a notoriously racist society run for the benefit of white people only. The ANC government then came into play with Nelson Mandela as the president. The election was based on one man, one vote and the ANC won due to the Black majority vote. During the transition period since 1994, the objective was to ensure that there could not be any more neglect or harassment of poor Black people. Since 1994, South African banks have been operating in the first-world of corporate capitalism and third-world conditions, the product of the post-apartheid government. The arrival of democracy in 1994 brought about positive economic growth in the South African economy, with the downside being that the benefit increase was based on economic inequality (Hart & Padayachee, 2013).

### **2.2.3.6 The small-bank crisis from 2002 to 2003**

The small-bank crisis from 2002 to 2003 is the sixth milestone in the evolution of the South African banking industry. Havemann (2021) states that of all small-bank failures measured before 2002, South Africa's 2002/3 small-bank crisis was the most significant banking episode in South African economic history. The collapse of Saambou Bank in February 2002 had an immediate negative impact on other South African small and medium-sized banks. By the end of 2003, half of the country's small and medium-sized banks had been deregistered. This South African dilemma was mainly due to banks inappropriately capitalised and a lack of credit growth indicators guiding possible bank failure. Hart & Padayachee (2013) explain that this dilemma changed the role of regulators and central banks. The part that central banks were expected to play was to provide funds to solvent banks against good security at reasonable interest rates. These funds were to be managed legally to prevent possible corruption. According to Havemann (2021), regulators and authorities were expected to provide clear guidance to small and medium-sized banks, reassuring them of adequate supporting structures. The most critical objective was supervisory initiatives to strengthen banks' liability structures through liquidity requirements that form part of Basel III.

### ***2.2.3.7 Implementation of Basel II and III – 21st century***

The seventh milestone relates to the implementation of Basel II and III. As competition increased in the South African banking industry during the 21st century, regulators provided a business risk profile for existing and new market entrants as part of a regulating framework to ensure that risks are mitigated in the banking industry (International Monetary Fund, 2022a). To manage the risks, regulators implemented Basel II. This regulation act involved the amendment of the Banks Act by the Banks Amendment Act, No. 20 of 2007 (the Banks Amendment Act) and the adoption of "The regulations relating to banks" issued under section 90 of the Banks Act and published under Government Notice No. 8815 in Government Gazette No. 30629, dated 1 January 2008 ("the regulations"), which came into force on 1 January 2008. The Basel II framework has been subject to continuous refinement, resulting in what is commonly called Basel III (Moloi, 2014).

Basel III is a comprehensive set of reform measures developed by the Basel Committee on Banking Supervision (primarily in response to global economic crises) to strengthen the banking sector's regulation, supervision, and risk management. These measures aim to improve the banking sector's ability to absorb financial and economic stress shocks, improve risk management and governance and strengthen bank transparency (International Monetary Fund, 2022a). The reforms target bank-level or micro-prudential regulation, which is designed to help raise the resilience of individual banking institutions through periods of stress; and macro-prudential, system-wide risks that can build up across the banking sector as well as the pro-cyclical amplification of these risks over time (Moloi, 2014).

### ***2.2.3.8 Sectoral transition towards digital banking from 2019 to 2020***

The last milestone relates to digital banking. According to Louw and Nieuwenhuizen (2020), TymeBank was the first digital-only bank in South Africa and was established in February 2019. The bank provided consumers with access to the bank's website, internet banking services, an Android smartphone app, and local, zero-rated data rights for users using this smartphone banking app. Havemann (2021) states that banks in the South African banking landscape moved towards a digital-first and mobile-first approach as part of the evolution of the 4IR. Louw and Nieuwenhuizen (2020) argue that banks must ensure that clients can access

banking technology and services seven days a week. They must also improve their infrastructure to facilitate access to clients of online banking technologies, both remotely and on-premises. However, new technologies and services may threaten to replace traditional banks.

The preceding section discussed the significant milestone in the evolution of the South African banking industry. The following section will reflect on the competitive landscape of the global banking sector.

#### **2.2.4 Competitive landscape of the global banking sector**

The most common global types of financial institutions in the global financial ecosystem include central banks, retail and commercial banks, credit unions, savings and loan associations, investment banks and companies, brokerage firms, insurance companies, and mortgage companies. These financial institutions exist in the marketplace to provide various deposit, lending, and investment products to individuals, businesses, or both. While some financial institutions focus on providing services and accounts for the general public, others are more likely to serve only specific consumers with more specialised offerings (Horton *et al.*, 2023 ; Silberstein *et al.*, 2023). The following section will discuss the global composition of the different financial institutions based on their purpose, role, advantages and disadvantages.

##### **2.2.4.1 Central banks**

The first component of the global financial ecosystem relates to central banks. Cunningham and Friedrich (2016) state that central banks are playing a significant role in the global economy as they have become active in supporting financial stability by sharing their assessments of financial system vulnerabilities and risks, and helping to strengthen regulation, supervision, and macroprudential measures. They explain that central banks are also responsible for regulating the money in circulation, acting as the authority for issuing coins and notes, and injecting liquidity into the economy so that governments and the nations' banks can use it in their transactions.

A central bank is a public institution responsible for managing a country's currency or group of countries, regulating the money supply and implementing monetary policy. Monetary policy is a set of tools a nation's central bank uses to maintain the

overall money supply, promote economic growth, and employ strategies such as revising interest rates and changing bank reserve requirements. However, using monetary policy instruments for managing financial stability risks is more widely debated because central banks may face a trade-off between promptly attaining their inflation targets and exacerbating financial stability risks (Bordo & Siklos, 2016; Cunningham & Friedrich, 2016). Garriga and Rodriguez (2020) state that central banks with more robust financial stability mandates and less influence over regulatory and macroprudential tools are more likely to use monetary policy to address financial stability risks. Given that the financial system is continually innovating, central banks may struggle to keep up with the risks from new instruments, markets, and institutions where regulating evolving systems prove to be challenging. Central bank actions in one country can impact other nations in an interconnected global economy. However, there is no robust global mechanism for coordinating policy, which can lead to spillovers, conflicts, and suboptimal outcomes. They are also of the opinion that a central bank's independence is associated with lower inflation rates and significantly impacts the bank's ability to control the respective country's inflation rates, even more so in developing countries. Agoba *et al.*(2020) argue that even though policy consensus suggests that central bank independence is an effective tool to control inflation, the evidence is still limited as the independence of central banks is also influenced by the bank's objectives, personnel, policy, and financial independence, which directly contributes to curbing inflation.

Strikeiblocks (2024) agrees with this and highlights that central banks also have further restrictions, such as operating on uncertainties from global interconnections and limited economic control. These factors also influence the economy through monetary policy tools like interest rates but cannot directly control factors like consumer spending, business investment and technological changes. Monetary policy changes take time to work through the economy, thus making it difficult for central banks to take timely action and often act based on uncertain forecasts. They also operate under political pressure to balance unemployment and inflation objectives where the tightening of policy too soon could slow growth, but reacting too late could lead to a crisis.

#### **2.2.4.2 Retail and commercial banks**

Retail and commercial banks account for the second component of the global financial ecosystem. Kagan *et al.* (2025) state that retail and commercial banks are financial institutions that serve people's basic banking necessities. Their services are offered to independent individuals, small to medium-sized businesses and large corporations. Hemming (2022) explains that retail and commercial banks are unique and different from other banks as their services are customised to each client to solve different financial concerns. Over the years, commercial banks have followed the principle of client first and service foremost and genuinely provide their clients with exceptional services.

Beattie (2024) states that retail and commercial banks' services typically include accepting deposits, lending money, processing payments, issuing bank drafts and checks, offering safety deposit boxes for items and documents, investment advice, and overdrafts. Kagan *et al.* (2025) emphasise that retail and commercial banks are essential for stabilising the economy and creating market liquidity by borrowing depositors' money and lending it to other clients at agreed interest rates.

Hemming (2022) argues that if retail and commercial banks cease to exist, there is a significant chance of the economy collapsing. Everyone will have difficulty in managing their accounts, paying bills, and managing their investments. Businesses will also have a hard time growing their operations.

#### **2.2.4.3 Credit unions**

The third component of the global financial ecosystem relates to credit unions. Bidin (2017) states that credit unions are another type of financial institution and explains that even though the products in credit unions are very similar to those available at retail and commercial banks, the objectives are different as credit unions operate for the benefit of their members and not for profit.

McKillop and Wilson (2011) explain that trade unions are, first and foremost, financial institutions that primarily accept deposits and provide loans. Maia *et al.* (2019) highlight that credit unions are pivotal in offering microcredit and other financial services. They are regarded as significant players in the global financial ecosystem as they are globally known as corporations owned by members who

benefit substantially. According to Horton *et al.* (2023), credit unions used to serve an explicit and shared demographic group, also known as the field of membership. The commonality might be based on the employer, a geographic area, or membership in another type of group, for example, teachers, labourers, and military members. Today, many credit unions have relaxed membership restrictions and are open to the general public, with minimal requirements, such as joining a non-profit organisation for a small fee.

McKillop and Wilson (2011) argue that notwithstanding the benefits of credit unions, they still face a potential conflict between borrowing members (who want access to low-cost credit) and saving members (who want a high rate of return on funds invested). Mook *et al.* (2015) support this view and further state that credit unions also face the tension between social and economic objectives, and that they accommodate themselves to profit norms, which we refer to as market accommodation. McKillop and Wilson (2011) further claim that another limitation of credit unions is that they cannot do business with the general public due to charter boundaries, based on serving a membership that is characterised by a common bond, or based on a predetermined social connection, such as belonging to a particular community, industrial or geographic group.

On the other hand, Maia *et al.* (2019) highlight that credit unions are receiving more and more attention and recognition from governments across the globe for providing financial services to those on low- and moderate-income levels, and contributing to creating favourable politically and socially inclusive environments. Stowe and Stowe (2018) agree with this view and state that another advantage of credit unions is that they provide banking services for low-income clients, investment advice to clients with low net worth, small loans (and perhaps to less creditworthy clients), and other personal financial services. According to Maia *et al.* (2019) credit unions are also not publicly traded and only need to make sufficient money to continue daily operations, so they can often afford reduced fees and better interest rates to their members than their competitors. The economic benefits are derived primarily from members obtaining better interest rates on savings and loans than those provided by more conventional financial institutions.

#### **2.2.4.4 Savings and loan associations**

Savings and loan associations account for the fourth component of the global financial ecosystem. Dehal and Bell (2024) argue that savings and loan associations operate similarly to banks and credit unions, offering many of the same services: banking accounts and home loans. However, unlike most banks, savings and loan associations focus on mortgages, savings accounts, and retail (individual) clients. Bidin (2017) states that savings and loan associations are another critical category in the global financial market and explains that individuals use these financial institutions for personal loans, mortgage lending, and deposit accounts. Savings and loan associations receive savings from individuals and use those funds to provide loans – primarily residential mortgages (Dehal & Bell, 2024). Savings and loans are a type of thrift required by law to produce a certain number of loans secured by residential real estate, but most savings and loans aim to lend for residential mortgages according to Horton *et al.* (2023).

Dehal and Bell (2024) state that savings and loan associations have an advantage over other financial institutions as they concentrate on growing homeownership and meeting the financial needs of local clients. Savings and loan associations also offer more competitive interest rates due to the low-interest funding they get from the federal home loan banks (Bidin, 2017). Clients are, furthermore, likely to receive hands-on client service because savings and loan associations serve specific communities with brick-and-mortar locations (Dehal & Bell, 2024). Clients who get a savings and loan association mortgage might have a more personalised experience than clients who borrow from a large national bank or an online lender because savings and loan associations might also be able to customise a home loan product more closely to the client's needs, or offer terms or discounts clients might not find elsewhere (Horton *et al.*, 2023).

However, Axis (2024) argues that savings and loan associations have disadvantages and limitations that savings account holders should be aware of, such as changing interest rates, minimum balance requirements, withdrawal limits, inflation, and compounded interest over the long term. The author explains that changing interest rates can impact savings significantly. Where a reduction of interest rates is significant, these adverse effects can leave clients with reduced

savings that are also affected over the long term, as it relates to compounded interest. The minimum account balance is difficult for some low-income savers to maintain, and the limit placed on the number of withdrawals that can be made over specified periods also poses challenges to businesses that are cash-reliant as part of their trading operations (Axelton, 2023). However, where the inflation rate is not linked to the interest rates, the mismatch can reduce the purchasing power of the savings amounts over the long term (Axis, 2024).

#### **2.2.4.5 Investment banks and companies**

The fifth component of the global financial ecosystem relates to investment banks and companies. Bidin (2017) states that investment banks and other investment companies do not take deposits or provide loans to individuals; instead, they provide a financial service to raise or create capital for high-net-worth individuals, businesses, and governments through the issuance of securities. Investment banks also allow individuals and large multinational corporations access to broader market securities. An investment bank's essential roles include underwriting new securities, assisting their clients with securities sales, and arranging mergers, acquisitions and reorganisations (Cleartax, 2024). The role of investment banks as financial institutions is also to provide services and act as intermediaries in complex transactions, such as when a startup is preparing for an initial public offering or when one company is merging with another. As financial institutions, investment banks can act as brokers or financial advisors for large institutional clients, such as pension funds (Horton *et al.*, 2023). Investment banks have also adopted mobile technology banking platforms so that individuals can utilise investment services independently and more cost-effectively (Bidin, 2017).

Investment banks and investment companies offer various benefits to their clients by, firstly, assuring the rising of financial capital through assisting in significant financial investments like acquisitions or mergers; secondly, handling their clients efficiently and helping them with the necessary knowledge about the risks and benefits of investing their money in other organisations; and, finally, by performing a thorough investigation of the deal and project that is to be made by its client to assure that the client's money is invested in a safe place, which will help to reduce the risks associated with the said deal or project (Cleartax, 2024). From a career

perspective, investment banks and companies offer employees significant benefits such as extraordinary base pay, commission, bonuses, insurance cover, stock options, competent coworkers, effective networking, continuous improvement, and career opportunities to rapidly advance to senior levels (Careerera, 2023).

Twin, *et al.* (2024) argue that even though investment banks and investment companies offer higher earnings packages to staff, the downside includes, for example, that employees are expected to work long hours, be able to perform under stress, follow orders without question and have a suitable skill set. Careerera (2023) agrees with this view and further explains that these disadvantages often result in exhausted employees facing severe stress levels over time, which negatively impacts the productivity levels of the employees, the investment bank and investment company.

#### **2.2.4.6 Brokerage firms**

Brokerage firms account for the sixth component of the global financial ecosystem. Bidin (2017) states that brokerage firms should not be confused with investment banks as brokerage firms are separate entities that assist individuals and institutions in buying and selling securities. According to Horton *et al.* (2023), clients mainly interact with a brokerage firm when they want to place trades of stock, bonds, exchange-traded funds and mutual funds. A broker facilitates trade between individuals/companies and the exchanges, and must be licensed by law before acting as a broker.

Depending on the nature of the trade and marketplace, the role of a broker can either be a human being processing the trade themselves or a computer program that is only monitored by a human (Smith *et al.*, 2024). Chikwem (2023) argues that even though automated online stock trading does offer advantages, it also has drawbacks, such as technical issues, lack of personal guidance, market volatility, and security risks. Typically, stock trades are computerised, whereas real estate requires a more personal touch (Chikwem, 2023). The benefits of using brokers in the real estate industry are that they assist a seller of a property in determining the market value of a property, advertising the property, showing the property to prospective buyers, advising clients about offers, provisions, and related matters, and submitting all offers to the seller for consideration (Smith *et al.*, 2024). Even

though a mortgage broker can save a client time, effort and money, their interests may not be aligned with the client's interests to get the best deal, and their estimates are also not guaranteed (Mohr *et al.*, 2024).

#### **2.2.4.7 Insurance companies**

The seventh component of the global financial ecosystem relates to insurance companies. Insurance companies provide clients with the protection of assets against financial risk, which is secured through insurance products (Kelly & Kvilhaug, 2024). Horton *et al.* (2023) describe insurance companies as financial institutions that play a pivotal role in the global financial ecosystem to assist individuals in transferring the risk of loss. Individuals and businesses use insurance companies to protect themselves against financial loss due to death, disability, accidents, property damage, and other misfortunes (Bidin, 2017). Beers *et al.* (2023) agree with the advantages to individuals and businesses of using insurance companies, however, they also highlight the disadvantages that include many terms and conditions that are often not well understood by clients, increased monthly payments and additional fees that are often not affordable to older citizens, limited offers available and premiums that differ, being substantially based on the age of the policyholder. Horton *et al.* (2023) explain that insurance companies can also include the self-insurance programmes of different financial institutions, such as savings and loan holding companies, where insurance companies partner with banks to sell their products to a predetermined client pool.

#### **2.2.4.8 Mortgage companies**

Mortgage companies account for the eight component of the global financial ecosystem. Horton *et al.* (2023) state that financial institutions that specialise in originating or funding mortgage loans are called mortgage companies. While most mortgage companies serve the individual consumer market, some specialise in lending options for commercial real estate. Today, many mortgage companies operate online or have limited branch locations, which allow for lower mortgage costs and fees, and which, in turn, enable them to offer their clients creative and out-of-the-box loan offerings, such as no origination fees or loans to those with less-than-stellar credit scores (Bidin, 2017). Tandon (2023) explains that working with a mortgage broker can provide numerous benefits when securing a home loan.

Mortgage brokers have access to a broader range of lenders, provide clients with expert guidance and advice, personalised services and the ability to save time and money. The author explains that clients choose to use mortgage brokers rather than working directly with banks in their own capacity. Adegoke *et al.* (2024) argue that despite progress made in mortgage companies, challenges persist in achieving transparency and equity in mortgage lending. Limited access to affordable housing, discriminatory lending practices, and disparities in access to credit continue to hinder progress towards a more inclusive housing finance system. The next section describes the structure and size of the South African Banking sector.

#### **2.2.5. Structure and size of the South African banking sector**

The structure of the South African banking sector closely aligns with the global banking structure discussed in the previous section. By implication, the South African banking structure also consists of central banks, retail and commercial banks, credit unions, savings and loan associations, investment banks, brokerage firms, insurance companies and mortgage banks. However, what is important to note is that the South African banking sector is highly concentrated, dominated by a “big five” oligopoly. These banks are Standard Bank, First National Bank, Absa, Nedbank and Capitec. Natsas (2025) states that together, these five banks control roughly 90% of South Africa's total banking assets. The sector is well capitalised, technologically advanced, regulated by the South African Reserve Bank (SARB), and has significant international shareholding. The total assets of the “big five” banks represent about 88% of South Africa's GDP. This empirical study was conducted at one of South Africa's development finance institutions with the objective of enhancing strategy implementation that other South African banks can adopt. The competitive landscape of the South African banking sector is reflected on next.

#### **2.2.6 The competitive landscape of the South African banking sector**

Boikanyo and Gomwe (2025) state that the banking industry in South Africa plays a significant role in the regional economy and market. The article's underlying contingency theory highlights the importance of South African banks adopting a range of approaches to address problems that can prevent them from implementing their strategies. Porter (1996) states that it is important to ensure that organisations

realise that the essence of gaining market share from their competitors is to choose strategies different from those of their competitors. By implication, these truths are equally valid for banks competing with peers. Nwankwo and Kanyangale (2020) support this view and further argue that the same principles should be applied.

Competition within the South African financial ecosystem has increased drastically since fintechs, MNOs and other financial digital giants entered the marketplace. These competitors now provide the same or better financial services than existing players, threatening smaller competitors' survival (Ohene-Afoakwa & Nyanhongo, 2017). The South African banking industry accounts for a large financial market share. Traditionally, banks relied on their brands to create a loyal client base and to stay competitive in the banking industry. Clients no longer consider the bank's brand as a critical determinant of whom they bank with but instead consider convenience more important. As client expectations grow, so does the increase of the number of players in the banking sector. The role of South African banks is to focus on providing clients with services at their convenience, as those clients now have alternatives available when considering whom they want to bank with (Nyoka, 2020).

Nyoka (2020) emphasises the need for banks to adopt new technologies as part of a bank's strategy. Banks should take significant strides to compete effectively with competitors at the vanguard of technology (Yanagawa, 2022). Nyoka (2020) also highlights the need to revise the banks' role in the future. If they continue with the business-as-usual approach and do not adopt strategies to become agile, they face the risk of failure and extinction. Ohene-Afoakwa and Nyanhongo (2017), however, argue that banks in South Africa are already implementing strategies and systems that are agile, scalable, provide rapid service, ideally in real-time, and expand areas of contact with clients in a safe environment where client data is protected. Coetzee (2018) supports this view that banks went through a transition period where they changed their mindset from being conservative and risk-averse to recognising the benefits of mergers and acquisitions.

Post-apartheid South Africa's financial ecosystem remains relatively unique among developing countries due to its highly developed economic infrastructure and monetary policy. Adherence to these monetary policies proves to be critically

important as it affects the economy's financial performance. Further, the role of South African financial institutions are expected to align with these monetary policies and regulations to achieve the country's broader goals of employment, growth and poverty reduction (Padayachee, 2022).

According to Mlambo and Ncube (2011), the structured competition of the South African banking industry raises significant concerns around monetary policies and governance, as it is characterised by monopolistic competition. This reflects the domination of the South African banking sector by five large banks, which together account for over 85 percent of total banking assets. These large banks also tend to avoid outright competition with each other, which poses many challenges to South African authorities to ensure that the ongoing reforms result in healthy competition and welfare gains for the economy. The above section provided the context related to the composition of the global financial ecosystem, the changing roles of regulators, and the competitive nature of the South African financial ecosystem. The following section will focus on the global and local regulators in the banking industry.

## **2.2.7 Global and local regulators in the banking industry**

### ***2.2.7.1. Regulators in the global banking context***

Schmidt (2021) explains that regulators have been established globally by governments and organisations to oversee and regulate the functioning and fairness of financial markets. Regulators play a pivotal role in preventing and investigating fraud, keeping demands efficient and transparent, and ensuring that clients are treated fairly and honestly.

All significant events during the evolution of the global financial ecosystem have challenged the role of regulators. During WW1, regulators were expected to focus on the central banks to unwind the inflation and impose shifts in worldwide production and agriculture patterns. During WW2, regulators shifted their focus to the fixed exchange rate links of the gold exchange standard and the collapse of international fiduciary currency (Landon-Lane & Michael, 2010).

With fintechs entering the global financial ecosystem, regulators had to shift their focus once again to find a way to hold organisations accountable, given the new

digital environment that came about. Technology-based challenges pose many changes for regulators (Coetzee, 2018).

A global crisis in the mortgage market occurred from 2007 to 2008, which shifted the focus of regulators to address regulation concerning fire-sale externalities, fuelled by direct cross-exposures in interbank markets and the interconnectedness of the financial sector and the regulatory arbitrage (Hassan & Giouvriss, 2021). The regulators' roles and responsibilities shifted again during Covid-19, including regulators' scrutiny around resilience, exposures and new reporting requirements (Geary, 2022). The changing role of regulators globally also affected the banks in South Africa which is reflected on next.

#### ***2.2.7.2. Regulators in the South African banking context***

Chaarani and El-Abiad (2022) explain that the changed roles of regulators from a global perspective also altered the roles of regulators within the South African banking context, providing increased corporate governance mechanisms to enhance the performance of financial organisations, rather than just maintaining it (El-Chaarani & El-Abiad, 2022). Therefore, regulators also had to realign the role they play to provide South African financial institutions with a well-founded legal framework and transparency, which would contribute towards certainty in the South African financial ecosystem (Swart & Lawack-Davids, 2010).

With fintechs entering the South Africa financial ecosystem, the SARB re-aligned its role and provided a specialised fintech program to assess the extent of innovation in this space and the potential regulatory implication. Due to the appropriate level of commitment from the South African government and South African regulators, an influx of new businesses, job creation, more significant economic activity, the attraction of foreign investment and the potential to grow the next generation of entrepreneurs in the South African financial ecosystem, were observed (Bebb-Mckay, 2019).

On 1 April 2018, two new regulatory authorities started operating. Firstly, the Prudential Authority (PA), a juristic person acting within the administration of the SARB, is responsible for the prudential regulation and supervision of banks, insurance companies and market infrastructures (MIs). Secondly, the new Financial

Sector Regulation Act (FSR) significantly enhanced the regulatory landscape of the financial sector. The FSR Act gave the SARB an explicit mandate to protect and enhance financial stability, supervise financial conglomerates and collect supervisory levies and special fees. There are high expectations that this significant institutional supervisory reform will contribute to safeguarding the strength of the financial sector in South Africa and further strengthening supervision by consolidating regulation across different industries and enhancing cooperation among competitors on the South African landscape (International Monetary Fund, 2022b).

The South African financial ecosystem has a developed and well-regulated financial system that compares favourably with the regulatory environment applied by the developed countries. However, it was cautioned that further regulation, such as the recently announced Twin Peaks approach to financial regulation, could result in unintended consequences, such as driving a larger share of activity into the shadow banking sector (Moloi, 2014). By implication, the changed roles of regulators in the South African context also had an impact on organisational performance and are discussed next:

## **2.3 Organisational performance**

This section provides a theoretical overview of organisational performance.

### **2.3.1 Definition of organisational performance**

Taouab and Issor (2019) define organisational performance as the ability of an organisation to reach its goals and maximise corporate results. Miles (2022) defines optimal organisational performance in the context of today's workforce as an organisation's ability to achieve organisational goals effectively and efficiently in a state of constant change. The definitions are also closely related to the constructs for describing organisational performance during specific periods. These constructs are discussed next.

### 2.3.2 Constructs for describing organisational performance

Figure 2.2 below presents a holistic view of the five constructs that describe organisational performance, as well as the timelines to which they are related.

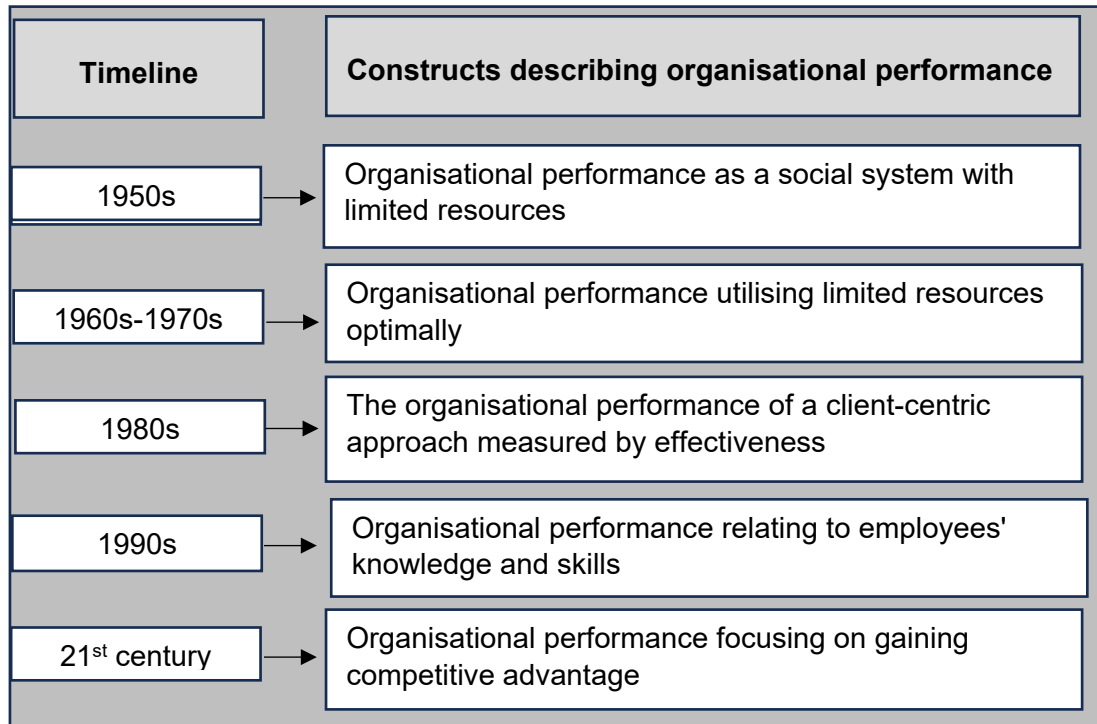


Figure 2.2: Constructs describing organisational performance

Source: Researcher's construct (2025)

The following section discusses each construct of describing organisational performance, as shown in Figure 2.2 above, starting with the 1950s.

#### 2.3.2.1 Organisational performance as a social system with limited resources

Organisational performance during the 1950s shown in Figure 2.2 was seen as the barometer of an organisation's level of efficiency. Efficiency represents organisations achieving their goals as a social system with limited resources. Organisational performance was assessed using productivity levels, flexibility and inter-organisational tensions (Taouab & Issor, 2019).

### ***2.3.2.2 Organisational performance utilising limited resources optimally***

During the 60s and 70s, organisational performance was determined by an organisation's ability to utilise limited resources optimally refer to Figure 2.2. This approach to organisational performance required for organisations to have clear, measurable organisational goals that were regularly evaluated to ensure optimal use of limited resources (Gonsalves, 2023). Organisational performance was measured regarding an organisation's productivity, flexibility and adaptability (Taouab & Issor, 2019).

### ***2.3.2.3 Organisational performance of a client-centric approach measured by effectiveness***

The third construct shown in Figure 2.2 relates to the 80s. During the 80s, organisational performance focused on an organisation's ability to create value for clients. Organisational performance was seen as a concept of success or effectiveness, using effectiveness as a measure of success (Taouab & Issor, 2019).

### ***2.3.3.4 Organisational performance relating to employees' knowledge and skills***

In the 1990s, organisational performance was characterised by the quality of employee performance, which is shown as the fourth construct in Figure 2.2. Employees' up-to-date knowledge and skills assisted organisations in keeping up with new changes in the market (Taouab & Issor, 2019). They facilitated enhanced organisational performance, positioning organisations favourably to gain competitive advantage. Organisations started to have a more stakeholder-based view, including shareholders and employees and their representatives, clients, suppliers, governments, industry bodies and local communities (Hubbard, 2009). Even though organisations and banks in South Africa started to incorporate different stakeholders in organisational performance, the main emphasis was on return on assets (ROA) and return on equity (ROE), as measures of bank performance (Ifeacho & Ngalawa, 2014).

### **2.3.2.5 Organisational performance focusing on gaining competitive advantage.**

The last construct depicted in Figure 2.2 relates to organisational performance focusing on gaining competitive advantage. Organisational performance in the 21st century highly depends on an organisation's competitiveness, efficiency and effectiveness advantage. The focus was on reaping the benefits of growth, profitability, financial returns and productivity (Taouab & Issor, 2019). Environmental, social and governance (ESG) compliance evolved as a significant organisational performance development in the 21st century. BBVA was the first bank in the world to help its business clients achieve ESG compliance in the banking industry by using financial data to measure their carbon footprint (Nguyen & Megargel, 2021).

The above section discussed the constructs of organisations that also relate closely to four determinants of organisational performance that will be discussed next.

### **2.3.3 Determinants of organisational performance**

Firstly, Reinking *et al.* (2020) recognise the importance of identifying an organisation's determinants, understanding the interlinks between them to work as a whole, and how it sees organisational performance as measures interlinked with organisational determinants. Hansen and Wernerfelt (2020) agree that identifying and linking organisational determinants is a prerequisite to optimising organisational performance in the 21st century.

Secondly, Selvam *et al.* (2016) view organisational determinants from a financial, market, and strategic perspective and identify financial performance determinants as organisational growth, market value, and profitability. Hansen and Wernerfelt (2020) explain that the determinants of firm-level profitability include (1) the characteristics of the industry in which the firm competes; (2) the firm's position relative to its competitors; and (3) the quality or quantity of the firm's resources. Strategic performance determinants include client satisfaction, environmental performance, environmental audit performance, corporate governance performance, social performance and employee satisfaction. Abbasnejad *et al.*

(2017) emphasise that strategic performance should incorporate managerial and non-managerial roles when looking at employee satisfaction.

Thirdly, Nienaber and Svensson (2013) identify and prioritise organisational determinants as leadership, management, staff knowledge and experience. Leadership involves formulating policies and strategies, while management focuses on translating the policies and ensuring execution and compliance with the policies and procedures. The staff's knowledge and experience are directly linked to management and, in turn, to leadership as part of an organisation's hierarchy. Almatrooshi *et al.* (2016) argue that the failure to consider leadership will result in poor organisational performance and caution true transformational leaders to not overclaim success for successful organisational performance but rather commend their managers and staff for their contribution to organisational performance.

Finally, Hansen and Wernerfelt (2020) recognise leadership and human resource management as critical organisational performance determinants. The authors identify additional organisational determinants as decision-making practice, communication flow, and goal emphasis. The authors also divide the determinants into two mainstreams; the first is behavioural and sociological paradigms that focus on organisational factors and their fit within the environment. The second is related to external market factors, as Selvam *et al.* (2016) mention in the traditional economic paradigm that emphasises the importance of external market factors as a determinant of organisational performance. Selvam *et al.* (2016) explain that these relationships between the determinants of organisational performance are interlinked and operate coherently and should be managed as such. They caution readers that organisational performance suffers from limited conceptualisation, a selection of indicators based only on convenience and no proper consideration of its dimensionality.

Section 2.3.3 revealed the determinants of organisational performance as documented in the literature, and the next section provides an overview of organisational performance measures.

### **2.3.4 Organisational performance measures**

Tangen (2003) states that performance management measures assist managers in identifying and focusing on areas that most need improvement. The author defines performance measures as a metric used to quantify the efficiency and effectiveness of an organisation's performance. A prerequisite for performance measures to be practical is that they must be derived from strategic objectives to ensure that employee behaviour is consistent with corporate goals; the measures must provide timely, relevant and accurate feedback from both a long-term and short-term perspective. Also, the measurement should be undertaken in ways that are easily understood by those whose performance is being evaluated, and measurement should be accomplished by a limited number of performance measures that consist of both financial and non-financial measures.

Singh *et al.* (2016) state that more recently, business and management research of organisational performance has been recognised as a central outcome variable of interest, ranging from areas such as human resources (HR) and marketing to operations management, international, business, strategy and information systems. Organisations use these measures to assess how they have performed or are performing compared to how they should be performing. Using measurement rubrics facilitates continuous tracking and monitoring of performance-related results and becomes a yardstick for measurement and self-appraisal in an organisation. Another critical goal of measuring organisational performance is to determine what contributes to the superior performance of the organisation in comparison to its rivals.

Combs *et al.* (2005) further emphasise that it is essential to note that operational performance and organisational performance are two separate constructs and that operational performance flow into the three categories of organisational performance consisting of accounting returns, stock market and growth, however, the authors highlight that operational and organisational measures have limitations.

Ghalayini and Noble (2021) state that operational measures have the following limitations: they are often based on outdated traditional cost management systems, lagging metrics, unrelated to corporate strategy, inflexible, expensive and

contradicting continuous improvement. Micheli and Manzoni (2020) agree with this view and further explain that organisational measures also have limitations as consistent, reliable and comparable objective data is not always available. Yaya (2022) suggests that organisations should use subjective data to verify inflated objective measures provided by managers. Tran and Jarvinen (2022) state that subjective organisational measures relate to a supervisor’s judgement and discretion regarding his/her subordinates’ performance and their actions leading to that performance and argue that careful planning and implementation of subjective measures can assist organisation in measuring performance more effectively. Singh *et al.* (2016) highlight that even though subjective data can be inflated, managers do access and provide accurate information when questioned concerning stand-alone measures and terms of their position compared to their peers. Figure 2.3 below shows the operational and organisational performance measures.

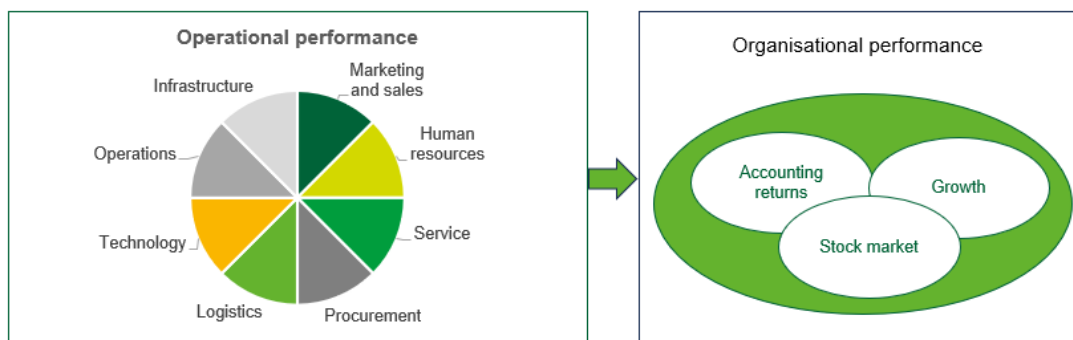


Figure 2.3 Operational and organisational performance measures

Source: Combs *et al.* (2005)

With regard to the operational and organisation performance measures shown in Figure 2.3 above, Bosilj-Vuksic *et al.* (2008) state that an analysis of the literature indicates that organisational performance measurement is essential to business process management. The organisation's performance measures comprise past, current and future planning data, which become a yardstick of measurement and self-appraisal for an organisation when measuring actual output or results against its intended outcomes, goals and objectives. Not all performance measures are done internally; external parties, such as stock price per share by the Johannesburg Stock Exchange, can do it, or competitors can evaluate an organisation's performance as one of its peers. An organisation's key performance indicators must

be related to metrics and norms to measure organisational performance effectively (as shown in Table 2.1 below).

Table 2.1: Metrics and norms related to KPI areas and their business goals

Key and business goals	Metrics and norms
Nature of reality	What constitutes acceptable knowledge
Financial performance	Revenue from new sources (norm: % of total revenue)
Stock market performance	Increased market share (norm: % in last three years)
Client-related performance	Increased delivery performance (norm: % of on-time delivery, % goods delivered in 24 hours)
Client satisfaction	Increased client satisfaction as measured by survey (norm: index)
Internal business processes related performance:	Improved reliability of product delivery (norm: % of on-time delivery concerning operation schedule)
Quality of internal outputs	Improved responsiveness (norm: % of production activities cycle time realised according to operational planning)
Learning and growth-related performance:	Decreased staff turnover (norm: 5%)
Satisfied employees	Increased motivation of employees (average number of overtime hours worked per person)

Source: Bosilj-Vuksic *et al.* (2008)

Bosilj-Vuksic *et al.* (2008) also propose a guideline (shown in Table 2.1 above) that consists of crucial performance indicators related to the measurement of an organisation's business goals and objectives. The norms are based on generalised measures and are not hard and fast rules for organisations. The authors explain that the objective of the guideline is to provide norms for managers to track actual performance against, and to highlight any deviations that need to be actioned on. Different norms apply to different organisational performance measures and should be viewed in that context.

Figure 2.4 below depicts the groupings of organisational performance measures in an all-inclusive view of both financial and non-financial measures for ease of reference:

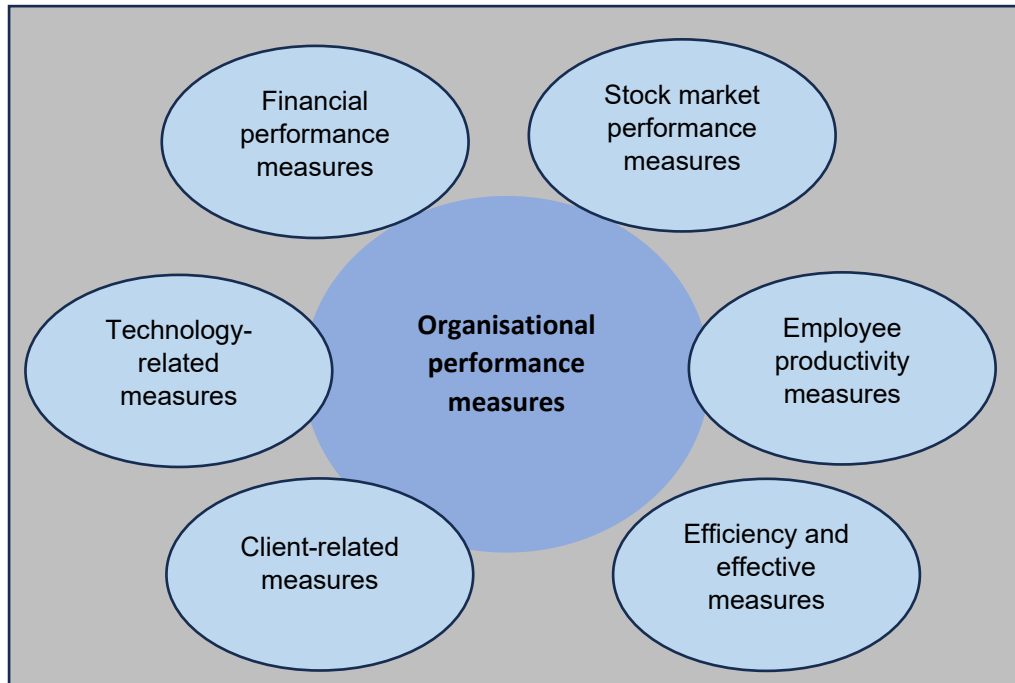


Figure 2.4: Groupings of organisational performance measures

Source: Researcher's construct (2025)

The flow of the organisational performance groupings depicted in Figure 2.4 above will be utilised as a sequencing order to discuss the organisational performance measures. Financial performance measures are the first grouping and will be addressed first in the next section.

#### **2.3.4.1 Financial performance measures**

Financial performance measures relate to the first grouping of organisational performance measures shown in Figure 2.4. Regarding this, Gawankar *et al.* (2015) explain that the balanced scorecard system, which was developed by Kaplan and Norton (1992), recognises the need for traditional financial data and argues that accurate past and current financial data should always be a priority in measuring organisational performance. Brown and Laverick (1994) explain that from a financial perspective, the balanced scorecard is a set of measures that gives senior managers a quick report on the organisation's economic performance. Maltz *et al.*

(2003) state that although the balanced scorecard proposed by Kaplan and Norton has been one of the most popular organisational measurement tools over the past decades, it does not adequately identify financial performance measures that incorporate all relevant stakeholder groups and their monetary contributions.

Singh *et al.* (2016) state that the three vital financial measures in measuring an organisation's financial performance are return on equity (ROE), return on assets (ROA) and profitability. Bosilj-Vuksic *et al.* (2008) suggest that revenue from new sources can be measured as a percentage of total revenue to reflect an increase in profitability. Richard *et al.* (2009) define ROE as how much the firm generates for its owners, as net profit is divided by the book value of shareholder's equity. ROA is the ratio of net operating profit to the firm's start-of-year assets recorded on its balance sheet. ROA is the most commonly applied measure of profitability in firm-level studies and is the most widely used financial measure within South African organisations, particularly the banking industry (Zhou & Tewari, 2019). Caution should, however, be taken not to rely on financial data alone at the expense of other measures, as this will result in an unstable situation for organisations to measure organisational performance holistically (Gawankar *et al.*, 2015).

#### **2.3.4.2 Stock market performance measures**

Stock market measures are depicted as the second grouping of organisational performance measures in Figure 2.4. In this context, Combs *et al.* (2005) identify capital market measures as vitally important in an organisation's performance and suggest the following critical criteria: increased market share, growth of stock price, market-to-book value, price-earnings ratio, and stock market performance. Hamann and Schiemann (2021) explain that stock market performance is the value generated for a shareholder accounted for by the discounted value of future cash flows. Stock market performance is also vulnerable to distortions due to the volatility and information efficiency of capital markets, the economy and psychological effects. Bosilj-Vuksic *et al.* (2008) suggest that organisations measure increased market share on a norm percentage for the preceding three years and use it to measure and predict capital market outcomes.

#### **2.3.4.3 Employee productivity measures**

Navimipour *et al.* (2018) address the third grouping of organisational performance measures focusing on employee productivity, as shown in Figure 2.4. The authors state that employee satisfaction is a prerequisite for employee productivity and is the most critical component leading to peak organisational performance. Maltz *et al.* (2003) state that employee satisfaction can be measured using surveys as a key performance indicator and add that the retention of top employees and the quality of leadership development also qualify as crucial employee-related performance measures. In addition, staff turnover, absenteeism and increased motivation are essential measures that must be monitored and tracked continuously. Gross (2015) agrees with the importance of performance measures already mentioned and emphasises the need for organisations to have policies to measure organisational performance regarding contractors. Bosilj-Vuksic *et al.* (2008) explain that management can measure staff turnover based on a norm of five percent of total headcount, measure absenteeism based on the number of days absent annually and measure the increase in motivation by the average overtime hours worked per person.

Employee productivity and staff satisfaction directly influence organisational performance, hence the need for adequate measures. The measures must incorporate the office environment concerning concentration, distance from colleagues, privacy, building-related health, workplace dimensions, image and adaptability. Flexible workspaces resolved some of these issues but created new challenges (van der Voordt, 2003). Baard and Thomas (2010) also support appropriate flexible workspaces and highlight that quieter, more focused work environments with fewer interruptions, the freedom to work comfortably, and the absence of office politics foster increase employee productivity. Almatrooshi *et al.* (2016) highlight that a poor workplace environment will result in employee dissatisfaction and will reduce individual employee productivity.

#### **2.3.4.4 Efficiency and effective measures**

Efficiency and effectiveness measures account for the fourth grouping of organisational performance measures depicted in Figure 2.4. Bosilj-Vuksic *et al.*

(2008) state that internal performance-related organisational processes include efficiency and effectiveness, the cost of producing products or services, and the quality of internal outputs. Recommended performance measures are improved reliability of product delivery (norm: percentage of in-time delivery concerning operation schedules) and improved responsiveness (norm: percentage of production activities cycle time realised according to operational planning).

#### **2.3.4.5 Client-related measures**

The fifth grouping of organisational performance measures, as shown in Figure 2.4, relates to client-related measures. Bahri and Lobo (2021) explain the importance for organisations to understand their clients better so as to provide value-added services within an increasingly competitive market and changing client behaviours. Bosilj-Vuksic *et al.* (2008) state that management should include client-related performance measures that incorporate increased client satisfaction, which can be measured through surveys using the index as the norm, client-oriented solutions, market orientation, and development and growth, using the percentage of on-time delivery and the percentage of goods delivered in 24 hours as the norm of the measures.

#### **2.3.4.6 Technology-related measures**

The last grouping of organisational performance measures, as shown in Figure 2.4, relates to technology-related measures. Mahmood and Mann (1993) state that organisational strategic and economic performance measures such as sales by employee, return sales by total assets, return on investment, and market-to book-value are affected by IT investment measures, such as the IT budget as a percentage of revenue, the percentage of IT budget spent on the training of employees, the number of electronic devices per employee, and the IT value as a percentage of income. The IT budget as a percentage of revenue reveals how much an organisation spends on IT relative to its competitors. The rate of IT budget spent on employee training reflects the staff-spending criterion and the organisation's relative investment in IT staff. Because information system managers must keep their employees well trained, the training ratio measures the comparable amount organisations spend for this purpose. The number of electronic devices per employee calculates the number of PCs and terminals as a percentage of total

employees. The IT value as a percentage of revenue measures the extent to which the organisation has made IT available to organisational users. It is based on estimates of the current market value for all IT equipment.

Table 2.2 below summarises the key organisational performance measures that will be utilised by this study.

### Organisational performance measures

Table 2.2 Categories of organisational performance measures

Category	Subcategory	Measure	Measure
Finance-related	Accounting returns	Return on equity (ROE)	Net profit divided by the book value of the shareholder's equity
		Return on assets (ROA)	Net operating profit to the firm's start-of-year assets recorded on its balance sheet
		Profitability	Revenue from new sources as a percentage of total revenue
	Stock market performance	Market share	Increased market share as a percentage for the preceding three years
		Stock price	Stock price per share
Organisation-related and stakeholder-related	Human resources	Employee satisfaction	Employee satisfaction surveys
		Retention of top-performing employees	Retention of top employees
		Leadership	Quality of leadership development matrix
		Staff turnover	5% increase/decrease in total headcount
		Absenteeism	The annual number of days absent
		Contractors	Percentage of policies encouraging the use of local contractors
	Staff productivity	Flexible working environment	Distance from colleagues, privacy, building-related health, fewer interruptions, freedom to work, quieter, more-focused workspaces
	Efficiency and effectiveness	Efficiency and effectiveness	Percentage of in-time delivery concerning operation schedules
		Quality of internal products and services	Percentage of production activities cycle time realised according to operational planning
	Client satisfaction	Client satisfaction	Surveys using the index as the norm
		Client-oriented solutions	Percentage of on-time delivery Percentage of goods delivered in 24 hours

Technology-related		IT budget	IT budget as a percentage of revenue
		IT employees training	Percentage of IT budget spent on training of employees
		Electronic devices	Number of electronic devices per employee
		IT value	IT value as a percentage of income

Source: Researcher's construct (2024)

The above table, by implication, shows that it is as possible to measure financial indicators as it is to measure non-financial indicators, and the misperception that non-financial indicators are more difficult to measure is a myth. The categories of organisational performance measures shown in Table 2.2 are influenced by various factors that are discussed in the next section.

### 2.3.5 Factors influencing organisational performance

This section provides insight into understanding the internal and external factors that influence organisational performance.

Channon (2014) argues that specific factors influence organisational performance more than others. The author explains that the McKinsey 7S model, proposed in the 1970s, prioritised the following factors for organisational performance: structure, system, strategy, staff, skills, style, and shared values. Higgins (2005) similarly proposed a list of prioritised factors for organisational performance, including structure, systems, strategy, staff, resources, style, shared values, and strategic performance. However, the differences between the two lists are that skills were deleted from the McKinsey model, and the addition of resources and strategic performance have been made to the list. Similar to Higgins (2005), who added and revised some of McKenzie's model, Twum, Badu and Boateng (2024) also made adjustments to Higgins's model. The authors removed resources and strategic performance from the list and added supply chain, set targets, and synergy. The final list of factors that influence performance now includes structure, system, strategy, supply chain, style, set targets, shared values, synergy and strategic performance.

Having combined the factors that influence performance in organisations, discussed above, with findings from other studies on internal and external factors, the following model is adopted for this study.

Figure 2.5 below presents these factors holistically, emphasising their interactive relationships and their direct impact on organisational performance.

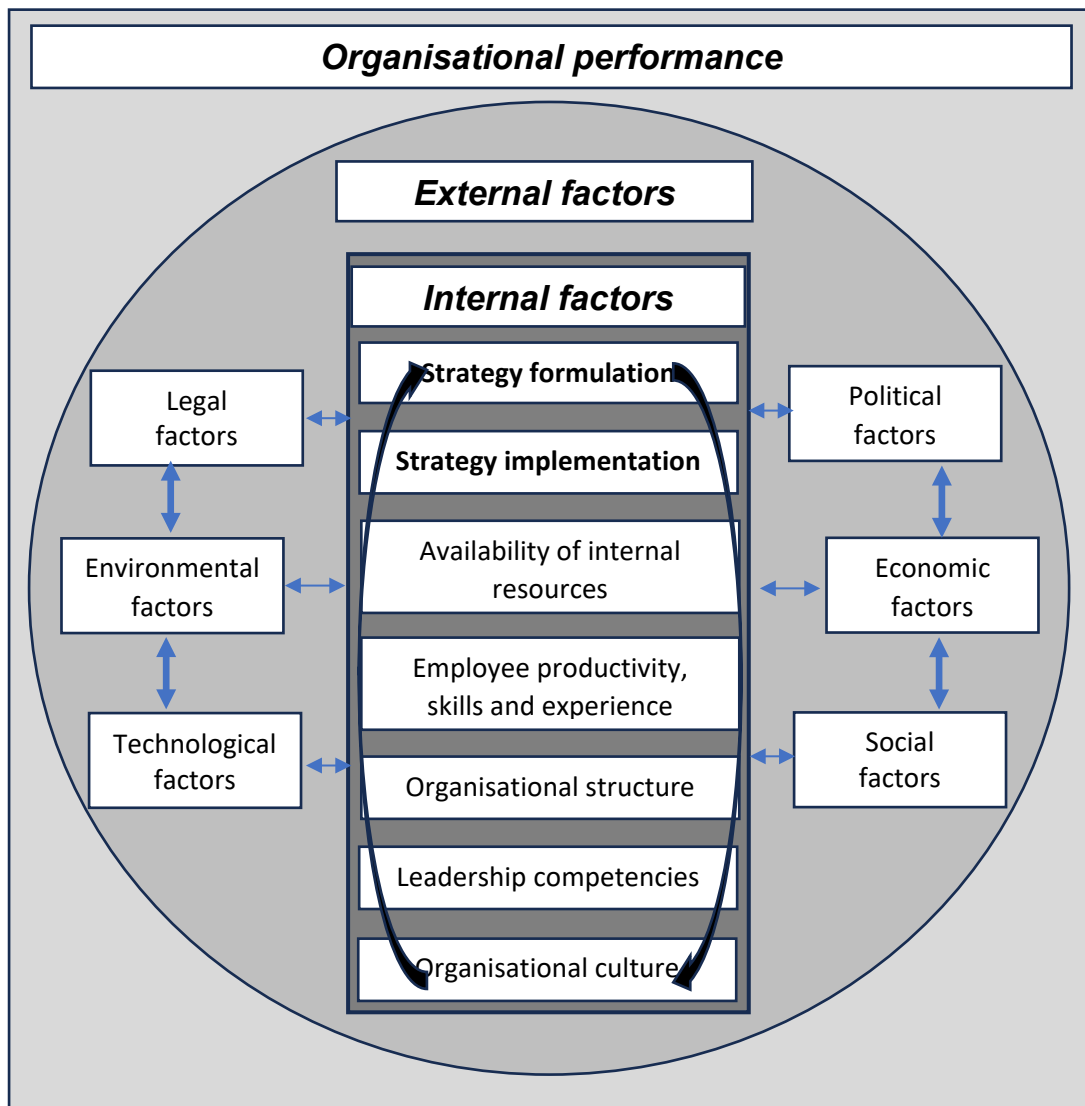


Figure 2.5: Internal and external factors influencing organisational performance  
Source: Researcher's construct (2025)

The subsequent discussion of the internal and external factors that influence organisational performance will leverage the flow presented in Figure 2.5 above to ensure a logical and sequential flow of thoughts as it pertains to the discussion of the factors. The internal factors will be addressed first.

### **2.3.5.1 Internal factors influencing organisational performance**

The following section will discuss the internal factors influencing organisational performance in the context of this study.

#### **2.3.5.1.1 Strategy formulation (formulation of the right strategy)**

Regarding the first internal factor of strategy formulation mentioned in Figure 2.5, Borrero *et al.* (2020) emphasise that there is a strong link between strategy formulation and optimal organisational performance. Brenes *et al.* (2008) claim that strategy formulation is the first step of the strategy implementation process and aims at formulating and aligning an organisational strategy to achieve the desired organisational outcomes. Bhattacharyya (2019) agrees with this view and further explains that an organisation's strategy formulation approach and process should incorporate and stipulate appropriate corporate responses to internal and external factors affecting the organisation's performance. The strategy formulation plan should, therefore, indicate how the organisation is going to align the organisational performance mandate to external and internal factors, such as national policies, regulatory policies, competitors and external markets, strategy implementation, tools and technology, organisational structure, resources, culture, leadership and employee productivity, skills and knowledge. Mintzberg (1987) reminds organisations that failing to incorporate these factors directly negatively impacts organisational performance within the context of the overall strategy.

#### **2.3.5.1.2 Strategy implementation (ability to implement strategy)**

The second internal factor mentioned in Figure 2.5 is strategy implementation. Crittenden and Crittenden (2008) argue that the strategy formulation process operates in tandem with the strategy implementation process, thereby confirming the interrelationship between these two factors. Such collaboration leads to plans that are financially, socially, and ethically responsible strategies for an organisation. Successful implementation of a well-formulated and appropriate strategy will enable a company to improve over time, achieving its longer-term vision of a good mission, good planning, and overall corporate success. Heide *et al.* (2002) state that a well-formulated strategy can only be of value to enhance organisational performance if implemented successfully. Aaltonen and Ikävalk (2002) agree and further

emphasise that even the most superior strategic plan has minimal or no importance without effective implementation. Eresia-Eke and Soriakumar (2021) argue that successful strategy implementation in South African organisations is central to enabling them to fulfil their mandates and realise organisational goals, and that failures of such organisations to reach their plans due to poor strategy implementation have far-reaching consequences for a kaleidoscope of stakeholders.

Aaltonen and Ikävalk (2002) state that a strategic communication and acting culture, identification of and support for strategic actors, leveraging from employees' skills and knowledge, flexible organisational structures and systems aligned with strategy are prerequisites for successful strategy implementation. MacLennan and Markides (2021) agree with Aaltonen and Ikävalk (2002) and add continued focus on delivering operational excellence, leveraging the benefits of an integrated model, reinforcing technology, leadership, making intelligent and disciplined investments and adequate financial resources as additional prerequisites for successful strategy implementation.

#### **2.3.5.1.3 Availability of internal resources**

The third internal factor that influences organisational performance, as shown in Figure 2.5, relates to the availability of internal resources. Hussain *et al.* (2023) state that adequate internal resources, particularly human and financial resources, are prerequisites for achieving optimal organisational performance. Newbert (2007) argues that firms that use their inner resources best allocate them to maximise their productivity and economic yield while gaining a competitive advantage in the marketplace. Barney (2001) defines competitive advantage as uncommon organisational attributes that enable a firm to implement strategies that improve its efficiency and effectiveness. Astawa (2022) explains that Barney developed a VRIO model in 1991 for organisations to use as a framework to gain competitive advantage through their internal resources. Lockett *et al.* (2009) claim that the sustainable competitive advantage of the VIRO model is based on the ownership of firm-specific resource(s) that must be: (1) valuable, (2) inimitable (3) rare, and (4) non-substitutable. Valuable resources can be used to exploit opportunities and neutralise threats in a firm environment. Rare resources are limited in supply and

not equally distributed across a firm's current and potential competitors. Inimitability refers to the extent to which resources are difficult to be replicated by other firms, which may be due to factors such as social complexity and causal ambiguity. Non-substitutability of resources implies that another resource cannot substitute one resource.

#### **2.3.5.1.4 Employee productivity, skills and experience**

With reference to employee productivity, skills and experience, which are the fourth internal factor that influences organisational performance depicted in Figure 2.5, Hussain *et al.* (2023) describe employee productivity as comprising an organisation's productivity by assigning the best workers to the best jobs to maximise their skills and aptitude. Knowledge, experience and skills are crucial to enhancing employee productivity holistically (Gawankar *et al.*, 2015). Effective human resource management incorporates the knowledge and expertise of the staff at all levels of the organisation (Nienaber & Svensson, 2013). The effective management of human resources is one of the most critical factors that directly impact organisational performance (Karneli, 2022). In knowledge-worker organisations, people are the primary resource, and a continuous learning plan is a necessary component that should be added to employees' knowledge and experience (Papulova, 2017). The relationship and communication between management and employees should facilitate open communication, feedback and support when needed; for employees to take full responsibility for their jobs and show initiative in practising participative management to assist decision-makers in sharing authority with employees; clarify employees' perception of equality and fairness in distributing rewards, and create a positive climate because the perception of unfairness can have an adverse impact (Karneli, 2022).

#### **2.3.5.1.5 Organisational structure**

Assimakopoulos and Dimitriou (2006) address the fourth internal factor depicted in Figure 2.5 as it relates to organisational performance. The authors assert that flexible and efficient organisational structures enable organisations to transfer resources, employee experience, expertise and skills to enhance client products and gain competitive advantage, directly and positively, impacting organisational

performance. The rapidly changing global and local environment requires organisations to respond quickly and flexibly, which results in network forms of organisational structures replacing traditional hierarchical structures as they facilitate effective communication and coordination across different locations and time zones. Berberoglu (2018) supports the view of flexible organisational structures and states that decision-makers need to transform the current mechanical organisational structure into more of an organic structure, which supports flexibility and decentralisation. Hussain *et al.* (2023) further point out that the degree of formalisation, the degree of hierarchy, the level of acquisition and merger, the power concentration, and the communication patterns are all necessary components that management should incorporate in decisions involving flexible organisation structures. A flexible organisational structure aims to distribute tasks among staff at all levels of an organisation and to coordinate their efforts to keep everyone engaged in the organisation's aims and objectives.

#### **2.3.5.1.6 Leadership competencies**

Leadership competencies, similar to other internal factors, also have an interactive relationship with the other factors mentioned in Figure 2.5 in the context of organisational performance. Hussain *et al.* (2023) say that an organisation's executive leadership style and ability to accomplish objectives and goals are crucial to achieve enhanced organisational performance in organisational progress. Enwereji and Uwizeyimana (2019) state that there is no single effective way to lead and design organisations, as the best management method depends on internal and external factors that affect each specific organisation. Ali (2016) states that leadership competencies influence organisational performance via a leader's approach to oblige to the effectiveness of measurement systems that monitor the sustainability of strategic implementation and focus on results derived from the corporate vision, mission and strategy; hence this focus should considerably emerge from and led by leaders and managers; establish and build a shared and consistent approach within and outside the organisation; have clear expectations for and from all organisation members; assign clear responsibilities and mutual accountability among the workforce and create a clear and open path of communication. Eva *et al.* (2018) point out that one of the obstacles to effective

leadership is when leaders constantly control their staff's performance output rather than build positive one-on-one relationships. Almatrooshi *et al.* (2016) argue that failure to incorporate and consider leadership competencies will result in poor organisational performance.

#### **2.3.5.1.7 Organisational culture**

The final internal factor depicted in Figure 2.5 relates to organisational culture and its interactive relationship with other factors as it relates to organisational performance. Hussain *et al.* (2023) suggest that a supportive organisational culture significantly contributes to the elements that improve organisational performance and reflect an organisation's effectiveness or failure. Organisational culture enhances adherence to the company's values, philosophy and standards and serves as a means of control to drive behaviour towards desired behaviours and away from undesired ones. Ali (2016) states that leaders and managers should be committed to the principles and values of the organisation. Furthermore, Berberoglu (2018) claims that creating an environment of trust involving good relationships between staff and their leaders is crucial to contribute to the employees' organisational commitment and enhance their perception of organisational performance.

The preceding section discussed the internal factors and their interrelated nature, as depicted in Figure 2.5, and as it relates to organisational performance. The following section discusses the external factors within the same context.

#### **2.3.5.2 External factors influencing organisational performance**

This section discusses the external factors influencing organisational performance in the context of this study.

Dalirazar and Sabzi (2020) state that PESTLE is a strategic management tool and framework for assessing external factors that influence optimal organisational performance, including political, economic, social, technological, legal and environmental factors. Khalid and Rahman (2019) emphasise that management must understand how these factors relate to each other and how an organisation manages risks, controls outlays, and exploits and benefits from opportunities.

External factors are unpredictable and may generate effects that organisations cannot remedy quickly without significant losses regarding time, cost and quality. The authors agree that an organisation's dependence on the external environment can be problematic if the climate is characterised by uncertainty in the marketplace and suggest that organisations should perform a detailed analysis of the external factors, determining concrete actions to combat problematic aspects as part of moving towards achieving best practices and optimising organisational performance.

Ho (2014) summarises the benefits of using the PESTLE model to analyse external environmental factors as follows: performing audits to inform strategic decision-making, marketing planning, organisational change and product development. Further to this, it also aids in identifying key drivers of change, which can be used in scenario-building exercises by an organisation. It also provides vital informational support to an organisation's strengths, weaknesses, opportunities and threats analysis. It helps ensure the company stays strategic, aware of market risks, and bases its strategies on sound assumptions. The author also highlights three challenges of using PESTLE to conduct an external environmental analysis: (1) managers need to strengthen their managerial intellectual capability, as they often have difficulty in conceptualising or defining what their environment is, hold narrow, limited, or invalid perceptions about the environment," and have difficulty "grasping the implications of numerous environmental and organisational interactive dynamics" for a diversified business; (2) PESTLE analysis practitioners must be aware of several environmental perspectives, such as the Industry Structural Model, the Cognitive Model, the Organisational Field Model, the Ecological and Resource Dependence Model, and the Era Model. Unawareness of these perspectives quickly leads to confusion in PESTLE analysis when different practitioners hold dissimilar views of the environment. The environmental scanning system of a company, which supports the PESTLE analysis process, often fails to detect strategic inflection points and asymmetric attacks from competitors.

#### **2.3.5.2.1 Political factors**

Regarding the first external factor of politics mentioned in Figure 2.5, Hussain *et al.* (2023) state that political factors are external to an organisation and have a direct

impact on an organisation's performance. They further suggest that organisations should use strategic planning tools to proactively manage and coordinate their political strategy, including elements such as tax policies, changes in trade restrictions and tariffs and the stability of governments. Ho (2014) claims that political factors cover various forms of government interventions and political lobbying activities in an economy. Furthermore, Dalirazar and Sabzi (2020) identify the following political barriers that could influence organisational performance adversely: lack of political support and incentives; uncertain governmental policies; lack of comprehensive policy and governmental framework; political barriers and problems like legal prohibitions, bans and sanctions on companies; and lack of governmental policy to preserve resources.

#### **2.3.5.2.2 Economic factors**

The second external factor mentioned in Figure 2.5 relates to economic factors. Carruthers (2009) also supports adopting the PESTLE framework from an external economic perspective as it is most relevant in managing external economic influences on an organisation's financial performance, given the current state of the global economy and the cumulative, apparently subtle market failures that have led to financial hardship for millions. Carruthers (2009) further recommends that organisations use the framework to forecast from which direction and how much effect the economic environment will have on the organisation. Such investigations can assist in sifting through these effects to determine which are beneficial and harmful and how this knowledge can benefit the business. Dalirazar and Sabzi (2020) identify the following risks and barriers that relate to economic factors: cost estimation inaccuracy and uncertainty; long payback period and investment risks; high cost of sustainable materials, equipment and operation; cost overrun; inflation and fluctuation in exchange rates, instability in labour; failure to use or lose financial incentives because of delays or failure to achieve a green certificate; and lack of financing schemes and financial institution approaches.

#### **2.3.5.2.3 Social factors**

The third external factor that influences organisational performance, as shown in Figure 2.5, relates to social factors. Ho (2014) identified the following external social factors that form part of the PESTLE framework that organisations must manage to

achieve optimal performance as social, cultural and demographic characteristics. Furthermore, Dalirazar and Sabzi (2020) identify the following barriers that organisations are facing regarding social factors: a lack of public awareness and knowledge; a lack of market demand and a lack of demand from companies and society; a lack of professional education and training; poverty; the absence of an appropriate culture in using new technologies, and damage to their professional reputation.

#### **2.3.5.2.4 Technological factors**

With reference to technological factors, which are the fourth external factor that influences organisational performance depicted in Figure 2.5, Ho (2014) defines technological factors from an external perspective as technology-related activities, technical infrastructures, technology incentives and technological changes that affect the external environment. Navimipour *et al.* (2018) highlight the benefits of information technology that organisations should leverage to enhance employee productivity, increase the rate of new product development, increase automation, and service industry delivery advancements. Dalirazar and Sabzi (2020) identify the following barriers to technological factors: poor design; changes in design and design defects and slow response to changes; complexity and technical difficulty and unfamiliarity with technologies.

#### **2.3.5.2.5 Environmental factors**

Nitank and Treivdi (2016) address the fifth external factor depicted in Figure 2.5 as it relates to environmental factors in the context of organisational performance, and state that external environmental factors that directly impact organisational performance and, in particular, project performance include those that influence and determine the surrounding environment and include, but are not limited to, climate, weather, geographical location, global changes in temperature, environmental offsets, ground conditions, ground contamination, and nearby water sources. Dalirazar and Sabzi (2020) identify the following barriers to environmental factors: safety issues, energy-saving and performance uncertainty; a lack of availability of environmentally sustainable materials and products; a limited number of green-building-material suppliers; and the need for working and importing materials and technologies from new suppliers and foreign markets.

### **2.3.5.2.6 Legal factors**

The final external factor depicted in Figure 2.5 relates to legal aspects and their interactive relationship with other factors as they relate to organisational performance. Nitank and Treivdi (2016) identify external legal factors forming part of the PESTLE framework that influence an organisation's performance as home legislation; international legislation; employment law; new laws; regulatory bodies; environmental regulation; industry-specific regulations, and consumer protection. Dalirazar and Sabzi (2020) identify the following barriers to legal factors: the complex procedure to obtain approvals, complex codes and regulations; different contract forms and unclear contract conditions for claims and dispute resolution; tax and regulatory incentive policies that change over time and are complicated to obtain; and changes in green-building codes and regulations. The subsequent section discuss the link between organisational performance, strategy formulation, implementation and the feedback loop.

## **2.4. The link between organisational performance, strategy formulation, implementation and the feedback loop**

The relationship between organisational performance and strategy implementation is discussed first.

### **2.4.1 The relationship between organisational performance and strategy implementation**

Hrebiniak (2006) posits that an organisation can only achieve optimal organisational performance if it has a well-formulated strategy that has been implemented successfully. Even though formulating a plan is complex, making strategy work (executing or implementing it throughout the organisation) is even more challenging as strategy formulation, implementation and organisational performance have a dependent and interactive relationship, where neither can succeed without the other. However, De Oliveira *et al.* (2019) argue that an adequately formulated strategic plan does not guarantee flawless strategy implementation nor optimal organisational performance as the link between strategy and organisational performance is complex and requires interplay (integration and collaboration) across several functional areas and activities, and entails trade-offs and political

aspects within the firm. Eresia-Eke and Soriakumar (2021) believe that managers primarily focus on formulating strategies and treat the execution of those strategies as separate silos, resulting in complex implementation challenges that burden strategy implementation within the context of optimising organisational performance.

In summary, Hrebiniak (2006), De Oliveira *et al.* (2019), and Eresia-Eke and Soriakumar (2021) focus on different organisations; therefore, it can be inferred that the complexity of the link between strategy and organisational performance is organisation-specific. This study adopted the principle that managers might primarily focus on formulating strategies in Bank X rather than prioritising the challenges. Feedback from Bank X employees via semi-structured interviews will provide a more insightful understanding of the link between strategy and the bank's performance.

The following section proceeds with strategy implementation definitions.

#### **2.4.2 Clarity in defining strategy implementation**

Yang *et al.* (2010) define strategy implementation as a dynamic, iterative and complex process, which comprise a series of decisions and activities by managers and employees – affected by several interrelated internal and external factors – to turn strategic plans into reality by achieving strategic objectives. This definition resonates well with the nature of the banking industry, which requires continuous decision-making at all levels of the bank regarding internal and external factors.

Harrington (2006) defines strategy implementation as an iterative process of implementing strategies, policies, programmes and action plans that allow a firm to utilise its resources to take advantage of opportunities in the competitive environment.

Verlagsgesellschaft and Revue (2004) opine that strategy implementation success is the process that induces various forms of organisational learning because environmental threats and strategic responses are prime triggers for administrative learning processes.

Similarities among the definitions of strategy implementation emphasise that strategy implementation is a continuous process. Surprisingly, no definition mentions the (non-managerial) employees and their crucial role in turning strategic plans into results. For this study, strategy implementation is defined as a complex, interactive and constant process that requires all stakeholders at all levels to act and make decisions in terms of both internal and external factors that influence the bank. Strategy implementation science complements the above definitions and is reflected in the following section.

### **2.4.3 Strategy implementation science**

Easterling and Metz (2016) define strategy implementation science as the methods or techniques used to enhance strategy implementation's adoption, implementation and sustainability to create a particular set of outcomes. Implementation science is concerned with what it takes for an intervention to produce optimal value for its intended beneficiaries. The intervention is 'appropriate' if it (1) demonstrates an alignment of the needs among the target population, (2) considers the available research evidence, and (3) is implementable within the given context.

Clay, et al. (2018) state that implementation science offers improvement cycles as a tool for organisations to monitor and improve strategy implementation processes continuously. It emphasises the need for continuous quality improvement through the systematic assessment and feedback of information and data related to planning, implementation and outcomes throughout the strategy implementation process. The authors also argue that the practice profile and the implementation drivers' assessment are two implementation science tools organisations can use during the strategy implementation process to answer two questions: What does the strategy require of its staff and what does the plan require regarding organisational change? The misalignment highlighted by these tools is often resolved by shifting the organisation's approach rather than retreating from the strategy. Strategy formulation is subsequently discussed.

### **2.4.4 Strategy formulation**

Borrero *et al.* (2020) state that most studies on strategy formulation fall into two broad theoretical classifications: rational/analytical and emergent/reflexive.

Logical/Analytical studies argue that strategy formulation results from higher-order cognitive processes using explicit knowledge to formulate sensible, deductive logic strategies. Emergent/Reflexive studies contend that strategy formulation relies on lower-order cognitive processes utilising tacit knowledge to develop strategies based on reflexive, inductive reasoning, and intuition-based tools.

The planning model of strategy formulation attempts to routinise the strategic decision-making process by providing detailed checklists and flowcharts of the process. Most theorists argue that strategy formulation is the ‘black box’ of strategic planning and that no one has successfully explained what happens inside the box. Strategy formulation is the most pivotal and challenging topic to understudy (Boyd & Gupta, 2001).

However, Mishra and Mohanty (2020) state that past studies on strategy research are fragmented, which has compelled scholars to look at the strategy formulation process through different lenses. The authors identified six approaches to strategy formulation: the planning approach, the fit approach, the emergent approach, the positioning approach, the resource-based approach and the stakeholder's approach. The study shows that each technique emerged and dominated at different periods of the evolution of strategy formulation as shown in Table 2.3 below.

Table 2.3 The two most dominant strategic approaches

Period	The first dominant strategic approach	The second dominant strategic approach
1960s	Planning	Resource-based
1970s	Fit	Resource-based
1980s	Positioning	Fit
1990s	Positioning	Resource-based
2000s	Positioning	Resource-based and planning

Source: Mishra and Mohanty (2020)

Similarly, Mishra and Mohanty (2020) explain how each approach shown in Table 2.3 is related to strategy formulation. The planning approach is related to long-term planning and execution to achieve organisational goals; the fit process is concerned with matching internal strengths and weaknesses with those of external opportunities and threats; the emergent approach involves adapting to change when needed; the positioning approach places the company in such a position that it gains maximum advantage *vis-à-vis* its competitors; the resource-based strategy identifies and utilises essential resources efficiently and, finally, the stakeholders' approach protects the interest of stakeholders. Brenes *et al.* (2008) highlight that during the last three decades, the positioning approach has been the most dominant, followed by the resource-based method. The study uses content analysis, showing that each technique emerged and dominated at different periods. In other words, apart from the identification of different approaches to strategy formulation, the key focus here was to find the relative dominance of these approaches.

The implementation of those strategies is discussed next.

#### **2.4.5 Strategy implementation**

Singh *et al.* (2016) define strategy implementation as the step-by-step implementation of the various activities that make up a formulated decision-making strategy. Strategy execution is also seen as a cognitive process, incorporating cognitive aids into decision support systems as part of the strategy execution process (Lehner, 2004).

Aaltonen and Ikävalk (2002) caution that the strategy implementation process initially seems relatively straightforward but can become highly complex as it moves during the strategy implementation curve, primarily when focusing on resource allocation. Weiser *et al.* (2020) argue that in the past two decades, the main emphasis of strategy implementation research has moved from designing plans, structures, systems, incentives and controls for effective strategy implementation towards developing an improved understanding of the adaptive dynamics of strategy implementation. This 'adaptive turn' has meant a shift in focus from conceptualising strategy implementation plans towards the way organisations make sense of and enact these plans in practice. Although this shift has contributed to the

revitalisation and growth of strategy implementation research, it has further fragmented the research area. According to MacLennan and Markides (2021) strategy execution mapping offers a language and a methodology that appear well suited to the challenge of translating strategic objectives into critical activities that people can then undertake and, in doing so, help to resolve challenges associated with the implement of those strategies. The translation of these strategies, also referred to as the feedback and action loop, is discussed next.

#### **2.4.6 Strategy feedback loop**

De Oliveira *et al.* (2019) explain that the successful execution of an organisation's strategy incorporates translating the strategy into action plans, communication, coordination, development of human resources policies, employee competencies, implementation control and feedback loops and emphasised the need for these variables to function in harmony and not as sperate solio. Matthews and McLees (2015) suggest that the following principles should be applied to ensure effective feedback: Focus feedback on behaviour rather than personal qualities; focus feedback on explanations rather than inferences and descriptions rather than judgments; focus feedback on behaviour related to a specific situation, preferably to the 'here and now', rather than on abstract or previous behaviour; focus feedback on sharing ideas and information rather than giving advice; focus feedback on the amount of information that the recipient can use, rather than on the amount of information provided; focus feedback on the value it may have to the receiver, not on the emotional release it provides for the receiver; focus feedback on time and place so that personal data can be shared at suitable times. Brenes *et al.* (2008) state that implementation control and follow-up consider the components the firm has created to regularly evaluate and control the strategy implementation progress using these feedback loops.

The above section discussed the link between organisational performance and strategy formulation, implementation and the feedback loop. The following section will address the barriers and enablers of strategy implementation in this study.

## **2.5. Barriers and enablers of strategy implementation**

This section will focus on categories of strategy implementation drivers, barriers, and success factors. Easterling and Metz (2016) state that monitoring and tracking strategy implementation drivers are crucial for successful strategy implementation as they ensure that the organisation's new approach aligns with its required processes, procedures, systems, and culture. The grouping of strategy implementation drivers consists of four categories: organisation-related drivers, finance-related drivers, stakeholder-related drivers, and technology-related drivers, which will be discussed in the same sequence below.

### **2.5.1 Organisation-related drivers**

The first grouping of organisation-related drivers relates to human resources, top-of-the-range leadership, an innovative culture, and the reputation of the organisation. Each of these drivers will be addressed in the following section.

#### **2.5.1.1.1 Human resources as a driver of strategy implementation**

Regarding human resource drivers, Daraban (2019) states that human resources have changed old working principles to fit the requirements of constant data, information, and knowledge 'hunting', and adapted them to a proactive and dynamic business value driver in the 21<sup>st</sup> century. Ahmad and Schroeder (2016) agree that this statement is equally true for the banking industry and that human resources play a pivotal role as a driver to assist the banks in achieving their strategic goals and objectives. As a vitally important driver for successful strategy implementation, human resource drivers must be treated with the utmost attention and respect by business managers, stakeholders, and shareholders (Daraban, 2019).

Ahmad and Schroeder (2016) state that using human resources as a positive driver in the banking industry entails that the bank ensures that the leaders hire competent staff, train staff where needed, assist employees to perform at high-risk levels, and provide flexible and adequate working spaces and working hours that will support the retention of key staff members, intellectual capital and highly productive workers. Daraban, (2019) supports this view and argues that improved employee productivity results from well-sourced, retained, and developed staff, enabling the organisation to realise its goals and objectives. The author explains that in the

information age, the information and knowledge worker is helping, transforming, and distributing knowledge and creating business value that is true to the improved and streamlined operational and organisational business processes, tools, and systems. Using human resources effectively as a driver in the information age implies that there is a delicate balance between demand for and supply of needed skilled resources that business organisations can acquire proactively and flexibly acting in the labour market.

#### **2.5.1.1.2 Top-of-the-range leadership as a driver of strategy implementation**

Concerning top-of-the-range leadership, Govender and Tlou (2014) suggest that when using leadership as a driver of strategy implementation, vision and leadership are the most critical strategy implementation drivers across the four South African banks and explain that the perception of the bank's leadership is portrayed in the media and other communication mediums. Top-of-the-range leadership drivers ensure that strategies are formulated and implemented successfully to benefit all related stakeholders. Makhanya (2023) highlights that leadership can only be used as a positive driver if the leaders have the relevant experience and qualifications, understand the processes, and further point out that these leadership competencies are a significant challenge in the South African banking industry.

Fanning (2022) highlights that leadership and culture are interdependent and have a direct positive or negative impact on each other within the banking sector. Frequent, transparent and clear communication between leadership and employees supports healthy power dynamics where the less hierarchical structure embraces an innovative culture.

#### **2.5.1.1.3 Innovative culture as a driver of strategy implementation**

With reference to an innovative culture, Makhanya (2023) explains that banks use culture as an organisational driver to promote employee retention of key staff members via flexible work arrangements, trust between staff and leaders, and listening to what employees say they need to perform their jobs optimally. Fanning (2022), however, argues that an innovative culture can only be addressed if its staff members support the values of the organisation and also points out that staff

members will only support an organisation's culture if it aligns with their personal views of what constitutes an innovative culture.

#### **2.5.1.1.4 Organisational reputation as a driver of strategy implementation**

When using organisational reputation as a driver (Siano *et al.* 2007) state that a good corporate reputation is a significant driver of successful strategy implementation as it favours the collaboration and loyalty of stakeholders, and positively affects the organisation's financial performance while gaining a competitive advantage to become the largest supplier of their services in their industry. Dowling (2004) supports this view but further explains that strategic planners within organisations must focus their plans and actions towards the markets where it matters most to gain a competitive advantage and rapidly increase their client base. Govender and Tlou (2014) highlight that the four central banks in South Africa (ABSA, First National Bank, Nedbank and Standard Bank) use the corporate reputation of their brands to promote their banking services to their clients to become the go-to bank in Africa for every class of society. Siano *et al.* (2007) point out that an excellent organisational reputation also results in delighted client satisfaction, allowing the organisation to apply a premium price for its products or services to achieve and justify elevated profit margins. On the other hand, the organisation can use its good reputation to negotiate better prices from its suppliers to increase profitability further. A good reputation can combine relationships with the public authorities, the media and opinion leaders, who can influence public opinion perceptions. The above section revealed some insight into organisation-related drivers that were identified as the first grouping of strategy implementation drivers. The second grouping of organisational drivers refers to finance-related drivers and will be focused on next.

#### **2.5.1.2 Finance-related drivers**

Regarding the second grouping of finance-related drivers, (Siano *et al.*, 2007) state that effective finance-related drivers of successful strategy implementation focus on positively affecting the organisation's profitability, liquidity, economic, and financial performance with a lower cost of capital, increased value of market shares, and increased investor attractiveness. Tashtamirov (2023) claims that the development of financial innovation is a crucial driver in banking systems globally, as it enables

banks to diversify their product offerings and adapt to changing market conditions, thereby enhancing their competitiveness and profitability. The above discussion of the second grouping of strategy implementation drivers leads to a discussion that relates to the third grouping of strategy implementation drivers, stakeholder-related drivers, which will be addressed next.

### ***2.5.1.3 Stakeholder-related drivers***

Concerning stakeholder-related drivers, Goodall (2016) states that organisations consist of many stakeholders, some of which are internal to the organisation and others external. Every stakeholder group has different drivers when it comes to successful strategy implementation. For example, the Chief Executive Officer will have financial benefits as his primary driver, whereas marketing stakeholders will use solutions that can adapt to change quickly as a driver. A prerequisite for using optimal stakeholder dialogue and engagement as a driver is that each stakeholder group in the organisation must be able to explain their drivers to other stakeholders. The other stakeholders should do the same to strengthen open communication channels that will create synergies derived from optimal stakeholder engagement. Majava (2014) states that stakeholder-related drivers need to be clearly understood and prioritised since many stakeholders often have conflicting interests that face limited resources that must be balanced. Stakeholders can be classified and prioritised based on the stakeholders' power to influence the company, the legitimacy of the stakeholders' relationship with the company, and the urgency of the stakeholders' claim to the firm. The stakeholder-related drivers are closely linked to technology-related drivers, which is the last grouping of drivers related to strategy implementation and is addressed in the following section.

### ***2.5.1.4 Technology-related drivers***

Technology-related drivers is the last grouping of strategy implementation drivers. Tsiavos and Kitsios (2022) highlight the importance of using technology as a driver of successful strategy implementation and state that we live in a rapidly moving world where digital technologies disrupt industry sectors frequently. Organisations in many industries are experiencing the impact of digital technologies continuously transforming their external environment regarding client expectations and competition. Organisations are subject to pressures from external touchpoints, such

as clients or suppliers that require them to adapt to their level of technology but also to improve their internal processes to support this adaptation. Therefore, firms are forced to adopt technologies that allow immediate and fast communication with the client. A strategy based on using technology should ensure that they are up-to-date with the latest technology such as Data, Cloud, artificial intelligence, 5G, technologies of 3D printing, the use of APIs, augmented reality, blockchain, analytics, product platforms, robotics, and automation. Tashtamirov (2023) states that leading-edge process and product digital technology has become one of the banking industry's main drivers to implement strategy as the increasing demand from consumers now requires banks to be able to provide faster, more convenient, and more personalised banking services. With the proliferation of smartphones and other mobile devices, clients now expect to be able to access their banking information and perform their transactions on the go, from anywhere and at any time. Banks that fail to keep pace with these changing client preferences risk losing market share to more agile and innovative competitors.

The above literature review on organisation-related drivers provided a structured approach and layout of the groupings of the drivers relevant to successful strategy implementation that boost organisational performance. This study adopted these categories of drivers (organisation-related, finance-related, stakeholder-related and technology-related) as a basis for examining related barriers and success factors within the same context, with a particular focus on strategy implementation in South African banks.

The next section will discuss the strategy implementation barriers associated with the strategy implementation drivers.

### **2.5.2 Strategy implementation barriers**

With reference to strategy implementation barriers, Hrebiniak (2006) states that poorly formulated and vague strategies hinder successful strategy implementation from enabling and sustaining optimal organisational performance. The grouping of strategy implementation barriers that relate to optimal organisational performance consists of four categories: organisation-related barriers, finance-related barriers, stakeholder-related barriers, and technology-related barriers, which are reflected in

the sequence below. The first grouping of organisation-related barriers will be discussed first in the following section.

### **2.5.2.1 Organisation-related barriers**

The first grouping of organisation-related barriers includes human resources, top-of-the-range leadership, an innovative culture, and the organisation's reputation. These drivers will be addressed in the following section.

From a human resource perspective, Beer and Eisenstat (2000) state that barriers to strategy implementation include an ineffective senior management team and managers who do not trust their employees' capabilities to execute their roles and responsibilities. Enwereji and Uwizeyimana (2019) explain that weak management teams further cause employees to end up not having a clear understanding of the strategy and having to operate on a framework of unclear responsibilities and accountabilities. Heide *et al.* (2002) agree that these personnel management barriers, in turn, hinder employees from excelling in their jobs and cause employee learning barriers to enhancing their skills. Eresia-Eke and Soriakumar (2021) highlight that the underdevelopment of employee capabilities and skills results in an unskilled workforce and employee shortages in vitally essential roles in an organisation. Enwereji and Uwizeyimana (2019) argue that the most crucial barrier to the failure of strategy implementation is that there is no link between strategy implementation and financial incentives for staff.

From a leadership perspective, Beer and Eisenstat (2000) argue that an organisation's leader's inability to manage change rapidly and effectively accounts for one of the most pivotal barriers to successful strategy implementation. Inadequate down-the-line leadership skills further filter into the organisational structure and development layers with a compounded negative effect from a leadership perspective (Hrebiniak, 2006).

From an organisational culture perspective, Heide *et al.* (2002) identify inadequate culture-related barriers as a significant obstacle to successful strategy implementation. Eresia-Eke and Soriakumar (2021) identify a risk-averse culture as part of inferior culture-related barriers. Ahmadi *et al.* (2012) further highlight an inflexible organisational culture as part of inadequate culture-related barriers. The

above section revealed some insights concerning the second grouping of strategy implementation barriers that relates to organisation-related barriers. The second grouping of barriers that hinder successful strategy implementation refers to finance-related barriers, which will be discussed in the subsequent section.

### **2.5.2.2 Finance-related barriers**

With regard to finance-related barriers, Eresia-Eke and Soriakumar (2021) claim that the most crucial barriers to successful strategy implementation are often linked to limited financial resources. Enwereji and Uwizeyimana (2019) argue that limited financial resources often result in strategy implementation failure because there is no clear link between the available and required financial budgets to implement strategic initiatives. Finance-related barriers are closely linked to stakeholder-related barriers that hinder successful strategy implementation. The stakeholder-related barriers will be addressed in the section below.

### **2.5.2.3 Stakeholder-related barriers**

Concerning stakeholder-related barriers, which is the third grouping of barriers that hinder successful strategy implementation, Beer and Eisenstat (2000) state that conflicting stakeholder priorities are a significant challenge when it comes to successful strategy implementation, as all relevant parties prioritise strategy implementation actions to benefit their intended objectives and goals, resulting in the prohibition of strategy implementation synergies, poor coordination of strategy implementation actions across an organisation, and poor vertical communication. Heide *et al.* (2002) and Eresia-Eke and Soriakumar (2021) also highlight poor stakeholder communication as a major pitfall to successful strategy implementation and view conflicting stakeholder interests as a significant consequence of a lack of effective communication channels. Hrebiniak (2006) further emphasises that poor communication results in inadequate sharing of pivotal information related to strategy implementation actions, creating significant communication gaps between stakeholders. Enwereji and Uwizeyimana (2019) explain that not only conflicting stakeholder interests and inadequate sharing of pivotal information are challenges to strategy implementation, but also inadequate time spent by relevant stakeholders to discuss and agree on strategy implementation actions, roles and responsibilities.

Stakeholder-related barriers are also connected to technology-related barriers, which will be focused on in the section below.

#### ***2.5.2.4 Technology-related barriers***

With reference to technology-related barriers, Dalirazar and Sabzi (2020) believe technological barriers harm effective strategy implementation. The authors explain that slow responses to technological changes prohibit organisations from gaining or maintaining competitive advantage and that unfamiliarity with technologies can even go as far as threatening an organisation's existence in fast-moving industries. Eresia-Eke and Soriakumar (2021) share this view and explain that inadequate technological infrastructure is the leading cause of those slow responses to technological changes. The above discussion is related to the final grouping of barriers that hinder successful strategy implementation.

The next section will address these success factors, which form part of the following four groupings: organisation-related success factors, finance-related success factors, stakeholder-related success factors, and technology-related success factors, and are reflected in the same sequence below.

The first grouping of organisation-related success factors will be discussed first in the subsequent section.

#### **2.5.3 Strategy implementation success factors**

The following section will focus on the success factors related to the grouping of success factors shown above.

##### ***2.5.3.1 Organisation-related success factors***

The first grouping of organisation-related success factors includes human resources, top-of-the-range leadership, an innovative culture, and the organisation's reputation. The following section addresses these success factors.

Beer and Eisenstat (2000) suggest that from a human resource perspective an effective top management team with a general-management orientation style goes a long way to combatting barriers to strategy implementation. Eresia-Eke and Soriakumar (2021) claim that managers should ensure that their approaches further rely on tools of lobbying and negotiations when addressing performance agreement

discussions with staff. However, Crittenden and Crittenden (2008a) argue that managerial skills are discretionary and vary with an individual's perceptions and behaviour but that managers should always ensure that staff performance is fairly evaluated based on their achievements. Enwereji and Uwizeyimana (2019) suggest that organisations use employee performance for tracking and monitoring employee performance as it also serves as an audit trail for staff development. Higgins (2005) sees qualified and competent employees as a prerequisite for successful strategy implementation. Easterling and Metz (2016) agree and add that regardless of whether the foundation retains its existing employees, it must look ahead to hiring new employees with the required competencies, which involves recruitment methods that will identify qualified candidates, protocols for interviewing candidates and criteria for selection. Higgins (2005) further highlights the importance of relevant staff training programmes and states that they will assist employees to learn when, how and with whom they need to use new skills and practices. Training should provide knowledge related to the theory and underlying values of the approach, use adult learning theory, introduce the components and rationales of critical methods and provide opportunities to practise new skills to create and receive feedback in a safe and supportive training environment. Most new skills can be introduced and mastered via coaching but must be practised and mastered on the job with continuous feedback from the coach.

Higgins (2005) believes that, from a top-of-the-range leadership perspective, adequate leadership styles should focus on operational and strategic change that needs to be affected during strategy implementation. Beer and Eisenstat (2000) suggests that effective leadership styles must incorporate both a leadership style that embraces the paradox of top-down and upward influence and down-the-line leadership for the future development of staff. Strategic leadership is only possible if it is exercised based on continuous interaction between the leaders and staff (Crittenden & Crittenden, 2008).

Bhattacharyya (2019) claims that, from an innovative cultural perspective, strategic planning and successful strategy implementation are simultaneous, interwoven actions and can only succeed if the organisational culture is clearly defined and seen as the glue that cohesively motivates and urges employees to work towards the set objectives through various strategy implementation initiatives. Crittenden

and Crittenden (2008) and Higgins (2005) agree that the strategic shaping of an organisation's corporate culture is vitally important for strategy implementation as it creates shared values.

#### **2.5.3.2 Finance-related success factors**

With regard to the second grouping of factors that enable successful strategy implementation, Higgins (2005) states that determining, negotiating, and agreeing on strategic financial budgets is a prerequisite for successful strategy implementation as it facilitates an all-encompassing stakeholder approach. It informs the organisation of the required financial resources to achieve the predetermined targets. However, according to Enwereji and Uwizeyimana (2019), managers must then allocate both operational and strategically aligned financial budgets to organisational departments with a clear understanding of when and where they need to take strategy implementation actions to ensure that they maximise financial returns based on available financial resources.

#### **2.5.3.3 Stakeholder-related success factors**

In terms of the third grouping of success factors that enable successful strategy implementation, Eresia-Eke and Soriakumar (2021) state that institutionalising a stakeholder-inclusive approach is vital for successful strategy implementation and can only be effective if open vertical communication channels support it. Beer and Eisenstat (2000) believe that these available communication channels effectively assist in coordinating clearly defined roles and responsibilities between the stakeholders. However, Enwereji and Uwizeyimana (2019) argue that once the assigned duties of relevant stakeholders have been communicated and agreed upon, regular monthly meetings should occur to ensure continuous monitoring and tracking of successful strategy implementation actions.

#### **2.5.3.4 Technology-related success factors**

Concerning the last grouping of success factors that facilitate successful strategy implementation, Eresia-Eke and Soriakumar (2021) state that a critical success factor of strategy implementation is for an organisation to outsource its technology support functions. Navimipour *et al.* (2018) agree with outsourcing technology support functions and believe that it will ensure that organisations always have the

latest technology available to position the organisation well to compete with peers in fast-moving industries where technology plays a pivotal role.

Table 2.4 below shows a summarised view of strategy implementation drivers, barriers and success factors

## 2.5.4 Summary of strategy implementation of drivers, barriers and success factors

Table 2.4 Strategy implementation drivers, barriers and success factors

Categories	Factors	Drivers	Barriers	Success factors	Authors
Organisation-related	Human resources	<ul style="list-style-type: none"> <li>* Highly productive workers</li> <li>* Flexible working hours</li> <li>* Adequate employee work spaces</li> <li>* Retention of key staff members</li> </ul>	<ul style="list-style-type: none"> <li>* Ineffective senior management team</li> <li>* Management does not trust their employee's capabilities</li> <li>* Learning barriers</li> <li>* Staff shortages</li> <li>* Unskilled staff</li> <li>* No clear understanding of the strategy</li> <li>* No link between strategy and financial incentives</li> <li>* Unclear responsibility and accountability</li> </ul>	<ul style="list-style-type: none"> <li>* General management orientation</li> <li>* Relying on tools of lobbying and negotiations</li> <li>* Performance agreements</li> <li>* Scorecard to control strategy implementation</li> <li>* Qualified and competent employees</li> <li>* Tying awards to staff achievements</li> <li>* Recruitment of competent employees</li> <li>* Relevant staff training programmes</li> <li>* Coaching</li> </ul>	[1] [2] [3] [4] [5] [6] [8] [12] [21] [22]
	Leadership styles	<ul style="list-style-type: none"> <li>* Top-of-the-range- leadership</li> </ul>	<ul style="list-style-type: none"> <li>* Inadequate down-the-line leadership skills</li> <li>* Leader's inability to manage change</li> </ul>	<ul style="list-style-type: none"> <li>* Top-down direction and upward influence</li> <li>* Down-the-line leadership</li> <li>* Adequate strategic leadership styles</li> <li>* Interacting to exercise strategic leadership</li> </ul>	[1] [5] [6] [8] [13] [14]
	Culture Organisational reputation	<ul style="list-style-type: none"> <li>* Innovative culture</li> </ul>	<ul style="list-style-type: none"> <li>* Inadequate or risk-averse culture</li> <li>* Inflexible organisational culture</li> </ul>	<ul style="list-style-type: none"> <li>* Shared values</li> <li>* Clearly defined corporate culture</li> <li>* Strategic shaping of the corporate culture</li> </ul>	[2] [3] [6] [7] [8] [11] [15]
Finance-related		<ul style="list-style-type: none"> <li>* Investor attractiveness</li> <li>* Market share</li> <li>* Improved profitability and liquidity</li> </ul>	<ul style="list-style-type: none"> <li>* Limited financial resources</li> <li>* No link between budget and strategy</li> </ul>	<ul style="list-style-type: none"> <li>* Align operational and strategic financial budget</li> <li>* Adequate financial resources</li> <li>* Strategic financial performance targets</li> </ul>	[3] [4] [6] [8] [16] [17]

			* Optimum allocation of financial resources	
<b>Technology-related</b>	* Leading-edge process/product technology	* Inadequate infrastructure * Slow response to technological changes * Unfamiliarity with technologies	* Availability of the latest technology * Outsourcing of technological support	[3] [9] [10] [18]
<b>Stakeholder-related</b>	* Optimal stakeholder dialogue and engagement	* Poor vertical communication * Inadequate information sharing * Conflicting stakeholder priorities * Poor coordination across functions, business or borders * Inadequate time spent discussing strategies	* Open vertical communications * Stakeholder-inclusive approaches * Effective coordination * Mutually agree on the strategy implementation plan * Monthly meetings to review strategy implementation reports * Assigned stakeholder responsibilities	[1] [2] [3] [4] [5] [19] [20]

Source: Researcher's construct (2023)

### Author reference guide (Researcher's construct (2023))

Number	Author	Short number	Drivers (D) Barriers (B) Success factors (SF)	Number	Author	Short number	Drivers (D) Barriers (B) Success factors (SF)
1	Beer and Eisenstat (2000)	5104	B & SF	12	Easterling and Metz (2016)	144	SF
2	Heide, Grønhaug and Johannessen (2002)	5266	B	13	Govender and Tlou (2014)	5365	D
3	Eresia-Eke and Soriakumar (2021)	5281	B & SF	14	Makhanya (2023)	5366	D
4	Enwereji and Uwizeyimana (2019)	5262	B	15	Fanning, (2022)	5367	D
5	Hrebiniak (2006)	5274	B	16	Siano, Vollero and Siglioccolo (2007)	5363	D
6	Higgins (2005)	5286	SF	17	Tashtamirov (2023)	5371	D
7	Bhattacharyya (2019)	5133	SF	18	Tsiavos and Kitsios (2022)	5372	D
8	Crittenden and Crittenden (2008)	172	SF	19	Goodall, (2016)	5380	D
9	Dalirazar and Sabzi (2020)	5306	B	20	Majava (2014)	5373	D
10	Navimipour, Milani and Hossenzadeh (2018)	169	SF	21	Daraban (2019)	5381	D
11	Ahmadi <i>et al.</i> (2012)	141	B	22	Ahmad and Schroeder (2016)	5383	D



Although the strategy implementation drivers, barriers, and success factors mentioned in Table 2.4 serve as a starting point for implementing strategies successfully, it is necessary to review empirical studies in the banking industry that can be applied to effective strategy implementation and they are, therefore, discussed next.

## **2.6 Findings of empirical studies in the banking industry, the need for a holistic strategy implementation model and the research gap**

The section below presents findings from empirical studies in the banking sector to determine what is currently known about strategy implementation models.

### **2.6.1 Empirical studies on strategy implementation in banks**

This section discusses empirical studies in the global, African and South African banking industry. The empirical literature review was vitally important for this study as it enabled the researcher to establish existing gaps in the extant literature pertaining to strategy implementation performance in both the global and national banking sectors. Several empirical studies in the banking industry (discussed below) have provided insight into strategy implementation performance from different perspectives.

For example, Harris and Wonglimpiyarat (2019) conducted a study in the banking industry in the United States of America to explore the strategic competition of blockchain-enabled banking in traditional banks versus non-banking institutions. The study contributed to the limited research that has been carried out concerning the integration of blockchain-enabled strategies in the banking industry. However, the limitation of the study is that it only focuses on how the systemic characteristics of blockchain banking relate to the pursuit of strategies, and to what extent these strategies influence the directional path and level of technology diffusion. Harris and Wonglimpiyarat (2019) adopted a case study methodology as it seemed most appropriate to examine the interaction of factors and events involving many actors. The study's sampling included respondents dealing with major banking innovation cases, including ATM/cash cards, credit cards and electronic fund transfers at the point of sale/debit cards. The study revealed that traditional banks must revise their

strategy to re-align bank products and services regarding blockchain technology to enable them to compete with non-banking institutions offering similar smart-technology solutions, applications, and new business opportunities. Blockchain technology allows a full spectrum of online payments and value exchange services to be more secure and safer than traditional product offerings. This study revealed insight into the need for banks to revise their product and service offering strategies. However, it focused only on aspects concerning blockchain integration and overlooked comprehensive strategy execution and performance.

Yegzaw (2022) also conducted an empirical study of commercial banks in Ethiopia, based on a framework that leverages resource capabilities to implement strategic initiatives. The study revealed that the problem was seen, firstly, as that strategy implementation practices in Ethiopian commercial banks were not adequately documented and, secondly, that most of the commercial banks lack an appropriate strategy implementation framework to execute their strategy effectively. His study used an explanatory sequential mixed-methods research design, employing a quantitative approach in the first phase and a qualitative approach in the second. A sample of 229 top- and middle-level managers of commercial banks in Ethiopia was selected to collect quantitative data, and approximately 187 (82 percent) questionnaires were returned. In-depth interviews were also held with eight concerned bank officials to obtain qualitative data. The results of the study confirmed that managerial skills, strategy communication, alignment of incentives and rewards, organisational structure alignment, organisational culture alignment, and strategy monitoring and evaluation are the major components of strategy implementation capability that positively influence strategy implementation success. It still focuses on a resource-capability approach to strategy implementation, rather than applying these factors to a holistic strategy implementation framework and process that spans over strategy formulation, implementation and a feedback loop.

Another example is Nyoka (2020), who studied strategy implementation performance in the banking industry from a traditional bank brand perspective in the Tshwane region of Gauteng in South Africa in 2020. The study used surveys based on structured questions and a simple random sampling approach that included eight public members, consisting of participants who conducted banking in different

banking institutions. The small sample size was a limitation of the study. The study revealed the need for traditional banks to revise their strategies by re-aligning their products and services to compete with non-banking institutions, as they can no longer rely on their banking brands alone to be competitive in the banking industry. This study reveals some insight into strategy implementation performance but only views it from a brand perspective, which is a study limitation, not a holistic strategy implementation perspective.

Tshabalala *et al.* (2024) studied strategy implementation in the banking sector in South Africa in 2024. The study revealed significant competition among South African banks and argued that the banking sector was oversaturated. The aim of the study was to understand the key drivers that could help banks implement their strategies while maintaining their market share in the industry. This empirical study included 25 employees of a South African bank who participated in semi-structured online interviews to gather qualitative data on the gap between the bank's current and future competitive positions as it relates to strategy implementation drivers. The researcher also utilised surveys to gather information from the target audience, including branch managers, operations managers, human resource managers, ICT managers, and customer relations managers. The study identified financial resources, robust organisational cultures, human resources, and productive employee collaboration as critical drivers of successful strategy implementation. Even though this study revealed insights into the drivers that could enable successful strategy implementation, it examined it only from a driver's perspective, rather than a holistic one that includes strategy formulation, implementation, and a feedback loop.

A fifth example is a recent study by Boikanyo (2023), who studied the internal challenges of strategy implementation in a large traditional South African bank. This study aimed to determine the internal challenges experienced at a South African bank regarding strategy implementation performance. The study primarily employed semi-structured one-on-one online interviews with 40 employees (10 senior managers, 15 middle managers and 15 junior managers) of a South African bank to collect qualitative data. The data collected from the participants were analysed using Atlas.ti and content analysis was employed to analyse the data presented in

the study. The study findings revealed that some of the internal challenges experienced by the bank resulted from the exclusion of the input of middle and junior management levels by senior managers when formulating the overall strategy. This leads to a lack of buy-in to the strategy from the middle and lower levels. Lack of communication from the top management team on the new strategy and lack of support from the change management team were also identified as internal challenges to the strategy implementation. The study also pointed out the importance of the bank establishing a uniform culture across all its divisions, as this will influence the conduct and motivation of its employees towards the strategy implementation phase. The limitations of the study included that the organisation that was part of this research has an operational footprint on the African continent. Due to accessibility constraints, the study was limited to the organisation's operation based in South Africa. It would have been insightful to conduct research in various African locations where the organisation operates to obtain a complete picture of the strategy implementation phase. Additionally, the study was limited to a single South African bank within the banking industry, drew participants from the organisation's employees, and did not collect data from other stakeholders, such as the board of directors. This is a limitation, as it would have been insightful to hear from different stakeholders impacted by the strategy's implementation.

The final example is from Boikanyo and Gomwe (2025) who conducted an empirical study in South African banks in 2025. The purpose of the study was to gather information on the reasons for internal challenges in this bank as they relate to implementing new strategies through change management teams. The data were mostly gathered through semi-structured interviews with 25 bank workers in South Africa. The researcher collected data through semi-structured online interviews with 25 participants (10 from top management, 9 from middle management, and 6 from lower management) who had prior experience with change management strategies at this bank. The data in this study were analysed using a qualitative content analysis method. The findings confirmed, first, that this South African bank is facing challenges in implementing strategic initiatives, and second, that it is facing internal issues stemming from a lack of alignment and, as a result, from senior managers' decision to exclude junior and middle management from the plan. Although this study contributed to understanding that excluding staff at all levels and embracing

a risk-averse culture led to strategy implementation failure, it focused on solutions to address these two challenges only, rather than considering solutions that would address strategy implementation failure holistically.

The above empirical studies revealed some components of successful strategy implementation in banks. The next section summarizes the findings of these studies.

### **2.6.2 Synthesised findings of empirical studies**

The above empirical studies of the banking industry recognised some of the factors that relate to successful strategy implementation, for example Harris and Wonglimpiyarat (2019) examined successful strategy implementation but only from a blockchain perspective. Yegzaw (2022) also looked at successful strategy implementation, but he only viewed it from a resource-capability approach. Similarly, Nyoka (2020) focused on successful strategy implementation, but viewed it only from a bank's brand perspective. Tshabalala *et al.* (2024) looked at successful strategy implementation, but only from a strategy implementation drivers perspective, and Boikanyo (2023) from limited stakeholders who need to be involved in the strategic initiatives. Finally, Boikanyo and Gomwe, (2025) also provided a limited perspective of having the right stakeholders in a change management team with the right culture that embraces change.

These fragmented views clearly call for a holistic strategy implementation framework that incorporates strategy formulation, implementation, and a feedback loop to facilitate successful strategy implementation in banks, thereby boosting performance.

### **2.6.3 The need for a holistic, systems-based framework**

Weiser *et al.* (2020) explain that strategy formulation and strategy implementation are directly linked and interdependent even though they are two separate portions of the holistic strategy implementation process that consists of strategy formulation, strategy implementation and the feedback loop, and highlight that these co-dependent relationships are often blurred in practice. A clear understanding of the link between strategy formulation and strategy implementation further allows management to grasp the complexity of successfully implementing revised

strategies, and guides them to provide the leverage needed to explore each component in-depth. Similarly, Correani *et al.* (2020) state that strategy formulation and strategy implementation should not be viewed in silos and that disconnection prohibits organisations from extracting the value of digital transformation, forming part of the strategy implementation process. However, Pretorius (2016) cautions leaders who view strategy formulation and implementation in silos that such an approach is often the root cause of strategy implementation failure and remains a constant problem for organisations, preventing them from benefiting from well-formulated strategies that cannot be implemented effectively or, conversely, from successfully implementing poorly formulated strategies.

#### **2.6.4 The specific gap that this study addresses**

The above empirical literature review reflected on the shortcomings of each study, particularly on their inability to adopt a holistic approach to strategy implementation, resulting in underwhelming strategy implementation performance. It also highlighted the need for a holistic strategy implementation framework. This study seeks to address these gaps by selecting relevant theoretical lenses that enable a holistic and systemic inquiry into strategy implementation performance. Implicitly, strategy formulation, implementation, and execution should be part of the bigger picture in banks that work together rather than in silos. This principle was adopted in this study, which also supports alignment between the variable and does not foster a silo mentality in Bank X. This study will facilitate a better understanding of how strategy formulation, implementation, and execution can work together holistically in Bank X. The summary of this chapter is shown below.

#### **2.7 Chapter summary**

Chapter 2 firstly comprised a comprehensive overview of the origins of banking. Secondly, it reviewed the milestones of the South African financial ecosystem. Thirdly, the chapter also highlighted the significant events that shaped the international evolution of the financial sector. Fourthly, the chapter outlined the competitive landscape of both the global banking sector and the South African banking sectors were reflected on. Fifthly, the chapter provided insights into organisational performance. Sixthly, the chapter highlighted barriers and enablers of strategy implementation. The findings from empirical studies are lastly discussed

to demonstrate how the research gap for this study was established. The combination of the relevant theoretical lenses is considered to be essential for articulating the problem, developing solutions, possibly validating such solutions and culminating in developing a conceptual framework for successful strategy implementation to optimise organisational performance. The next step is to move from empirical/contextual literature to the theoretical grounding in Chapter 3.

## **CHAPTER THREE – THEORETICAL AND CONCEPTUAL FRAMEWORK**

### **3.1 Introduction to theoretical foundations**

This study incorporated two theoretical lenses, providing a structured framework for understanding the phenomenon. These theoretical models set the stage to guide the researcher in later stages of the study in interpreting data and making predictions that go beyond interview feedback, thereby building a clear body of knowledge, understanding and solving problems, and effectively recommending solutions for the study. The author utilised theory effectively to construct a conceptual framework for this study.

The theoretical models adopted for this study are Stafford Beer's Viable System Model (VSM) and James Reason's Swiss Cheese Model (SCM). The combination of relevant theoretical lenses is considered essential for articulating the problem, developing solutions, validating them, and culminating in the development of a conceptual framework for successful strategy implementation to optimise organisational performance.

The VSM and the SCM in Chapter 3 build on Chapter 2, as they structure knowledge through different stages of analysis, incorporating a logical (structured) process and distinct phases for divergent and convergent thinking. They support discussion about both what is happening and possibilities for change, revealing both shared views and differences.

### **3.2 Theoretical perspectives on strategy implementation**

This section provides an overview of key theories and also justifies a systems perspective for banking.

#### **3.2.1 Overview of key theories**

Brocklesby and Cummings (1996) state that, over time, the VSM has been compared with other management theories. Also, its utility for strategic planning has been elucidated. Stephens and Haslett (2011) highlight that the fundamental conventions of VSM should apply at different hierarchical levels in all organisations.

The VSM is also based on systems process principles and needs to be compared with other systems perspectives, which is addressed in the following section.

### 3.2.2 Justification of a systems perspective for banking

This section reveals where a systems perspective on strategy implementation has been utilised and could be adopted in various organisations, including South African banks.

Rashed and Darmaki (2015) have proposed a strategy implementation framework that could be adopted by other organisations in different industries from a systems perspective. Their study was conducted in the police department of ABU DHABI POLICE GHQ. The framework is premised on the following components, depicted in Figure 3.1 below:



Figure 3.1: Proposed framework for successful strategy implementation

Source: Rashed and Darmaki (2015)

Rashed and Darmaki (2015) argue that strategy implementation is part of a process that occurs within the broader context of systems that, when functioning in harmony, holistically result in successful strategy implementation. The framework also demonstrates that both critical success factors and strategy implementation flow into organisational performance, and that it, in turn, rolls up to professional skills.

This model resonates well with the VSM used in this study, particularly in relation to South African banks. The VSM calls the highest level of authority the exco members in charge of policy and also propagates that strategy implementation has a direct impact on organisational performance. This study also addresses the critical

success factors for the successful implementation of strategy from a systems perspective. It can be concluded that this systems perspective for strategy implementation is equally valid for South African banks.

Similarly, Hourani (2017) proposes a strategy implementation model and argues that strategy implementation is part of an organisational process and, therefore, represents a systems perspective. The five key dimensions in successful strategy are depicted in Figure 3.2 below.

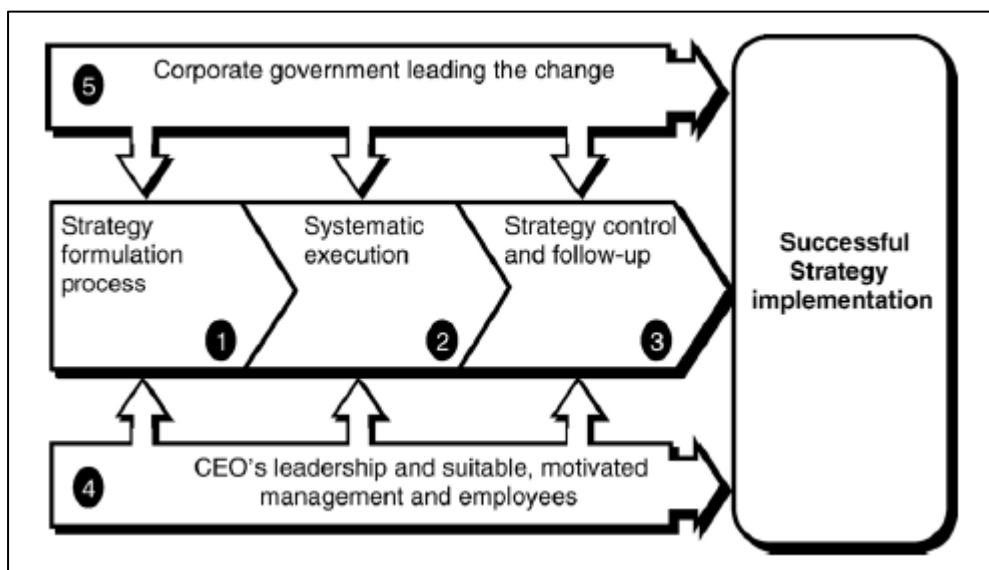


Figure 3.2: Five key dimensions of successful strategy implementation

Source: Hourani (2017)

Hourani explains that successful strategy implementation is the output of interactive components. The author explains that this systems perspective is based on: first, the strategy formulation process; second, systematic execution; third, strategic control and follow-up; fourth, corporate government leading the change; and finally, CEO leadership and a suitable, motivated management and employees. It is important to note that all five components form part of the bigger system and have a direct, interactive relationship that allows for incorporating any changes where and when required. The above successful strategy implementation model, based on a systems perspective, overlaps with many components of the VSM used in this study, and banks in South Africa could adopt this framework.

### 3.3 Viable Systems Model (VSM)

Espinosa and Walker (2013) define the VSM as a comprehensive theory of organisational viability that explains in depth the complex issues managers face in ascertaining relevant functions and communication channels to ensure effective functioning.

#### 3.3.1 Core concepts relevant to strategy implementation

It is important to note that over time, the core concepts of the VSM have been compared to other strategy implementation theories discussed previously and have subsequently become part of an effective strategy implementation process. Arghand *et al.* (2020) argue that the process can only be implemented effectively if an organisation is viable, which is determined by the five functions or subsystems identified in Figure 3.3 below.

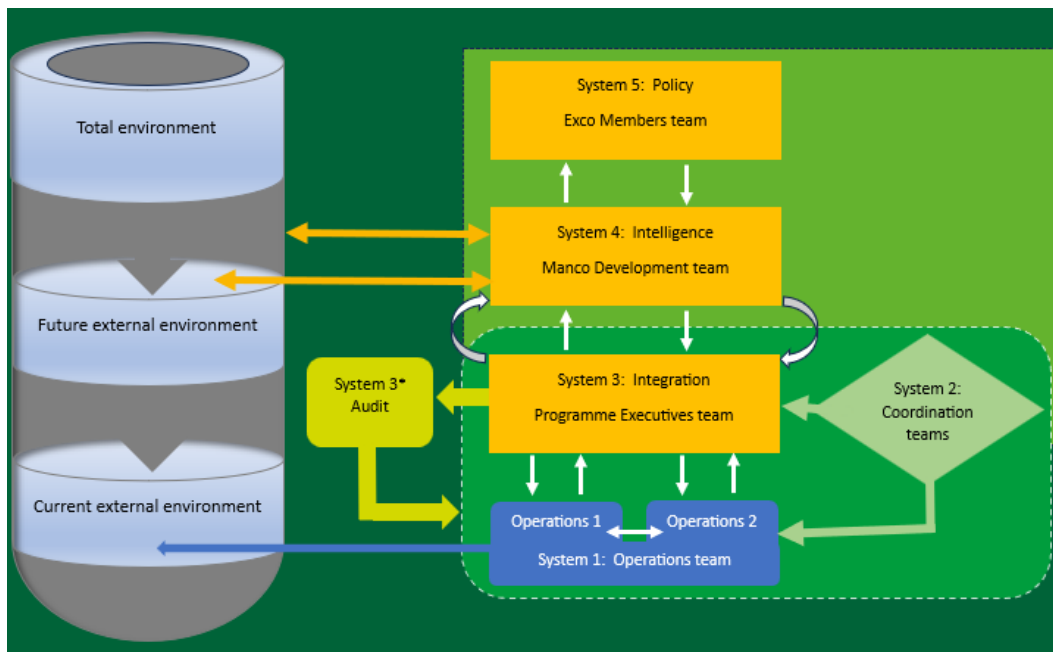


Figure 3.3: Viable System Model [Adapted from Beer (1985)]

Source: Researcher's construct (2024)

With regard to the five subsystems shown in Figure 3.3, the authors further state that Beer calls these five subsystems: System 1, System 2, System 3, System 4 and System 5. The functions associated with each system are implementing,

coordinating, integration, intelligence, and policy. The audit function is added as System 3\* to complement System 3. The five subsystems need to remain in continual interaction to maintain the system in a state of homeostatic equilibrium, that is, under control. The entire regulating process aims to ensure the system's survival, both in the short and long term, by learning, adaptation and evolution methods. Furthermore, the five subsystems cannot be isolated from one another, as they constitute an entity in continual interaction.

The following section will discuss each of the subsystems and their interrelationships:

**System 1: Implementing** – basic units with their respective management are called primary units.

System 1 produces and delivers the organisation's goods or services to the appropriate environment (market, etc.). System 1 comprises operational, organisational units (complete viable systems), each responsible for a line of activity or product (Arghand *et al.*, 2020).

**System 2: Coordinating** – coordination of subsystems and the attenuation of oscillations between them.

This system is intended to make the set of organisational units that comprise System 1 function harmoniously. These units may be related by production processes and supply chains or compete for the organisation's shared resources and even clients or suppliers, which may lead to conflict because of each of them attempting to achieve its own goals. Examples of System 2 are information systems, production planning or tasks programming tools, coordination teams, knowledge bases, or diverse types of operational norms intended to provide behavioural standards (Arghand *et al.*, 2020).

**System 3: Integration** – operative management of a collective of subsystems.

This system has the role of managing the operational units (System 1). System 3 must integrate the group, ensure that it functions harmoniously and attempt to exploit possible synergies resulting from the interaction of System 1's operational

units. It is responsible for the here-and-now management. System 3 may be considered the active management of the organisation. It is the one that is concerned with daily operations (Arghand *et al.*, 2020).

**System 3\*: Audit** – auditing and monitoring channel.

System 3\* is a support system for System 3; its primary mission is to obtain information on how System 1 works, data that cannot be accessed via the communication channels linking System 1 with System 3 directly, nor via the connection between System 2 and System 3 (Arghand *et al.*, 2020).

**System 4: Intelligence** – management of the long-term relationships with the overall environment.

While System 3 is concerned mainly with ensuring that the organisation functions today, the principal responsibility of System 4 is connected to the organisation's future and (external) environment. It represents an essential component of the organisation's adaptation structure (Arghand *et al.*, 2020).

**System 5: Policy** – normative management and corporate ethos.

This system constitutes the foremost authority in the organisation and is the only one able to regulate the interaction between Systems 3 and 4. All the variety (problem areas) that these two systems are unable to absorb (resolve) between themselves must be determined by System 5, the final seal (authority) of the organisation. System 5's function is to balance the present and future of the organisation, bearing in mind that both internal and external aspects affect it. It is responsible for establishing the 'identity' of the organisation, i.e. defining what it is or wants to be and what 'it is not or does not want to be,' (Arghand *et al.*, 2020).

### **3.3.2 Prior applications where the VSM was used or not used**

#### **Prior applications where the VSM was not used**

Given the VSM's constructs discussed in the above section, it is necessary to review other empirical studies examining successful strategy implementation in banks. Even though the VSM was not explicitly used in the studies below, the principles of

successful strategy implementation provide an in-depth understanding of strategy implementation in banks.

Yegzaw and Imiru (2024) conducted an empirical study of commercial banks in developing economies, viewing successful strategy implementation as a process rather than as stand-alone units operating in silos that hinder it. The objective of the study was to develop a comprehensive model that enhances the effectiveness of strategy implementation in a developing economy. A sample of 229 top- and middle-level managers from commercial banks was selected to collect quantitative data; 187 (82%) returned the questionnaires. Their findings revealed an empirically informed strategy implementation model based on a systems-process approach to ensure successful strategy implementation, which examines processes related to resources, capabilities, and the performance of commercial banks. The findings reveal how managerial skills and social capital flow into the strategy implementation capability process. This capability process is then split into subprocesses that consist of communication, structure alignment, incentives, culture, and monitoring and evaluation. The authors propose that unless all processes and subprocesses are aligned to work holistically together, the ultimate result will still be a failure in strategy implementation.

However, the empirical study conducted by Barnes (2024) examined the role culture plays in the adoption of digital platform strategies by South African banks, promoting or hindering successful strategy implementation. The study collected responses from 127 South African banking sector employees using non-probability convenience sampling. A Likert-scale questionnaire with 17 questions captured respondents' feedback on digital organisational culture and digital platform adoption. The findings revealed that banks in South Africa can successfully implement strategic initiatives only if they have an innovative culture, including cross-functional teams aligned to the same objectives, bank employees with the digital skills to implement new strategies, and a positive start-up mentality among the strategy implementation staff.

Similarly, Liu and Yan (2025) found that the Industrial and Commercial Bank of China adopted a strategy implementation process rather than a fragmented approach. The strategy focused on environmental, social and governance (ESG)

components within the bank. Firstly, strategy implementation staff were identified across the bank's clusters and divisions. Secondly, these staff members were educated on the bank's goal as it related to strategic initiatives. Thirdly, the process adopted was explained by showing how stakeholder satisfaction flows from organisational strategy through business processes, to the bank's capability to implement those strategies, ultimately leading to enhanced stakeholder alignment and improved bank performance. The findings of their study revealed that new strategic initiatives were implemented based on a process perspective and resulted in the following benefits to ICBC: a positive effect on the sustainable development of the bank, a positive effect on each dimension of stakeholders, and how it relates to strategy implementation initiatives and alignment between the bank and the government and investors.

In summary, Yegzaw and Imiru (2024), Barnes (2024), and Liu and Yan (2025) focused on different banks in different countries; therefore, it can be inferred that the approach to successful strategy implementation is prioritised according to specific banks. This study adopts the VSM approach to successful strategy implementation of strategic initiatives, as it is based on five levels within Bank X. It adopts a system-process approach that includes feedback loops, ensuring that all teams in Bank X are aligned to achieve the bank's objectives. The use of the VSM for this study will also contribute to a better understanding of successful strategy implementation, not only in South African banks, but also in the wider context of banks globally. The use of the VSM in different sectors is discussed next.

To gain a better understanding of the VSM used across other industries, it is necessary to review industries where the VSM have been used.

### **Prior applications where the VSM was used**

The VSM draws on a range of disciplines, namely mathematics, psychology, biology, neurophysiology, communication theory, anthropology and philosophy (Leonard, 2009).

Arghand *et al.* (2020) note that industries such as manufacturing and banking extensively use the VSM as a process tool for managing strategy implementation. For example, the VSM was implemented at Tejarat Bank, one of the largest banks

in Iran, and revealed that it guarantees the viability of banking systems and structures through its adaptability to complex environments. Although this variant of the VSM was proposed for Tejarat Bank, it can also be used by other South African banks. Cezarino and Beltran (2009) studied the financial institution sector in 2009, which, by implication, includes banks, using VSM as a diagnostic tool to investigate structural challenges and redesign organisational structures of financial institutions in Peru, based on soft variables such as identity, communication, and autonomy.

The VSM proved to be most beneficial based on its ability to deal with flexibility and complexity. Gao *et al.* (2013) researched large equipment procurement projects utilising the VSM to design an appropriate organisational structure, emphasising viability and diversity. Applying the VSM in a project environment revealed advantages such as creating a flexible structure, excellent adaptation and self-organising. Furthermore, Grant and Osanloo (2014) also did research on the broiler industry. They combined the VSM with neural networks and system dynamics approaches to enhance the flexibility of organisational structures in the broiler industry. Bititci *et al.* (1999) conducted a study in the manufacturing industry where the VSM proved to be a compelling framework for strategic analysis, planning and management of the agility of these businesses and further attributed to improved agility, responsiveness and business results.

Apart from the advantages of using the VSM revealed in the above studies, it also has a very specific advantage over other models in terms of coordination, control, and feedback, which will be discussed next.

### **3.3.3 Relevance to coordination, control, and feedback**

The VSM model depicted in Figure 3.3 demonstrates a clear link between coordination, control, and the feedback loop. System 2 of the VSM focuses specifically on coordination and explains that its function is to share resources between business units without creating conflict when competing for them.

The VSM also has a dedicated subsystem called Audit, which is primarily focused on control functions within an organisation and, by implication, on South African banks. The monitor and control, however, extend beyond internal functions and include control changes in the external environment.

Harwood (2019) states that the feedback loop of the VSM allows the sharing of views about what is happening and any challenges; it develops buy-in to politically feasible outcomes, otherwise intended change will not occur due to opposition and undermining by dissenters. The feedback loop in the VSM model also ensures that areas of strategy implementation are not only monitored but that feedback is provided on any issues requiring action. The communication channel across all layers of the VSM also ensures that feedback occurs holistically, rather than in isolated parts of an organisation.

Apart from adopting the VSM, this study also adopted the Swiss Cheese Model (SCM) as it complements the VSM in achieving the objectives of this study. The SCM is discussed next

### **3.4 Swiss Cheese Model**

#### **3.4.1 Origin and core logic**

Regarding the evolution of the SCM, Larouzée and Le Coze (2020) state that James Reason invented and further developed the SCM from the 1970s to 2010 as part of his contribution to the medical field of accidents and safety. Reason's thinking during the early stages of the 1970s was to gain an understanding of defence mechanisms against human error that stop a medical accident from happening. During this period, Reason decided to incorporate the work done by Jens Rasmussen to understand better approaches to errors from a naturalistic and ecological view. Based on these principles, Reason defined an error as "a generic term that includes all those occasions in which a planned sequence of mental or physical activities fails to achieve its intended outcome and when these failures cannot be attributed to the intervention of some chance agency". Errors are related to acts of sabotage (intention to harm), and violations are related to voluntary transgressions of a rule or imposed procedure, which may be related to habits, or a need (equipment or unsuitable workspace, incompatible safety and production objectives, etc). This taxonomy offered a much-needed overview of the diversity of what, at the time, was simply a heterogeneous collection of 'errors'. This classification of errors led to viewing errors regarding the relationship between accidents, errors and organisation. Surprisingly, human error appeared to have limited value in

making sense of the conditions that triggered disasters. It was clear that the circumstances went beyond an operator turning the wrong valve or pushing the wrong button. Reasons at the time concluded that the model's focus should be on detecting and eliminating pathogens rather than on dynamic errors.

During the 1980s and 1990s Reason's work on the resident pathogens, became the metaphor that was reinforced by John Wreathall's work. Wreathall was a nuclear engineer and in 1981 the two met at a conference, driven by the thought that to understand what went wrong, one should be able to say what should go right. This approach was to identify possible errors and solutions to things that should be done directly to stop mistakes from happening. Together, Reason and John Wreathall identified the following five elements that are present in an organisation: political decision-makers (designers and senior managers); a managerial chain divided into departments (maintenance, training, operations, etc.); preconditions (trained and untrained operators, technology and equipment, plans, maintenance, etc.); productive activities (synchronisation of operators and machines); and defences (technical, human and organisational). Reason then used the five elements to classify errors and used a metaphor to show how failures emerge and combine in a system leading to an accident. This enabled him to bring engineering concepts to the human and organisational domains (Larouzée & Le Coze, 2020).

Puthillath *et al.* explain that during the 1990s, Reason decided also to incorporate the work done by Rob Lee into his thinking. Rob Lee promoted the idea of representing a system by slices of cheese and their weaknesses by holes. According to Larouzée and Le Coze (2020), Reason recognised that these ideas were a good fit for his medical metaphor and to express the concept of collating the effects of, for example, managerial decisions on training, resource allocation, and maintenance into workspaces, ending with operator performance. He then shows how such decisions could have more or less direct effects on the integrity of the system's defences, e.g. poor maintenance and lack of training. Through various research programmes, the SCM was used and shaped to ensure its pragmatic rationality: that is how in the 1990s, it became the vector of a paradigm shift in the safety science and industrial community.

Renolds made another significant enhancement to the model by introducing a separate path bottom arrow, highlighting that if a barrier goes through all the defence layers, it will represent failure. Hence, an accident will occur. The crux of how the SCM evolved is Reason's work over several decades and the contributions of other authors' work that he incorporated into the model. The combined efforts produced one of the most popular safety models to date. (Larouzée & Le Coze, 2020). The evolution of the SCM discussed above is also closely related to the constructs of the model and is reflected below.

### **3.4.2 Constructs of the SCM**

Concerning the constructs of the SCM, Reason (2000) states that a patient can only be harmed if all system defences fail. The SCM presents a graphical representation of the defence layers (as the slices of cheese), as well as the case where these defence layers failed (represented as the holes in slices of cheese) and how that results in an accident (the arrow that passes through all the slices) (Li & Thimbleby, 2014). Puthillath *et al.* (2021) describe an accident as an undesirable event that results in injury to a person or damage to property. The SCM can only be viable if one operational failure is not viewed in isolation but rather as part of a chain of unsafe acts that enable investigators to identify potential hazards before they happen.

Krogerus and Roman (2011) argue that the SCM is one of the 50 best strategic-thinking models based on its most impressive illustration of the causes and effects of mistakes and human error. They explain that the cheese slices represent different levels of the successful implementation of a strategy or the achievement of a set goal (which things must succeed). The model represents errors as holes in the cheese slices. In an error-free world, the cheese would have no holes. But in the real world, the cheese is cut into thin slices, and every slice has many holes in different places in different slices. Imagine the holes as conduits for errors. An error remains unnoticed or irrelevant if it penetrates only one hole in one of the slices. But it can lead to catastrophe (failure) if the holes in the different slices align and the error passes through all the holes in all the defences. There are different types of mistakes: real errors that occur when the wrong process is carried out; blackouts that occur when part of a process is forgotten, and slip-ups that occur when the right

process is carried out incorrectly. Figure 3.4 below depicts the cheese slices and the consequences of the risk of failure if these errors, as they relate to each slice, are not addressed.

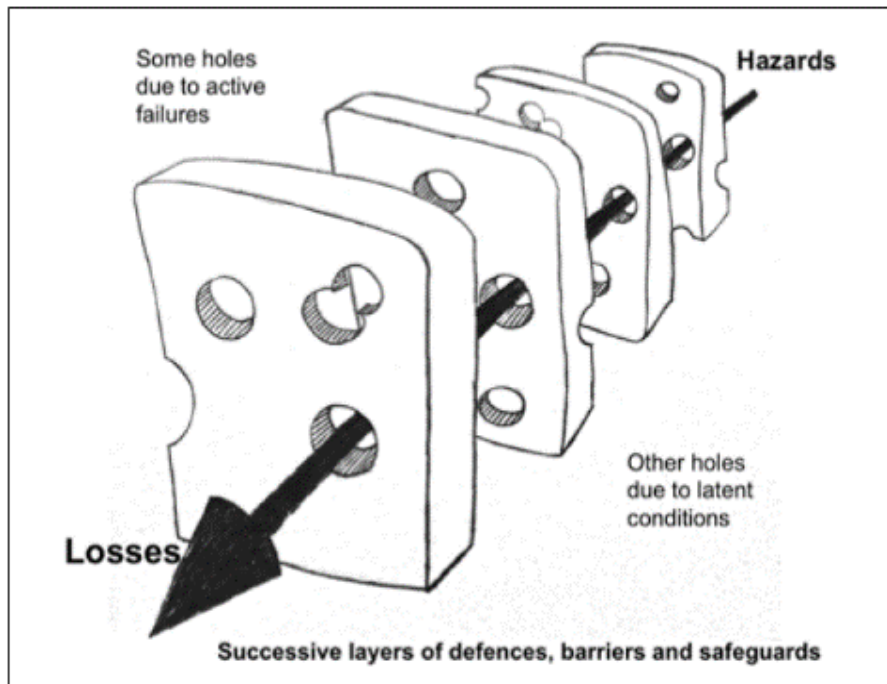


Figure 3.4: The original Swiss Cheese Model

Source: Li and Thimbleby (2014)

Li and Thimbleby (2014) note that the cheese slices have been drawn carefully, so they are not the same. The holes in the cheese slices consist of active failures and latent conditions. Functional failure typically occurs while a person is performing their duties within the system. Latent conditions are the potential contributing factors that lie dormant in the system. The consequences of these latent conditions only become evident when combined with other factors to breach system defences. The authors provide a guideline that is depicted in Figure 3.5 below. It shows the combination of many possible consequences of operational failure, latent conditions and defence layer design flaws that relate to the SCM:

Severity level	Graphic representation	Explanation
0		Defence layer does not introduce new risk Defence layer is designed with all possible errors and risks from upstream that it can encounter in mind No error has slipped through previous defence layer
1		Defence layer does not introduce new risk Defence layer is designed with all possible errors and risks from upstream that it can encounter in mind Error has slipped through previous defence layer
2		Defence layer does not introduce new risk Defence layer design has failed to cover some possible errors and risks from upstream No error has slipped through previous defence layer
3		Defence layer does not introduce new risk Defence layer design has failed to cover some possible errors and risks from upstream Error has slipped through previous defence layer
4		Defence layer introduces new risk Defence layer is designed with all possible errors and risks from upstream that it can encounter in mind No error has slipped through previous defence layer
5		Defence layer introduces new risk Defence layer is designed with all possible errors and risks from upstream that it can encounter in mind Error has slipped through previous defence layer
6		Defence layer introduces new risk Defence layer design has failed to cover some possible errors and risks from upstream No error has slipped through previous defence layer
7		Defence layer introduces new risk Defence layer design has failed to cover some possible errors and risks from upstream Error has slipped through previous defence layer

Figure 3.5: Conditions and defence layer design flaws

Source: Li and Thimbleby (2014)

Reason (2000) explains that the design flaws depicted in Figure 3.5 incorporate two approaches to human fallibility. Firstly, the personal approach focuses on the errors of individuals, blaming them for forgetfulness, inattention, or moral weaknesses. The systems approach concentrates on the conditions under which individuals work and tries to build defences to avert errors or mitigate their effects. Furthermore, the author argues that these errors should be managed by limiting the number of incidences. Li and Thimbleby (2014) state that the SCM aims to provide a theoretical lens that has been used in other industries and organisations to identify possible defence layers that failed (the holes in the slices of the cheese) and defence layers (slices of cheese) that will prevent defects from passing through any other slices of cheese. If a defect passes through the initial layers but is stopped by a later one, it is contained; if not, it continues through all remaining barriers, resulting in an accident and system failure. This logic has been applied to other industries as well and will be discussed next.

### **3.4.3 Application beyond safety-critical industries**

Regarding the adoption of the SCM across other knowledge domains, Seshia *et al.* (2018) customised Reason's model in the health profession to propose steps to improve patient safety across the spectrum of care globally, and address specific situations and the underlying principles applied to all methods for improving safety. The framework facilitates the developing and evaluating strategies to optimise organisational cultures, which, in turn, ensures enhanced rational decision-making across the continuum of care, thereby improving patient safety globally. The cognitive-affective SCM assists in appreciating the complexities of cognitive-affective processes that influence correct and erroneous decisions and actions. Given that the proposed model is based on a systems approach, it can be applied to all healthcare-related disciplines, professionals, and organisations. However, one model may not fully explain all adverse events, and models must be improved continuously as knowledge advances and the landscape of healthcare changes; often, as one problem is resolved, others spring up in its place. Patient safety is a continuously moving target.

In 2019, Hu (2019) conducted a study of the electricity industry in China wherein the SCM was combined with the Energy Theory Model and a new barrier model was

proposed based on management practices to analyse the cause and prevention of accidents. Hu further identified and separated direct causes (limited to personnel and hardware barriers) from indirect causes (the support behind internal barriers) of accidents, as they make the proactive management of specific causes easier. They also categorised barriers into three different levels. Level one is related to hardware and human barriers, level two relates to organisational management and supervision, and level three is about safety culture.

Puthillath *et al.* (2021) used the SCM in the electrical engineering industry to explore the factors influencing human electrical accidents at multiple levels for plugging or removal of better safety. The authors identified the cheese slices and their relative positions for electrical accidents as (1) the work culture of the organisation, (2) the working environment and systems, (3) workplace issues, and (4) human factors. The barriers or holes in each slice were identified as (1) the work culture of the organisation, no or poor supervision, working on a live wire, lack of good system knowledge, inadequate information, poor maintenance, poor control of work activity, poor documentation and reporting; (2) working environment and systems, electric fire or arcing, flammable material, time of the day, weather condition, non-isolation of the system; (3) workplace issues, unguarded live wires/less mechanical support, less clearance between equipment or system, defective equipment/wear and tear, improper earth procedure, back-feeding; (4) human factors not using PPE, negligence, removing the wrong fuse or isolator, fatigue and sleepiness, working too fast, working on the metal ladder with less clearance, alcohol consumption, emotion and stress, health problems or incompetence.

Table 3.1 Summary of observations emanating from the use of the SCM across various industries.

Study	Industry	Author
Customised Reason’s Swiss Cheese Model in the health profession to propose steps to improve patient safety across the spectrum of care globally.	Health profession	Seshia <i>et al.</i> (2018)
Combined Reason’s Swiss Cheese Model with the Energy Theory Model and proposed a new barrier model based on management practices to analyse the cause and prevention of accidents.	Electrical industry	Hu (2019)
Used the Swiss Cheese Model in the electrical engineering industry to explore the factors influencing human electrical accidents at multiple levels for plugging or removal of better safety.	Engineering industry	Marath and Ayappan (2021)

Source: Researcher’s construct (2024)

The proposed model is based on Reason’s SCM and is helpful for electrical utility companies to reduce electrical accidents.

Given that the SCM has been successfully applied in various industries, as shown in Table 3.1, and proves to be most relevant to this study, the model was adopted to optimise organisational performance through successful strategy implementation in the South African banking industry. The next section highlights the challenges and benefits offered by the SCM.

#### **3.4.4 Relevance of the SCM to failure propagation and how the SCM complements the VSM but does not replace the VSM**

An understanding of failure propagation is crucial for building robust, adaptable, and resilient organisations that can survive disruptions and turn potential failures into opportunities for growth and improvement.

The SCM relates to failure propagation in an organisation in the following key areas relevant to this study. It assists organisations in identifying errors, where a minor failure in one area can cascade into widespread, severe consequences based on the cause-and-effect principles. It helps identify errors early, enabling corrective action and minimising damage. The VSM complements the SCM by also focusing on identifying errors/barriers as early as possible, but views them in the broader context of the interconnected nature of systems and processes across an entire organisation.

However, it is important to note that the SCM, on its own, often operates in silos, leading to isolated thinking and poor communication channels that can accelerate failure propagation because information about a problem is not shared effectively across organisational layers. However, organisations using the SCM on its own are trying to foster a blame-free culture that encourages reporting mistakes, thereby helping contain failures and facilitating learning. Combining the SCM and the VSM solves this problem, as communication and feedback across organisations are key advantages of the VSM.

The SCM also further assists organisations in identifying and understanding failure propagation as it relates to the identification of the root cause of a specific problem. The SCM assists organisations in moving beyond addressing symptoms and focusing on the initial triggers of a problem. The VSM complements this concept of the SCM, as the VSM also focuses on identifying the core reasons behind barriers and proposes success factors that can combat those barriers to reduce negative impacts organisation-wide.

### **3.5 Integrating the theoretical lenses**

#### **3.5.1 Explain why two theories are used**

Yolles and Fink (2011) state that even though the VSM suggests how organisations should deal with the complexity of flexible organisational structures and emphasises the importance of effective communication between different layers of staff, it does not propagate a specific theory to differentiate between normal (equilibrium) and post-normal (non-equilibrium) situations. Jackson (1992) states that although the VSM depicts the typical layers of a firm's management structure, each firm must customise the model to reflect their own management structure in order to derive the benefits offered by adopting the model. However, Stephens and Haslett (2011) argue that the VSM drives managers away from non-flexible organisational structures and leads them to an applicable systematic and recursive organisational chart. Schwaninger (1990) further emphasises that the VSM enables organisations to structure and restructure themselves as entities capable of conscious actions and change.

However, Yolles and Fink (2011) criticise the VSM for its inability to model organisational orientations that can offer expectations about future operative behaviours. Hildbr and Bodhanya (2015) argue that the VSM is an outstanding diagnostic tool that can enrich other field methods for analysing or diagnosing strategic factors in organisations, corporates, supply chains, or entire countries. Schwaninger (1990) supports this view and states that the VSM helps organisations so that they are not only successful in the short term but that they also able to behave 'intelligently' in the long term. Espejo and Gill (2015) emphasise that the VSM is robust in having a long-term focus rooted in the organisation's very identity.

Similarly, Stephens and Haslett (2011) state that the VSM uses modelling tools to define an underlying structure for communications in support of viability. Espejo and Gill (2015) acknowledge the benefits of the VSM regarding effective communication and add that the VSM takes a systemic view to enhance communication processes when filtering information from top management to lower levels of an organisation, based on delegation of authority. On the other hand, Schwaninger (1990) highlights that the VSM delivers a conceptual framework for understanding restructuring and

learning as an organisation-wide process that can be supported appropriately. Furthermore, Espejo and Gill (2015) explain that the process of reinvention then becomes a continuous, spontaneous dynamic process to enhance organisation performance.

However, Yolles and Fink (2011) argue that the VSM is not a technique that explores emotional phenomena, which can contribute significantly to organisational pathology. Supporting this, Štrukelj *et al.* (2021) argue that the VSM can be applied to improve social responsibility (SR) in organisations, to change individuals' existing behaviour to incorporate more socially responsible actions to address humankind's increasingly pressing issues of stress on employees that come with digital communicational channels. It can also help to resolve staff challenges.

Stephens and Haslett (2011) view one of the benefits of the VSM as providing valuable guidelines on how organisations can handle vast external and internal complexities. Espejo and Gill (2015) emphasise that the VSM further offers a shared understanding of the organisation as an integrated whole. It is a powerful platform for various kinds of change, rendering it intrinsically adaptable to change.

Further to this, Arghand *et al.* (2020) point out that senior management should also be aware that the generalisability of the VSM neglects the detail of the design of small units of an organisation. Conversely, Espejo and Gill (2015) provide a list of VSM advantages: it provides a valuable template for structural and organisational design and the mapping of strategic IT architecture; it is flexible to add new strategic business units quickly; and it gives the ability to respect the relational and recursive nature of the organisation.

However, Stephens and Haslett (2011) argue that the VSM drives managers away from non-flexible organisational structures and leads them to an applicable systematic and recursive organisational chart. Schwaninger (1990) further emphasises that the VSM enables organisations to structure and restructure themselves as entities capable of conscious actions and change.

In summary, the above section revealed that the benefits of using the model substantially outweigh the challenges and that the model offers an opportunity to be utilised effectively in this study, which focuses on an effective strategy

implementation framework for South African banks. Even though the benefits of the VSM outweighed the shortcomings, the author had to find a theoretical model that complements the VSM model in a manner that accounts for the shortfalls of the VSM. The SCM was identified as the best model to fulfil this purpose.

The SCM was adopted as the second theoretical lens of this study because the model is based on the principle that an organisation needs to have clearly defined processes and policies as a prerequisite to achieving successful strategy implementation so as to facilitate optimal organisational performance. Reason argues that processes can only be implemented if they can be defined in terms of steps of what should be done, what could go wrong and what the consequences would be if the strategy implementation process failed. The SCM depicts a holistic view of layers of defence, barriers, and outcomes. The study will use the benefits of the SCM to identify, monitor, and control the strategy implementation process at each layer within the organisation.

The next section will focus on the different dimensions of implementation, starting with the VSM first.

### **3.5.2 How the VSM addresses different dimensions of implementation**

Stephens and Haslett (2011) state that the VSM addresses different dimensions of strategy implementation. The authors consider organisational structure as the first dimension and highlight that a viable organisational structure is necessary to ensure that the implementation strategy is aligned with the organisation's structure. Espejo and Gill (2015) highlight that a viable organisational structure offers organisations an opportunity to add new strategic business units quickly and to respect the relational and recursive nature of the organisation when it comes to strategy implementation. However, Espejo and Gill (2015) also argue that organisations that do not use the VSM to address structural and organisational design set themselves up for failure in strategy implementation. The VSM addresses the first dimension of successful strategy implementation as a viable organisational structure.

It is clear that the VSM offers advantages to leverage if utilised effectively, but there are also consequences for not applying the VSM principles when it comes to an organisation's structure, which can lead to strategy implementation failure.

The second dimension that the VSM addresses in strategy implementation is communication. Stephens and Haslett (2011) state that the VSM requires effective communication throughout the organisation to support a viable organisational structure and that it offers modelling tools to define underlying principles for communication in support of viability. Similarly, Espejo and Gill (2015) acknowledge the benefits of the VSM for effective communication and note that it takes a systemic view to enhance communication processes when filtering information from top management to lower levels of an organisation, based on the delegation of authority. However, Yolles and Fink (2011) argue that even if the organisation has a viable organisational structure, strategy implementation will still fail if the organisation does not have effective communication between the different layers of staff.

In summary, a viable organisational structure and open, effective communication are the two most important dimensions of strategy implementation. Both dimensions need to be aligned, as failure in either will lead to a failure in strategy implementation.

In conclusion, the above-mentioned dimensions also play a role, but they are not as important as the two significant strategy dimensions implementation mentioned previously. It includes integrating the organisation as a whole, coping with change, and managing third-party involvement, including external and internal complexities and social responsibilities. It is important to note that, although these dimensions may be less important, a decline in any one of them might have a detrimental effect on strategy implementation if not addressed appropriately.

### **How the SCM addresses different dimensions of implementation**

The SCM, which was developed by psychologist James Reason, is based on two main dimensions: first, defence layers; and second, holes in the cheese slices representing weaknesses or failures within each defence layer. The defence layers, which are the first dimension, have the following four sub-dimensions:

**Organisational influences:** This top layer includes decisions made by top-level management and the overall organisational culture and climate. These latent conditions include factors such as resource allocation, policies, operational tempo

(e.g. time pressure), communication structures, and overall safety culture. Failures at this level can lie dormant for a long time until they contribute to an incident.

**Unsafe supervision:** This layer involves the actions or inactions of those in supervisory roles. Weaknesses can manifest as inadequate supervision, a failure to correct known problems, insufficient training provided to staff, or deficient planning and oversight of operations.

**Preconditions for unsafe acts:** This dimension encompasses the environmental and personal factors that can lead directly to unsafe behaviour. Examples include poor working conditions, an individual's mental or physical state (e.g. fatigue, illness), inadequate equipment design, or a lack of clear procedures.

**Unsafe acts:** This is the "sharp-end" layer, involving the errors and violations committed by front-line operators, such as nurses, pilots, or engineers, during active work. These active failures have an immediate impact on safety (e.g. medication or navigation errors).

The second dimension of the SCM concerns the holes in the SCM slices, which represent failures or accidents that occur only when the holes in all these defensive layers momentarily align, allowing a hazard to pass through every barrier. However, Le Coze (2013) argues that the model emphasises that accidents are rarely the result of a single cause but rather of a combination of multiple, smaller systemic weaknesses.

It is important to note several authors' opinions that criticised the usefulness of the second dimension of the SCM, namely the holes in the SCM. For example, Li and Thimbleby (2014) point out that the SCM represents a failure as a hole in the cheese slice, but it does not distinguish between these failures; a hole is a hole, and it does not matter where it is, as the theory states that when an accident occurred, every defence layer failed. Trying to find the root cause of the problem may prove to be misleading. Similarly, Weber (2006) further argues that the model is insufficiently specific regarding the nature of the holes in the cheese and their interrelationships; it does not explain where the holes are or what they consist of; it does not explain why the holes are there in the first place; it does not explain why the spots change over time, both in size and location, and it also does not explain how the holes line

up to produce an accident. Le Coze (2013) also criticises the SCM, as it does not show how holes are likely to align and does not clearly explain what the holes are, leaving users to translate this for themselves.

However, despite criticism, Hu (2019) argues that the SCM remains relevant based on its systemic foundations and sustained use in high-risk industries, while the need to keep imagining alternatives based on a mix of collective empirical, practical, and graphical research remains. This research study formed part of the background of the SCM. The SCM has also become one of the most popular models among practitioners and safety scientists due to the clarity of its simple, memorable metaphor and graphical presentation. Larouzée and Le Coze (2020) agree with this view that the SCM can create a powerful visual heuristic that diverse people can share. It offers a representation that different professionals with different levels of expertise in safety-critical organisations (including regulators) can understand. Krogerus and Roman (2011) agree with this view and add that the SCM expresses and reduces the complexity of the problem of accidents by showing the many potential combinations of holes that characterise an accident sequence. It indicates the distance between the holes, so that incidents can be characterised by their proximity to a catastrophe, and, in principle, offer the possibility of a normative assessment.

Implicitly, the four sub-dimensions are equally valid for South African banks in successful strategy implementation and have been adopted by this study as part of a cause-and-effect model, as they enable banks to develop practical recommendations for overcoming barriers. The dimensions can also be used to manage the risk of strategy implementation failure by closely monitoring them and acting promptly when needed. This study has also adopted the second dimension of holes in Swiss cheese slices, as it facilitates the identification of errors related to successful strategy implementation across organisational, financial, stakeholder, and technology factors.

### **3.5.3 How the (VSM) and the (SCM) jointly explain execution success and failure**

#### **How does the VSM explain execution success?**

Various authors explained execution success based on the VSM. For example, Haslett (2011) highlights that the VSM delivers a conceptual framework for understanding restructuring and learning as an organisation-wide process that can be applied during strategy execution. Schwaninger (1990) emphasises that the VSM enables organisations to structure and restructure themselves during execution as entities capable of conscious actions and change. Similarly, Espejo and Gill (2015) support this view and state that the VSM helps organisations succeed not only in the short term but also behave 'intelligently' during execution in the long term. Hildbr and Bodhanya (2015) argue that the VSM is an outstanding diagnostic tool that can enrich other field methods for analysing or diagnosing strategic issues during the execution of the strategy. Espejo and Gill (2015) emphasise that the VSM is robust during the execution phase, with a long-term focus rooted in the organisation's very identity.

In summary, the VSM offers many suggestions to ensure the successful execution of a strategy. The explanations from the above authors emphasise that applying VSM principles is an ongoing activity rather than a one-off action. The VSM also allows organisations to continuously structure and restructure themselves during strategy execution.

### **How does the SCM explain execution success?**

Larouzée and Le Coze (2020) state that the SCM is a simple and effective means to understand what went wrong during strategy implementation; communicating about risks or preventing adverse events may still be helpful.

The SCM is a metaphor used to explain how failures and accidents occur in complex systems, despite multiple layers of defences. Execution success of the model refers to preventing a hazard from becoming a failure or accident by ensuring that weaknesses (holes) in the multiple defensive layers do not align to create a clear path for the hazard to pass through.

The multiple layers of defense is a core principle of having several barriers – such as physical equipment, procedures, training, supervision, and safety culture – between potential hazards and a negative outcome. Each individual layer is imperfect and has inherent weaknesses ("holes"). Dynamic and random

weaknesses are the holes in each slice of cheese that are constantly changing in size and position. It is unlikely that all the holes in all the layers will align at the same time.

Similarly, Larouzée and Le Coze (2020) state the SCM has significantly contributed to shifting the focus of accident prevention from the individual to a broader, systemic view. At the same time, the SCM is systemic in that it looks at the system as a whole and explicitly includes senior decision-makers rather than taking a reductionist approach limited to frontline actors.

However, Li and Thimbleby (2014) see the flexibility of the SCM as an advantage during strategy execution, as it promotes the view of accidents as a combination of dynamic errors and a failure of barriers, along with the thought of barriers themselves as an active feature that often changes over time and may also highlight new forms of errors.

By implication, the SCM ensures that individual errors or minor system failures are caught and stopped by subsequent layers of defence, preventing them from accumulating into a significant incident/error during the strategy execution phase. Also, the SCM supports successful strategy execution via its systemic approach, continuous improvement and adaptability.

### **How does the VSM explain execution failure?**

Many organisations used the VSM's strategy implementation principles religiously, and everything went well until they moved into the strategy execution phase. In this section, several authors explain why organisations struggle to execute their strategies. Jackson (1992) explains that organisations fail to customise the VSM to reflect their own management structure and therefore cannot derive the benefits of adopting the model. Espejo and Gill (2015) further explain that organisations ignore the continuous process of reinvention, thereby do not allow for spontaneous, dynamic processes to enhance organisational performance. Arghand *et al.* (2020) point out that senior management must also not ignore that the generalisability of the VSM neglects the details of the design of small units within an organisation, which also results in execution failure. Yolles and Fink (2011) criticise the VSM for its inability to model organisational orientations that can offer expectations about

future operative behaviours. Yolles and Fink (2011) explain that some managers think the VSM must cater for techniques that explore emotional obstacles, but the VSM does not. However, organisations need to find ways to address this issue, as turning a blind eye will lead to execution failure.

Implicatively, strategic execution in banks can fail if management is unaware of the imitation of the VSM and the symptoms only become visible during the strategy execution phase. Banks will have to address any misunderstanding immediately to prevent damage from execution failures.

### **How does the SCM explain execution failure?**

Execution failure in the SCM occurs when weaknesses (holes in the cheese slices) in different layers of a system's defences momentarily align, allowing a hazard to pass through all barriers and cause an accident or incident.

Li and Thimbleby (2014) argue that accidents are rarely the result of a single, catastrophic mistake. Instead, an execution failure results from multiple, often unrelated and dormant weaknesses lining up to create a trajectory of accident opportunity.

Puthillath *et al.* (2021) identify four general levels of failure that can lead to strategy execution failure of the SCM:

- Organisational influences: Flaws in top-level management decisions, resource allocation, company culture, and processes (e.g. poor design practices or inadequate budgets) create latent conditions throughout the system.
- Unsafe supervision: Failures in supervision, such as inadequate training, insufficient oversight, or a failure to correct known problems, allow unsafe preconditions to persist.
- Preconditions for unsafe acts: The immediate environmental or individual factors that contribute to errors, such as mental fatigue, poor communication, time pressure, or inadequate equipment (e.g. poorly maintained technology).
- Unsafe acts: The active failures or errors committed by individuals directly interacting with the system, such as a pilot making a navigation error, a

surgeon leaving an instrument in a patient, or a nurse erroneously programming an infusion pump.

Similarly, Seshia *et al.* (2018) identify the key concepts of strategy execution failure as follows: (1) Latent conditions: These are the hidden, systemic weaknesses that may lie dormant for long periods before combining with local triggers and active failures to create an accident opportunity. (2) Active failures: These are the unsafe acts committed by people on the front lines that have an immediate, direct impact on the system's safety. (3) Alignment: The crucial moment when holes in every single layer of defense line up, breaking down all safeguards and allowing a hazard to reach a negative outcome (e.g. patient harm, plane crash, data breach).

Li and Thimbleby (2014), Puthillath *et al.* (2021) and Seshia *et al.* (2018) further argue that even though tools have been developed based on the SCM theory, devices may need to be redesigned to keep pace with technological evolution, which does not mean the approach is obsolete. Accidents still occur because of the unwanted combination of technological failures (at some time and to some degree) and human shortcomings (even if we should acknowledge here the heroic ability of humans to take control over a failed technical system).

In summary, all the challenges mentioned above are equally applicable to banks during the strategy execution phase. However, banks can focus on these multi-layered systemic failures rather than blaming individuals, thereby identifying and addressing the root causes of strategy execution errors and taking proactive corrective actions. Banks can also prevent strategy execution failure by acknowledging and better managing the SCM limitations and compensating for its shortcomings, which include, firstly, being a static, linear and simplistic mode; secondly, being underspecified and overly generic; and, thirdly, the linear causality implied by the arrow through the holes making it 'complex linear' or epidemiological.

The next section focuses on the conceptual framework for this study.

## **3.6 Development of the conceptual framework**

### **3.6.1 Theoretical versus conceptual frameworks**

Hecker and Kalpokas (2024) highlight the importance of researchers understanding the difference between a theoretical and a conceptual framework as they relate to a research project. From a theoretical framework perspective, the authors explain that a framework should be defined as a theoretical or conceptual framework, as they differ fundamentally in their scope. Parker (2023) states that theoretical frameworks outline how more abstract level theories shape the study and broader understanding, as they provide a comprehensive and general view of the research problem rooted in established theories. Grant and Osanloo (2014) state that a theoretical framework also explains a phenomenon by applying a particular theoretical lens that guides the approach to understanding the research problem by indicating the broader conversation the researcher contributes to, and shaping the research questions. Walden University (2024) explains that the second type of framework refers to a conceptual framework that operationalises the empirical observations connected to theory and broader understanding, and offers a more focused view of the research problem. Imenda (2014) states that conceptual frameworks further provide a map for the study, guiding the data collection and interpretation process, including what variables or concepts to explore and how to analyse them.

In summary, the theoretical frameworks (VSM and SCM) provide the explanatory lenses underpinning this study. The conceptual framework, by contrast, is an original synthesis developed by the researcher, integrating empirical findings with these theories to explain strategy implementation dynamics in South African banks.

#### **3.6.1.1 Justification for adopting the VSM as the first theoretical framework**

The VSM was adopted in this study because VSM theory is based on the principle that an organisation needs to maintain viability as a prerequisite to achieve optimal organisational performance, gain a competitive advantage among its peers, and respond rapidly to internal and external change factors. The VSM propagates that an organisation can only be viable if its structure incorporates the following subsystems: operations, coordination, integration, audits, intelligence and policy. It

looks at the external environment with feedback loops between all the different layers within the organisation. The VSM framework depicts a holistic view of a viable organisation to determine and establish the interactions between an organisation's internal parts or systems and external parts in the environment. The study will utilise this benefit of the VSM to monitor and control how changes in the environment influence what happens in an organisation's future.

Optimal organisational performance is directly linked to successful strategy implementation. The VSM provides a framework that represents the strategy implementation process from formulation to implementation, emphasising maintaining viability. Each component in the model is expected to participate in that implementation process, where it goes across different layers while still engaging with the external environment (Arghand *et al.*, 2020).

Even though a literature review of the problem statement discussed in section 1.3 highlighted the importance of the link between strategy formulation and strategy implementation, it further revealed that both are seen as operating in silos, as a one-way process moving from formulation to implementation. The researcher identified the VSM as the most appropriate theoretical lens to use in this study, as it shows the relationship between strategy formulation and strategy implementation as interwoven and part of the same strategy implementation process. The model shows the need for both strategy formulation and strategy implementation to be aligned and that the gap between them should be closed via two-way feedback loops. The feedback loops suggest that the strategy formulation and implementation process is continuous and reiterated based on the Systems Viability Theory. The VSM is simplistic, yet detailed enough to reflect the steps necessary to close the gap between strategy formulation and strategy implementation, and it is more convenient to use as it is presented graphically.

This study utilises the VSM construct to map complex subsystems within each system, enabling effective strategy implementation. This mapping is expected to support the proposed solutions for combatting the identified and established challenges.

The VSM, as discussed under section 3.6.1, has successfully been used in different studies and industries as a strategy implementation process and problem structuring method. This study aims to utilise the model in the South African banking services sector within South Africa, as this has not been done before to the best of the researcher's knowledge.

The VSM provides a framework that incorporates identifying relevant stakeholders at various levels of an organisation during the strategy formulation and implementation process. It is expected that this theoretical framework will assist in determining the appropriate audience that will participate in the study through interviews, focus groups and questionnaires.

The analysis of the challenges and benefits discussed under section 3.12.3 reveals that the benefits of the VSM outweigh the challenges, which justifies the worthiness of using this model for this study.

#### **3.6.1.2 Justification for adopting the SCM as the second theoretical framework**

The SCM of James Reason was adopted as a second theoretical model for this study because the model is based on the principle that an organisation needs to have clearly defined processes and policies as a prerequisite to achieving successful strategy implementation so as to facilitate optimal organisational performance. Reason argues that processes can only be implemented if they can be defined in terms of steps of what should be done, what could go wrong and what the consequences would be if the strategy implementation process fails. The SCM depicts a holistic view of layers of defence, barriers, and outcomes. The study will use the benefit of the SCM to identify, monitor, and control the strategy implementation process at each layer within the organisation. The justification for adopting the SCM for this study was discussed in the previous sections, which sets the scene for developing a conceptual framework for this study and will be discussed next.

### **3.6.2 Conceptual framework (developed by researcher)**

The conceptual framework was formulated based on three phases. Each phase is discussed below.

#### **Phase 1**

Phase 1 consisted of the barriers and success factors in the literature discussed under sections 3.9 and 3.10. The consolidated table is shown in section 3.11 that was utilised to inform the interview questionnaires and focus group discussion guides. The consolidated literature review and participant feedback will address the following research question: Which factors influence strategy implementation and how do these factors impact strategy implementation success? The identified barriers and success factors pose a challenge in terms of strategy implementation that can be utilised by strategy implementation staff at different layers of a bank, as the barriers and success factors depend on the individual implementing the strategy. The VSM, proposed by Stafford Beer, was identified as the first theoretical model to address this need, and its adoption is discussed in Phase 2 below.

#### **Phase 2**

Phase 2 identified the most relevant model that would allow the researcher to verify the barriers and success factors from a practical perspective. The VSM fits this purpose and was discussed in section 3.12. The VSM was first leveraged to incorporate strategy implementation staff at different levels of the organisation. Secondly, it is based on communication channels across and between all levels of an organisation. Finally, it examines the organisation's internal and external factors influencing successful strategy implementation. The model guided the appropriate audience of participants relevant to this study. Although the VSM offered advantages to the study mentioned above, it lacked the scope to incorporate the identified barriers and success factors, as well as the consequences of not addressing these barriers to ensure successful strategy implementation. This limitation highlighted the need to find a theoretical model that offers the opportunity to incorporate the barriers, success factors and consequences of acting on them or not acting on them. The SCM, developed by James Reason, was identified as it not only offered an opportunity to address this need but also to leverage the concept at

different levels within the bank. Phase 3 below discusses the adoption of the SCM as it relates to the development of the conceptual framework of this study.

### Phase 3

In Phase 3, the researcher used the SCM proposed by James Reason, which was discussed in detail in section 3.13. The model allows for a logical flow of the conceptual phases conducted to derive the conceptual model. This SCM model was chosen to complement the conceptual framework further, as it demonstrates Swiss cheese slices that the researcher used as categories for the strategy implementation process. The SCM further depicts the impact of strategy implementation success factors on resolving strategy implementation barriers. The model also illustrates that if a barrier is not combatted, it will have a compounded harmful effect and ultimately lead to strategy implementation failure.

The conceptual framework depicted in Figure 3.6 below leveraged, firstly, from the consolidated benefits of the literature review of strategy implementation barriers and success factors. Secondly, the researcher incorporated the VSM and, thirdly, adopted the SCM.

The conceptual framework for this study:

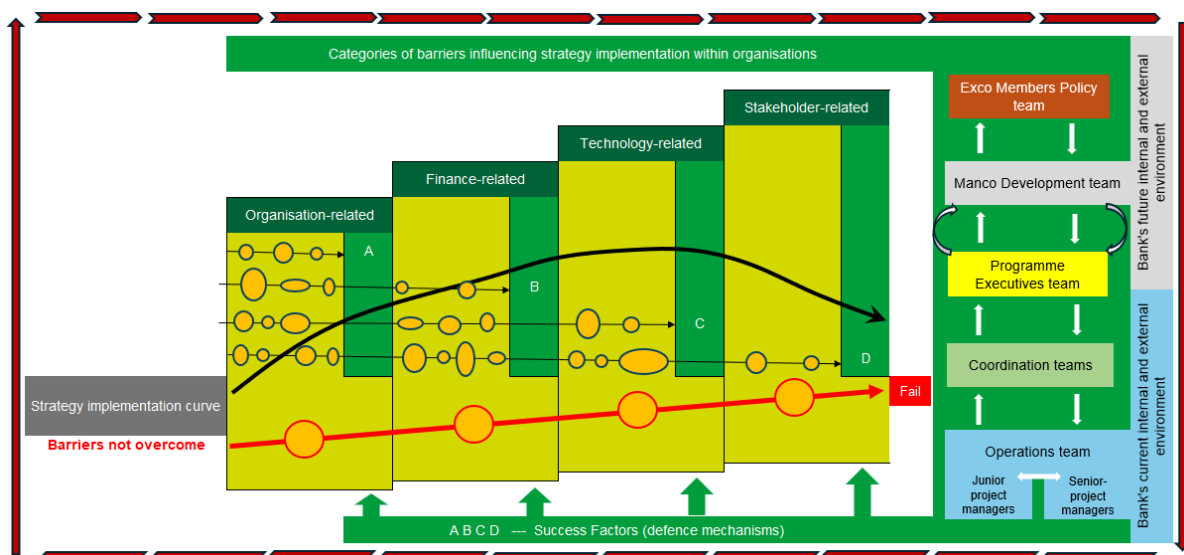


Figure 3.6: Proposed Conceptual Framework

Source: Researcher's construct (2024)

### **3.6.3 Constructs, relationships and assumptions**

Imenda (2014) states that a conceptual framework also explicitly outlines the concrete constructs and variables involved in the study and the relationships between them. The assumptions are also addressed below.

#### **3.6.3.1 Constructs**

The conceptual framework constructs include firstly, the categories of barriers and success factors; secondly, viable organisational structures for banks; thirdly, interaction with both internal and external stakeholders; fourthly, cause-and-effect principles; and lastly, a strategy implementation curve. These constructs have been incorporated into a holistic conceptual model suitable for this study.

#### **3.6.3.2 Relationships**

The first relationship is between strategy implementation and the barriers that hinder successful strategy implementation. The second relationship is between strategy implementation and success factors that enable strategy implementation. The third relationship relates to using success factors to combat barriers. The fourth relationship is between how these factors influence staff at all levels of a bank. The fifth relationship is the communication channels between the layers of staff, with feedback loops between them to manage strategy implementation more effectively. The final relationship is between strategy implementation and the strategy implementation curve, which demonstrates that strategy implementation is associated with a project that has a start and end date. All the abovementioned relationships are interlinked and interactive, and they are captured in the conceptual framework for this study.

#### **3.6.3.3 Assumptions**

The conceptual model was constructed based on the following assumptions:

- The viable organisational structure is typical of a bank's structure.
- Participants of the study will provide strategy implementation information at all levels that will ensure all perspectives have been incorporated in the findings of the study.

### **3.7 Positioning the study's contribution**

#### **3.7.1 How the conceptual framework extends existing models:**

The conceptual framework extends existing models by integrating separate models (VSM and SCM) in a way that has never been done before, creating synergies that did not exist in strategy implementation models as separate models. The conceptual model of this study also has a unique purpose, distinct from other existing models of successful strategy implementation.

For example, Rashed and Darmaki (2015) proposed a framework for successful strategy implementation, discussed in section 3.13.2. Still, the model focused only on the dimensions of professional skills, organisational performance, critical success factors, and strategy implementation. Similarly, another example is the Five Key Dimensions of Successful Strategy Implementation framework proposed by Hourani (2017), which is also discussed in section 3.13.2 and focuses only on corporate governance, strategy formulation, systematic execution, strategy control, COE's leadership, and sustainable, motivated management and employees. By implication, each strategy implementation model or framework addresses strategy implementation from different perspectives,

#### **3.7.2 How the framework addresses gaps identified in Chapter 2:**

The literature review in Chapter 2 revealed a need for a conceptual framework for successful strategy implementation to optimise organisational performance. The literature review also confirmed that strategy implementation happens in silos and that there is no holistic framework that incorporates strategy formulation, strategy implementation and a feedback loop.

The conceptual framework of this study also aims to answer the researcher's primary question: How can South African banks engage in effective strategy implementation to boost optimal organisational performance? The conceptual framework will also be used to answer the secondary questions of the study mentioned in section 1.4.

### **3.7.3 How the framework is empirically testable (qualitatively):**

The framework for this study is testable (qualitatively) for the following reasons:

- In this qualitative study, the researcher used a qualitative data collection methodology to systematically gather and analyse feedback from respondents regarding an effective strategy implementation framework for South African banks. The alternative and diverse opinions can be recalled and confirmed by any researcher.
- This framework became testable when the feedback from respondents was contextualised and explored as a complex social phenomenon in terms of the participants' perceptions, opinions and behaviours as it relates to the context of successful strategy implementation concerning the "how" and "why" questions and reasons.
- The framework used in this study provided a structured approach that facilitated the interpretation of participants' feedback, as is typical in qualitative empirical studies. The testability of the information in this study is based on the researcher's credibility, transferability, and dependability, which ensure the findings are reliable and well-documented. Refer to section 4.13 for a discussion.

### **3.8 Chapter summary**

This chapter reflected on strategy formulation, strategy implementation and the feedback loop. The chapter also revealed the drivers, barriers and success factors that influence successful strategy implementation. The chapter further explored theoretical models that facilitate a better understanding of more effective strategy formulation and implementation, enabling optimal organisational performance. The chapter also demonstrated how these models contributed to the development of a conceptual framework for effective strategy implementation in South African banks. The next chapter outlines the research methodology employed in this study.

## **CHAPTER 4 – RESEARCH METHODOLOGY**

### **4.1 Introduction**

This chapter outlines the foundational elements of the research methodological framework used in this study. It begins by revisiting the research aim, questions, and objectives, establishing the context for the methodological choices that follow. The chapter then systematically presents, analyses, and justifies the research design, offering a comprehensive discussion of its key components: research philosophy, research approach, methodological choice, research strategies, time horizon, data collection methods, and data analysis techniques. A particular focus is placed on the single embedded case study approach adopted for this research, including a detailed rationale for the selected sampling strategy. Furthermore, the chapter critically examines the study's validity, reliability, and ethical considerations, ensuring methodological rigour and integrity. Together, these elements form a coherent framework, a golden thread that guides the collection, analysis, interpretation, and presentation of the research findings. The section below begins with a recap of the study's aim, research questions, and objectives, setting the stage for the methodological discussion that follows.

### **4.2 Recapitulation of the research aim, questions, and objectives**

As mentioned in Chapter 1, the aim of the study is to develop and validate a framework for facilitating effective strategy implementation in South African banks.

The following secondary objectives are required to achieve the primary objective of this study:

- a) Establish the factors influencing performance in banks operating within the South African banking sector.
- b) Describe the relationship between strategy implementation and organisational performance.
- c) Establish the factors influencing strategy implementation success.
- d) Develop and validate a framework (based on c) for effective strategy implementation in South African banks to achieve optimal organisational performance.

The following primary and secondary research questions were formulated to achieve the study's research objectives: How can South African banks engage in effective strategy implementation to boost optimal organisational performance?

### **Secondary research questions**

- a) Which factors influence performance in banks operating within the South African banking sector?
- b) What is the nature of the relationship between strategy implementation and organisational performance?
- c) What are the factors influencing strategy implementation success?
- d) How can effective strategy implementation be achieved by harnessing the factors presented in c)?

The following sections of this chapter provide vivid insights into the main components of the research methodological framework utilised for this study.

### **4.3 Research methodological framework**

A research methodology is a way to solve the identified research problem systematically (Kothari, 2004). The term is often viewed as a science of study that shows how a research study is conducted scientifically. It encompasses the steps the researcher generally adopts to study the problem and its logic (Saunders, 2024). There is a variety of models proposed by different authors to guide a researcher through the research methodology process, for example, the Nested Approach Model developed by Kagioglou *et al.* (1998). This approach is based on three research methodological layers: philosophy, research approach and techniques. It is imperative to note that all the layers are interlinked and directly impact each other and, ultimately, the success of a research study (Harish, 2021).

This study adopts the methodological framework proposed by Saunders *et al.* (2024), referred to as the research onion. Like the nested methodology approach, the research onion also consists of layers. It comprises different layers, including the research philosophical stance, approach, research methodological choice, strategy, time horizon, and data collection and analysis techniques.

The researcher also needs to ensure that the underlying choices of each element are carefully considered and aligned. For example, choosing a qualitative research methodology should be supported by the relevant data collection methods, typically consisting of interviews, focus group session and questionnaires (McCombes & George, 2023).

Kothari (2004) supports this view and emphasises that the research methodological framework was more comprehensive than just the research methods and has many dimensions depicted in Figure 4.1 below.

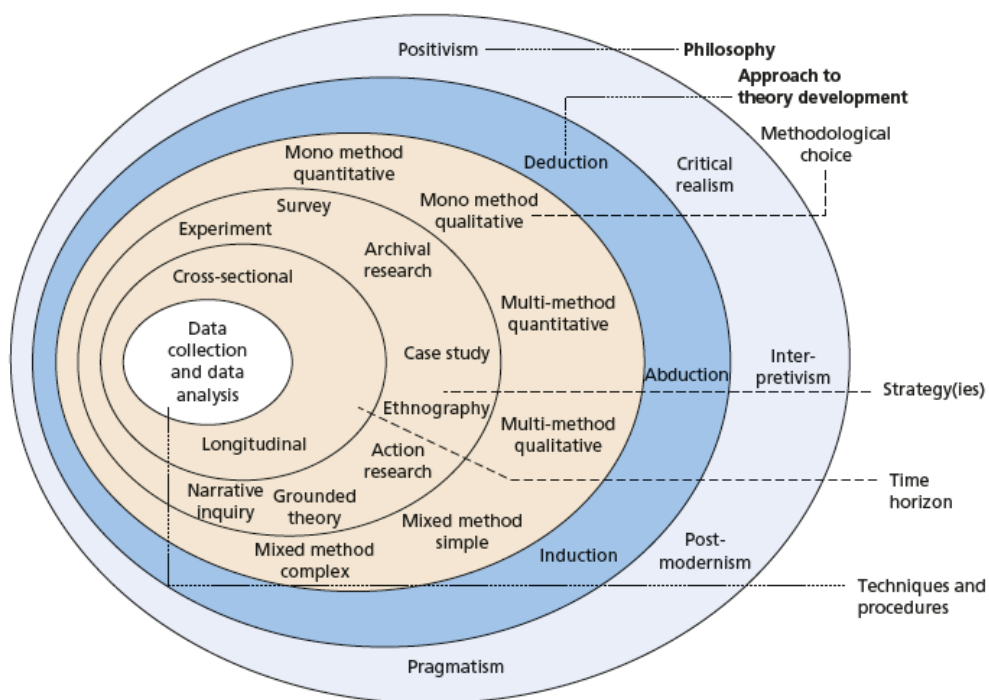


Figure 4.1: The research onion

Source: Saunders *et al.* (2024)

The research onion methodological framework in Figure 4.1 above is utilised in this study as the model, compared to other models, proves to be more suitable for the balance required between simplicity and detail.

### 4.3.1 The research methodology applicable to this study

The research methodology framework applicable to this study is depicted in Figure 4.2 below.

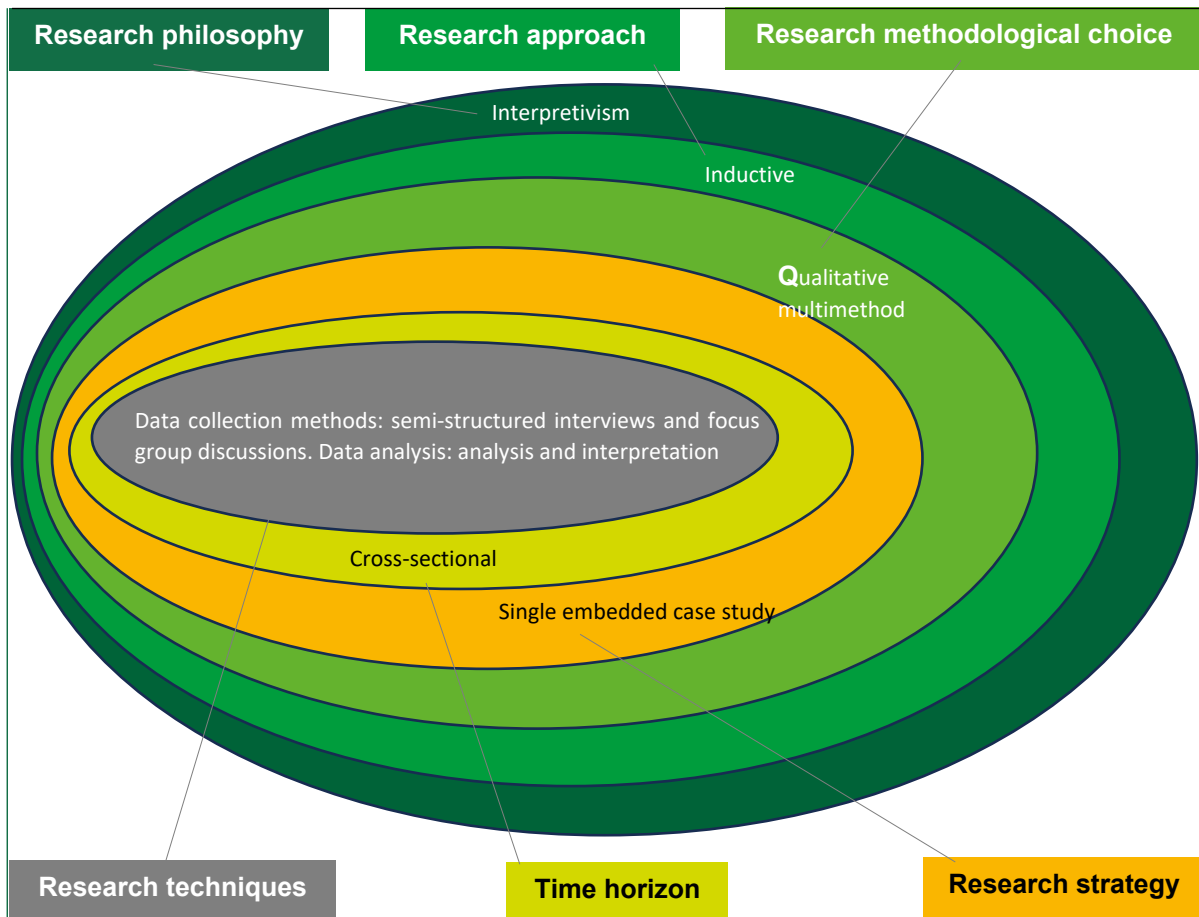


Figure 4.2: Research methodological framework for this study

Source: Researcher's construct (2023)

The following sections describe each layer of the relevant framework depicted in Figure 4.2 above and further justify the applicable choices made for this study from a research methodological framework perspective.

### 4.4 Research philosophy

Saunders *et al.* (2024) refer to philosophy as a system of beliefs and assumptions about knowledge development. They identify three fundamental beliefs associated with research philosophy: ontology, epistemology and axiology.

#### **4.4.1 Ontology, epistemology, and axiology as belief systems of philosophy**

Moon and Blackman (2017) explain that ontology is associated with the nature of reality; epistemology is related to what constitutes acceptable knowledge; and axiology reflects the role of the researcher's values. Furthermore, Johnstone (2004) describes ontology, epistemology and axiology in similar terms where he relates ontology to the assumptions concerned with the nature of reality and what constitutes reality; epistemology to assumptions that relate to knowledge and viewing that knowledge as valid, relevant and accurate; and axiology as the assumptions made by the researcher as guided by the values in the research and the researcher's stance on the research project. Ajay (2021) explains that the values of a researcher can be good, bad, moral or immoral and that these values can have a detrimental impact on the researcher's assumptions and study if not taken cognisance of.

The following section discusses philosophies related to the three belief systems of ontology, epistemology and axiology.

Saunders *et al.* (2024) further identify five philosophies related to the three belief systems: positivism, critical realism, interpretivism, postmodernism and pragmatism. The following section describes the philosophies and their fundamental belief systems starting with positivism shown in Table 4.1 below.

#### 4.4.2 Positivism

Table 4.1 Comparison of five research philosophies - Positivism

Ontology	Epistemology	Axiology
Nature of reality	What constitutes acceptable knowledge	The role of values
Real External Independent One actual reality (universalism) Granular (things) Ordered	Scientific method Observable and measurable facts Law-like generalisations Numbers Causal explanation and prediction as a contribution	Value-free research The researcher is detached from, neutral to and independent of the research. The researcher maintains an objective stance.

Source: Saunders *et al.* (2024)

Saunders *et al.* (2024) state that from an **ontological perspective**, positivists (shown in Table 4.1 above) believe that the nature of reality is based on the research being done externally and independently. Positivists perceive organisations and other social entities as reality and view them similarly as physical objects and natural phenomena. For positivist researchers, there is only one true reality about the aspect they study, and that truth is very detailed and ordered in a structured sequence of events (Tengil, 2020). Saunders *et al.* (2024) argue that from an **epistemological** point of view, positivism relates to the philosophical stance of the natural scientist and entails working with an observable social reality to produce law-like generalisations. It promises unambiguous and accurate knowledge that focuses on strictly scientific empiricist methods designed to yield pure data and visible and measurable facts uninfluenced by human interpretation or bias. Tengil (2020) explains further that positivism uses casual relationships in data to create law-like generalisations similar to those produced by scientists. Positivisms use universal rules and laws to help illustrate and predict organisational behaviour and events. Park, Konge and Artino (2020) state that the **axiological** assumption of **interpretivism** is that the researcher remains neutral and independent of the

research project to avoid influencing the data collection process and findings. This objective stance enables the researcher to conduct the research in a value-free manner, which propagates that the researcher’s values do not influence the answers given by the respondents. The second research philosophy relates to critical realism and is discussed next

#### 4.4.3 Critical realism

Table 4.2 below illustrates the nature of reality, the criteria for acceptable knowledge, and the role of values concerning a critical realism philosophy.

Table 4.2 Comparison of five research philosophies – Critical realism

Ontology	Epistemology	Axiology
Nature of reality	What constitutes acceptable knowledge	The role of values
Stratified/Layered (the empirical, the actual and the real) External, independent and intransient Objective structures Causal mechanisms	Epistemological relativism Knowledge historically situated and transient Facts are social constructions Historical causal explanation as contribution	Value-laden research Researcher acknowledges bias by world views, cultural experience and upbringing Researcher tries to minimise bias and errors The researcher is as objective as possible

Source: Saunders *et al.* (2024)

In referring to a critical realism research philosophy shown in Table 4.2 above, Saunders *et al.* (2024) state that from an ontological philosophy perspective, critical realism views the nature of reality in layers that incorporate the empirical layer (events that are observed or experienced), the actual layer (events and non-events generated that may or may not be honoured), and the casual layer (causal structures and mechanisms with enduring properties). They view the nature of reality as external, independent, objective and causal mechanisms. Pather and Remenyi (2015) further explain that from an epistemological perspective, critical

realists consider knowledge acceptable if knowledge is historically situated and social facts are constructions agreed upon by people rather than existing independently. House (1991) highlights that the critical realist’s axiological position follows from the recognition that our understanding of reality results from social conditioning that propagates that the researcher’s role is value laden as their culture directly influences the research project. Critical realist researchers should be aware of how their values affect the research study, strive to minimise biases and be as objective as possible. The following section discusses the third research philosophy of interpretivism.

#### 4.4.4 Interpretivism

Table 4.3 below illustrates the relationship between interpretivism philosophy and ontology, epistemology, and axiology.

Table 4.3 Comparison of five research philosophies – Interpretivism

Ontology	Epistemology	Axiology
Nature of reality	What constitutes acceptable knowledge	The role of values
<p>Complex and rich</p> <p>Socially constructed through culture and language</p> <p>Multiple meanings, interpretations, realities</p> <p>The flux of processes, experiences, practices</p>	<p>Theories and concepts too simplistic</p> <p>Focus on narratives, stories, perceptions and interpretations</p> <p>New understandings and world views as contribution</p>	<p>Value-bound research</p> <p>Researchers are part of what is researched, which is subjective.</p> <p>Researcher interpretations key to the contribution</p> <p>Researcher reflexive</p>

Source: Saunders *et al.* (2024)

Saunders *et al.* (2024) argue that from an ontological point of view, interpretivists know that their view of reality is complex and that culture and language construct their reality. Unlike positivism and critical realism, which are both objective, interpretivism is subjective. Interpretivism emphasises that humans differ from

physical phenomena because they create multiple meanings. Interpretivists then study and interpret these meanings to bring about their reality. An interpreter further believes in knowledge with numerous meanings, interpretations and realities. Junjie and Yingxin (2022) state that interpretivism believes that there is not only one actual reality. Their reality focuses on continuously moving processes, experiences and practices. Capper (2018) claims that epistemology, for interpretivism, believes that theory and concepts are too simple to validate reality. They seek their truth by focusing on social life interactions and the meaning of these interactions as perceived by individuals. Tengil (2020) explains that interpretivism manages the complexity of the research project' by collecting meaningful data for their research participants, who see meaning as something that emerges from interactions between people, focusing on observing and analysing social interactions such as conversations, meetings and teamwork. Saunders *et al.* (2024) state that from an axiological perspective, interpretivism brings value-bound values to the research project. The researcher is part of the study and is subjective. Interpretivists emphasise the importance of language, culture and history in shaping their interpretations and experiences of organisational and social worlds. With its focus on complexity, richness, multiple variations and meaning-making, interpretivism is explicitly subjectivist. Dudovskiy (2017) highlights that the axiological implication is that interpretivism recognises that their interpretation of research materials and data, and thus their values and beliefs, play an essential role in the research process. Researchers need to be open about their moral and ethical positions to allow their research to be reflexive regarding their thinking and writing. Interpretivism in this study is directly linked to the research design of the study and also with the data collection methods (semi-structured interviews and focus group sessions) and analytical approach (content analysis technique) used. Postmodernism is the fourth research philosophy and is discussed next.

#### 4.4.5 Postmodernism

Table 4.4 below reflects on the relationship between the nature of reality, what constitutes acceptable knowledge, and the role of values in a postmodern research philosophy approach.

Table 4.4 Comparison of five research philosophies – Postmodernism

Ontology	Epistemology	Axiology
Nature of reality	What constitutes acceptable knowledge	The role of values
<p>Nominal Complex, rich</p> <p>Socially constructed through power relations Some meanings, interpretations, realities are dominated and silenced by others</p> <p>The flux of processes, experiences, practices</p>	<p>What counts as 'truth.' and 'knowledge' is decided by dominant ideologies</p> <p>Focus on absences, silences and oppressed/ repressed meanings, interpretations and voices</p> <p>Exposure of power relations and challenge of dominant views as contribution</p>	<p>Value-constituted research</p> <p>Researcher and research embedded in power relations Some research narratives are repressed and silenced at the expense of others</p> <p>Researcher radically reflexive</p>

Source: Saunders *et al.* (2024)

Based on the postmodernism research philosophy approach shown in Table 4.4 above, Saunders *et al.* (2024) argue that from an **ontological** perspective, postmodernists can only associate with reality if that reality is nominal, complex and rich. This view is also relevant to interpretivism and pragmatism philosophers. Their existence is further socially constructed through power relations where the power structure dominates and the meaning, interpretations and truths to a degree – their reality focuses on continuously moving ongoing processes, experience and practice. Postmodernists are open to deconstructing any forms of data – texts, images, conversations, voices and numbers.

Postmodernism emphasises the role of language and power relations from an epistemological philosophy lens, seeking to question acceptable ways of thinking

(Saunders *et al.*, (2024). Knowledge focuses on what respondents remain silent about, rather than what they say and do. Postmodernism challenges these prevailing views as part of the process of validating knowledge (Ozumba *et al.*, 2021).

From an axiological perspective, postmodernism is associated with value-constituted values as their research takes cognisance of the power relations between the researcher and research subjects to shape, representing the knowledge created as part of the research process. Similarly to the case of interpretivism and pragmatism, researchers must be open about their moral and ethical positions to allow their research to be radically reflexive regarding their thinking and writing (Killam, 2019). The last research philosophy, related to pragmatism, is discussed in the following section.

#### 4.4.6 Pragmatism

Pragmatism is the last research philosophy of the five philosophies and is shown in Table 4.5 below.

Table 4.5 Comparison of five research philosophies – Pragmatism

Ontology	Epistemology	Axiology
Nature of reality	What constitutes acceptable knowledge	The role of values
<p>Complex, rich, external</p> <p>'Reality' is the practical consequences of ideas</p> <p>The flux of processes, experiences and practices</p>	<p>Practical meaning of knowledge in specific contexts</p> <p>'True' theories and knowledge are those that successfully enable action</p> <p>Focus on problems, practices and relevance</p> <p>Problem-solving and informed future practice as contribution</p>	<p>Value-driven research</p> <p>Research initiated and sustained by the researcher's doubts and beliefs</p> <p>Researcher reflexive</p>

Source: Saunders *et al.* (2024)

Saunders *et al.* (2024) state that from an ontological perspective shown in Table 4.5 above, pragmatism only views concepts as relevant where they support an action or are a practical consequence of ideas. They validate their perception of truth based on complexity, richness, and external concepts – their reality focuses on continuously moving ongoing processes, experience, and practice. Interpretivism and postmodernism also share similar views in terms of complexity and richness. Maarouf (2019) further argues that by applying the epistemological lens, pragmatists view adequate knowledge as the practical meaning of that knowledge in a specific context. They also validate knowledge based on whether success came out of it. The focus is on problems, practice and relevance. Pragmatists believe they contribute knowledge by solving problems that have informed future practices. Saunders *et al.* (2024) claim that in axiology, pragmatism is associated with value-driven values as their research depends on the importance and perceptions they contribute to the study. The researcher's doubts and beliefs initiate and sustain the research project. Like interpretivism and postmodernism, pragmatism must also be open about their moral and ethical positions to allow their research to be reflexive regarding their thinking and writing.

The justification of the research philosophy most applicable to this study is discussed next.

#### **4.4.7 Justification of the interpretivism research philosophy for this study**

This section aims to associate the three fundamental belief systems (ontology, epistemology and axiology) with the five philosophies (positivism, critical realism, interpretivism, postmodernism and pragmatism), and to use them as a framework to identify and justify the most appropriate philosophy and fundamental beliefs (refer to section 4.4.1 to 4.4.6 for the relevant theory discussion) for this research project.

#### **Justification of the chosen philosophy for this study as it relates to ontology**

Ontological assumptions are assumptions regarding the reality faced in the research, what makes something a reality, and how a researcher can understand existence (Tengil, 2020). Interpretivism, as a fundamental belief of ontology (refer to section 4.4.4 for the relevant theory discussion), is most applicable to this research study as it reflects on socially constructed principles where the nature of

reality is complex, rich, and based on multiple meanings and interpretations. Culture and language also play a pivotal role in this study.

### **Justification of the chosen philosophy for this study as it relates to epistemology**

Epistemological assumptions are assumptions associated with human knowledge or what forms valuable knowledge, whether it can be known, and how a researcher can get and transfer it (Tengil, 2020). Interpretivism, as a fundamental belief of epistemology (refer to section 4.4.4 for the relevant theory discussion), is most applicable to this research study because the researcher believes theory and concepts are too simple to validate reality. This study seeks the truth by focusing on narratives, stories, perceptions, and interpretations. Interpretivism research aims to create new, richer understandings and arrangements of social worlds and contexts.

### **Justification of the chosen philosophy for this study as it relates to axiology**

Axiological assumptions are assumptions about the influence of the researcher's values on the research process or what is essential and valuable. In essence, the fundamental belief relates to accepting the researcher's values and why they are suitable or unsuitable for this research study (Tengil, 2020). Interpretivism, as a fundamental belief of axiology (refer to section 4.4.4 for the relevant theory discussion), is most pertinent to this research study (refer to section 4.4.4), as the researcher's value bonds are subjective and part of what has been researched. Language, culture, and history will be pivotal in shaping the researcher's interpretations and experiences of organisational and social worlds. The researcher needs to be open about her moral and ethical position to allow the research to be reflexive regarding her thinking and writing.

Considering the aim and objectives of this study (to develop and validate a model for effective strategy implementation to support optimal organisational performance), as it relates to the philosophy stances analysed and discussed above, proves the interpretivism philosophy to be most suitable for this study. The chosen research philosophy of interpretivism relates to the first layer of the research

onion framework depicted in section 4.3. The second layer of the research onion relates to research approaches that are discussed in the next section.

#### **4.5 Research approaches**

Saunders *et al.* (2024) propagate that research approaches depend on the research philosophies chosen and can follow three pathways to theory development. The approaches are categorised as deductive, abductive, and inductive.

QuestionPro (2022) states that the deductive research approach permits the formulation of a hypothesis from a theory or a research framework that is tested to an acceptable probability level, influencing the study's outcome. Woo *et al.* (2017) state that deduction is one of the specific forms of interference that form the logical basis of a researcher's study and further explain that a deductive research approach is simply reaching a logical conclusion based on true premises. Soiferman (2010) explains that this approach is used in a given context and enables generalisation from the general to the specific, using quantitative data sets representing the population.

An abductive research approach focuses on developing or extending extant theory. The abduction approach achieves the objective of theory development or extension through an actual approach to understanding a phenomenon initially, leading to a conceptualisation of the theoretical perspective of the phenomenon, based on the extant theory (Stewart, 2022). Data generated within the abductive research is based on repeated testing of the emergent conceptual framework using additional data sets, thereby depicting a back-and-forth process. The abductive approach also facilitates modifying and extending the actual view or developing a new theory (Conaty, 2021).

The inductive research approach of theory development is where the study connects and harnesses a population's collective viewpoints concerning a particular and predetermined phenomenon (Saunders *et al.*, 2024). A research philosophy of interpretivism best supports this approach (refer to section 4.4.4), based on assumptions of the nature of reality, what constitutes acceptable knowledge, and the role and values on which the researcher bases the study (Thomas, 2003). Data originating from an inductive study is used to understand a phenomenon, identify

relevant themes and patterns, develop a conceptual framework, and further refine the conceptual framework towards theory development. Inductive studies further generalise from the specific to the general (usually to the theoretical [analytical] generalisation). They are performed via once-off interactions between the study's specific and general contexts (Saunders *et al.*, 2024). This study's most appropriate research approach is justified in the following section.

#### **4.5.1 Justification of an inductive research approach for this study**

Since this study is based on an interpretivism research philosophy justified under section 4.4.7, ensuring that the chosen research approach aligns with the selected philosophy was imperative. The interpretive philosophy (refer to section 4.4.4 for the relevant theory discussion) best relates to an inductive research approach (refer to section 4.5 for theory discussion) as it assisted the researcher in connecting a population's collective viewpoints concerning a particular and predetermined phenomenon, which is the case in this study.

This study is also based on assumptions that consider the nature of reality, what constitutes acceptable knowledge and the role and values on which the researcher bases the study, supported by an inductive research approach. Also, this study uses data from an inductive research approach to understand a phenomenon, identify relevant themes and patterns, develop a conceptual framework for effective strategy implementation to optimise organisational performance, and further refine the model towards theory development. The inductive research approach is also applicable as it progresses from a specific outcome to a generalised outcome.

The chosen research philosophy of interpretivism relates to the first layer of the research onion framework. The selected inductive research approach is based on the above discussion and refers to the second layer of the research onion depicted in section 4.3. The third layer of the research onion relates to the methodological choice and the quantitative, qualitative, or mixed-method methodology that are discussed subsequently.

## 4.6 Research methodological choice

The research methodological choice highlights the selection of different methodological approaches while conducting research (Saunders *et al.*, 2024). Figure 4.2 below depicts the different methodological options available to the researcher.

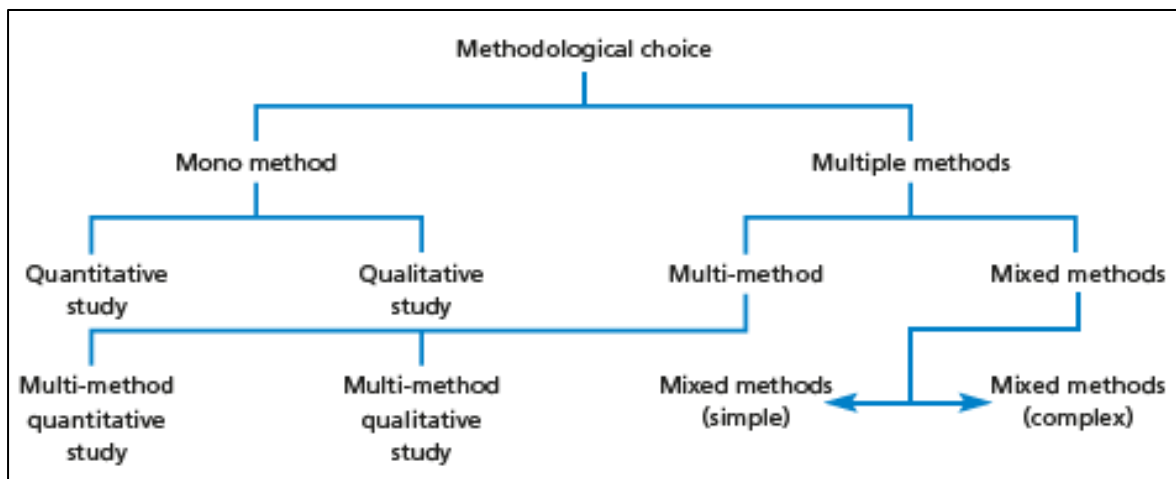


Figure 4.3: Methodological choice

Source: Saunders *et al.* (2024)

According to Saunders *et al.* (2024), the methodological choice depicted in Figure 4.3 above consists of two primary paths: mono- and multiple methods. This chosen method depends on how many techniques the researcher intends to deploy towards data collection and analysis. Where a decision has been made to use one research method, it is referred to as a mono-method. If the decision has been reached to deploy more than one method for the same purpose, it can be referred to as multiple methods. Multiple methods can then be broken down into multi-methods or mixed methods. However, if the researcher adopts methods from both research design divides, this will be described as a mixed-method methodological choice. A multi-method methodological choice is when the researcher has decided to use multiple methods from a particular research design (qualitative or quantitative). These choices are centred on three main research designs, namely qualitative, quantitative, and mixed-method research designs.

Busetto *et al.* (2020:6) define qualitative research as “the study of the nature of phenomena”, including “their quality, different manifestations, the context in which

they appear or the perceptions from which they can be perceived”, and highlight that qualitative research generally includes data in words rather than in numbers. Gillani (2021) describes qualitative research as studies that prioritise obtaining results representative of the participants' perceptions, beliefs, or opinions concerning the phenomena being investigated. Tavory (2020). argues that qualitative research methodologies acknowledge the existence of multiple interpretations of reality in the sense that every person who participates in a research study will have a different understanding of the event, occurrence, or phenomenon being investigated.

Chivanga and Monyai (2021) further explain that quantitative methodologies are predicated upon replicability in a research design, assuming that researchers using the same data under similar conditions will obtain similar results. Quantitative research methodologies are developed to generalise, predict, and explain causal relationships to maintain objectivity, where researchers position themselves as outside observers.

Saunders *et al.* (2024) posit that the mixed-method research design combines the previously described scenarios concerning the qualitative and quantitative research designs. The authors further emphasise that the methodological choices are linked to the data collection methods and should aid in achieving the study's objectives.

The most relevant research methodology is justified next as it relates to this study.

#### **4.6.1 Justification of methodological choice for the study – qualitative multi-methods**

Since this study is based on an interpretivism research philosophy justified under section 4.4.7 and an inductive research approach (refer to section 4.5.1), the researcher ensured that the chosen methodology for this study is aligned with the research philosophy and research approach.

The most suitable methodological choice relevant to this study is a multi-methods methodology, as this study utilised multiple qualitative methods from a particular research design. The chosen multi-methods methodology enabled the researcher to produce the views of the strategy implementers in the South African banking

industry as the study acknowledges the existence of multiple interpretations of reality in the sense that every person who participated had a different understanding of strategy implementation. This study also prioritised obtaining the participants' perceptions, beliefs, and opinions regarding strategy implementation. The chosen qualitative research methodology is equally relevant to this study as textual data was relied upon for this study instead of numerical data sets.

The chosen research philosophy of interpretivism relates to the first layer of the research onion framework. The inductive research approach chosen is depicted as the research onion's second layer. The above discussion proves that the qualitative multi-method methodological choice is most appropriate for this study as it aligns with the chosen research philosophy and approach, which are depicted as level three of the research onion framework. The fourth layer of the research onion relates to the research strategies that are discussed in the following section.

#### **4.7 Research strategies**

According to Johannesson and Perjons (2021), strategy can be described as a plan or scheme used to carry out the process of searching for and assessing information in a research study to achieve a set goal or objective. A research strategy is therefore linked to the researcher's plan, which consists of the relevant steps and details to answer the study's research questions.

Creswell (2017) identifies five qualitative research strategies related to qualitative research: narrative research, phenomenology, grounded theory, ethnography, and case study. The author explains each research strategy in terms of the research focus, type of problem best suited for design, discipline background and unit of analysis. Table 4.6 below shows the characteristics and comparison of the five research strategies.

## Contrasting characteristics of five qualitative research strategies

Table 4.6: Contrasting characteristics of five qualitative research strategies

Characteristics	Narrative research	Phenomenology	Grounded theory	Ethnography	Case study
Research focus	Exploring the life of an individual	Understanding the essence of the experience	Developing a theory grounded in data from the field	Describing and interpreting a culture-sharing group	Developing an in-depth description and analysis of a case or multiple cases
Type of problem best suited for design	Needing to tell stories of individual experiences	Needing to describe the essence of a lived phenomenon	Grounding a theory in the views of the participants	Describing and interpreting the shared patterns of the culture of a group	Providing an in-depth understanding of a case or cases
Discipline background	Drawing from the humanities	Drawing from philosophy, psychology, and education	Drawing from sociology	Drawing from anthropology and sociology	Drawing from psychology, law, political science, and medicine
Unit of analysis	Studying one or more individuals	Studying several individuals who have shared the experience	Learning a process, an action, or an interaction involving many individuals	Studying a group that shares the same culture	Studying an event, a programme, an activity, or more than one individual

Source: Creswell (2017)

With reference to the contrasting characteristics of five qualitative research strategies shown in Table 4.6 above, Gustafsson (2017) explains that a case study allows the researcher to conduct intensive research about a person, a group of people or a unit. Also, the case study strategy will enable researchers to retain the holistic and meaningful features of real-life events. Roberts (2020) highlights that a case study is an intensive, systematic investigation of a single individual, group, community, or another unit in which the researcher examines in-depth data relating to several variables.

Research strategies are divided into an embedded single case study or an embedded multi-case study. Gustafsson (2017) explains that a multi-case study is a type of case study research that involves selecting and analysing two or more cases that share certain common characteristics or features but differ in some respects. The cases can be chosen based on criteria such as typicality, diversity, replication, contrast, or theory testing. The main goal of a multi-case study is to compare and contrast the cases and identify their similarities and differences. Chaiprasurt (2019) explains that a single embedded case study research strategy is suitable for exploring the richness of a single case. Chaiprasurt (2019) argues that a single embedded case study is developed from the unique characteristics of a single case to investigate each embedded case's uniqueness. The exploration of the embedded case elaborates on the explanation of the case.

The justification of why the single embedded case study incorporated in the qualitative research strategy is most appropriate to this study is based on the sequence of characteristics of five qualitative research strategies described in Table 4.6, which consists of the research focus, type of problem best suited for design, discipline background, and unit of analysis (Creswell, 2017).

#### **4.7.1 Justification of research strategy – single embedded case study**

Given that this study is based on an interpretive philosophy aligned with an inductive research approach and a qualitative multi-method methodology, the single embedded case study research strategy was deemed most appropriate for this study. It is justified below as underpinned by its relevant characteristics shown in Table 4.6.

Utilising a single embedded case study research strategy to examine strategy implementation in South African banks is justified for several reasons. Firstly, the embedded case study approach facilitates an in-depth exploration of complex phenomena within their real-life context, particularly suited for understanding multifaceted processes like strategy implementation in banking institutions. By focusing on a single case, the researcher can generate rich, detailed insights that reveal the nuances of strategic initiatives, thereby enhancing the overall understanding of how these banks navigate challenges and opportunities within their operational environment. This depth of analysis is essential, given the dynamic and evolving nature of the banking sector in South Africa, where various factors, including economic conditions and regulatory frameworks, significantly influence strategy execution.

Moreover, the single embedded case study allows for the examination of various subunits within the bank, such as different departments or branches, to uncover internal processes and interactions that affect strategy implementation. This multifaceted investigation enables researchers to identify specific factors that contribute to or hinder effective strategy execution, leading to actionable insights for banking practitioners and policymakers. For instance, understanding how client relationship management within specific bank units aligns with broader strategic goals can inform improvements and refinements in practice, which may not be achievable through broader multiple case studies that lack context-specific detail.

Finally, the single case study approach is particularly beneficial when investigating emerging research areas or specific contexts, such as the South African banking environment facing challenges from digital transformation and changing market dynamics. This approach allows the researcher to focus comprehensively on the chosen case's intricacies without the dilution of insights that can occur in larger comparative studies. By concentrating on one bank, the research can uncover unique practices, cultural elements, and strategic frameworks that might otherwise be overlooked, contributing to both theoretical and practical advancements in understanding strategy implementation within this critical sector.

The methodology of this study, guided by the research onion (refer to section 4.3), is based on an interpretive philosophy aligned with an inductive research approach and a qualitative multi-method methodological choice reinforced by a single embedded case study that was justified in the above section. The time horizon applicable to this study is discussed next.

#### **4.8 Time horizon**

Melnikovas (2018) explains that the time horizon of a research study lies between the research strategy and the research techniques, as documented in Saunder's research onion layers. The time frame horizon layer is based on two approaches that depend on whether the data will be collected at a specific point in time, also referred to as cross-sectional or whether the data will be collected repeatedly over a long period to do data comparisons, referred to as longitudinal. Jansen (2021) views the time horizon of a study as a limitation and argues that researchers should pay attention to the study's timeline, as the data collection and analysis components of different methodologies significantly impact time requirements and often take a lot longer than initially anticipated. This study's time horizon is justified in the section below.

##### **4.8.1 Justification of time horizon for this study**

Given that this study was based on an interpretive philosophy, an inductive research approach, a qualitative multi-method methodology and a single embedded case study research strategy, the cross-sectional time horizon was most suitable for this research study as the data was collected from the strategy implementation staff at a specific time during interviews and focus group session. Data collection methods are discussed next.

#### **4.9 Data collection methods**

Saunders *et al.* (2024) explain that the data sources from which data will be collected via qualitative data collection methods consist of primary and secondary sources. Secondary sources consist of data already in existence and gathered for other purposes, and the data may be related to the current research in certain respects. Secondary data sources consist primarily of the internet, newspapers, and records from government departments. The primary data collection methods include content analysis, questionnaires, interviews, various kinds of observation and focus group discussion forums.

Given that this study is based on an interpretivist research philosophical stance, inductive research approach, and qualitative multi-method methodological choice underpinned by a single embedded case study strategy, it is necessary to understand and discuss the most suitable qualitative data collection methods for this study. Creswell (2017) highlights that case studies use multiple data sources and data collection techniques such as interviews, observations, documents, and artifacts.

Moser and Korstjens (2018) state that a study's 'big three' qualitative data collection approaches consist of participants in observations and in-depth interviews and focus group discussions. Table 4.7 below shows definitions, aims, and most commonly used data collection methods of each qualitative approach.

Table 4.7: Qualitative data collection methods

Qualitative method	Definition	Aim	Ethno-graphy	Pheno-menology	Grounded theory	Content analysis
Participants of observations	Participation in and observation of people or groups.	To obtain a close and intimate familiarity with a given group of individuals and their practices through an intensive involvement with people in their environment, usually over an extended period.	Suitable		Very rare	Sometimes
Participants ' in-depth interviews	A conversation where the researcher poses questions and the participants provide answers face-to-face, by telephone or via mail.	To elicit the participant's experiences perceptions, thoughts, and feelings.	Suitable	Suitable	Suitable	Suitable
Focus group discussions	Interview with a group of participants to answer questions on a specific topic face-to-face or via mail; people who participate interact with each other.	To examine different experience, perceptions, thoughts and feelings among various participants or parties.	Suitable		Sometimes	Suitable

Source: Moser and Korstjens (2018)

With regard to qualitative data collection methods, Moser and Korstjens (2018) explain that ethnography is a descriptive study of a particular human society or the

process of making such a study. Phenomenology is the study of phenomena: things as they appear in our experience or the ways we experience things, thus the meaning things have in our experience. The grounded theory approach is a qualitative research methodology that attempts to unravel the meanings of people's interactions, social actions, and experiences. Furthermore, content analysis is a research tool used to determine the presence of certain words, themes, or concepts within some given qualitative data (i.e. text). Using content analysis, researchers can quantify and analyse the presence, meanings, and relationships of certain words, themes, or concepts.

Adeoye-Olatunde and Olenik, (2021) observe that a combination of focus group discussion forums and interviews can contribute to the identification of the individual and contextual circumstances surrounding the phenomenon, thereby enhancing the interpretation of the structure of the phenomenon. Studies where the researcher aims to elicit and examine the participant's experiences, perceptions, thoughts, and feelings are best accommodated by data collection methods such as in-depth interviews and focus group discussion forums. These methods will be discussed in subsequent sections.

#### **4.9.1 Interviews**

This study used 15 semi-structured interviews, each lasting approximately 30 minutes, to collect data from participants at the five levels in Bank X. McGrath *et al.* (2019) advise that qualitative research interviews are preferable when the researcher strives to understand the interviewee's subjective perspective of a phenomenon. Saunders *et al.* (2024) highlight that in-depth interviews are suitable as this data collection method allows the researcher the flexibility to explore the complexity of the research topic. The value of the data collected during a qualitative interview depends on the researcher's competence and the strength of the interview questions.

Langley and Meziani (2020) emphasise that during in-depth interviews, interviewees may construct meaning and explicitly reveal communicative practices, whether the interviewer was attempting to achieve this or not. On the one hand, this might be seen as a problem. The whole point of engaging in certain specific

interviewing practices is undoubtedly to ensure that the data collected fits the purpose for which it was intended. Tavory (2020), on the other hand, argues that it is hard to completely isolate those purposes from different things that are inevitably going on despite them. Indeed, doing so might make the interview more awkward and would not produce valid data. It is important to be reflexive about what the interview data collected represents so as to consider how it might be used legitimately. For this reason, Roberts (2020) argues that it is essential to ensure that the interview questions used by researchers are appropriate and capable of supporting their efforts to acquire a detailed answer to the research questions. Proposed open-ended interview questions must be sufficiently detailed to convince evaluators that no harm will befall research participants. Yet, they must be open enough to allow unanticipated material to emerge during the interview.

McGrath *et al.* (2019) provide the following tips for researchers to ensure that the interview session will be successful: prepare yourself as an interviewer, construct an interview guide and test the questions, consider the power and cultural dimensions of the interview situation, build rapport with your respondents, remember that you are a co-creator of the data, be prepared to handle unanticipated emotions, talk less and listen more, and transcribe the interviews in good time. Roberts (2020) points out that qualitative interviews hold the potential to give a voice to minorities and groups in organisations, which may not be possible otherwise. According to Adeoye-Olatunde and Olenik (2021), the researcher should also consider the ethical dimensions of consuming time from participants and, therefore, only include as many participants as needed in the research project and those with insights or experiences of the phenomenon in question. The next section reflects on the focus groups of the study.

#### **4.9.2 Focus groups**

This study used two focus group sessions to validate the strategy implementation model, with internal employees at bank X as the first Focus group and external experts who have been involved in strategy implementation in South African banks as the second. According to Gill and Baillie (2018), a focus group is a moderated group discussion on a pre-defined topic for research purposes and that a focus group perspective is another qualitative data collection method. It encourages

participants to be more open to methodological possibilities with imagination and reflexivity.

Sim and Waterfield (2019) highlight the challenges of focus group sessions as follows: the unpredictable nature of dialogue between participants of the focus group, some individuals dominating the session, matters created by multiple intersecting interests, and what may cause distress to one participant may give voice to another participant. The researcher will be able to combat some of these challenges through the consent process via briefings immediately before, during, and immediately after the session. The researcher can also close a particular topic, depriving some participants of their voice. Richard *et al.* (2021) recommend the use of online focus group sessions and propagate that this data collection method is easier for the researcher to schedule and obtain participation; it leads to a more succinct and focused discussion; electronic texts do not require transcription; it costs less to obtain participants and transcribe; and it reaches the market faster.

The justification for using in-depth interviews and focus group session as a data collection method for this study is discussed in section 4.9.5 below.

### **4.9.3 Justification of data collection methods for this study**

Based on the data collection methods discussed in section 4.9 above and the methodology of this study of interpretive research philosophy, inductive research approach, qualitative multi-methodology, single embedded case study, and cross-sectional time horizon, the most appropriate data collection approaches are in-depth interviews and focus group discussions that are justified subsequently.

#### **4.9.3.1 Interviews**

In-depth interviews enabled the researcher to ask questions and for the respondents to provide answers, extracting their experiences, perceptions, thoughts, and feelings. The interviews were also conducted online using MS Teams. Ethnography, phenomenology, grounded theory, and content analysis are applicable because this study describes how participants experience the phenomena and allowed for unravelling their meanings and interactions related to words, themes, and concepts.

This research study used semi-structured open-ended qualitative interview questions as the researcher needed to gain and understand the participant's subjective perspective regarding barriers and success factors that influence successful strategy implementation to optimise organisational performance. This method was also chosen because it allowed the researcher the flexibility to explore the complexity of the research topic fully. The researcher was well prepared for the interviews and ensured that the interview guide consisted of straightforward and appropriate information that could support their efforts to acquire a detailed answer to the research questions.

The target audience consisted of 15 participants who were interviewed and were full-time employees of Bank X at the time of the study. The 15 strategy implementation staff members represented five different bank levels, including three participants in the following teams: Exco Members, Manco Members, Programme Executives, Coordination Teams, and Project Managers. The participants' communication channels, roles and experience were crucial to the success of strategy implementation to optimise organisational performance and played a pivotal role during the interview session.

#### **4.9.3.2 Focus groups**

Data was collected through two distinct focus group discussion sessions. The first focus group discussion session drew on the perspectives of three discussants representing the five levels across Bank X to allow for a robust engagement concerning the feedback received from the individual interviews, hence allowing for consensus building around the salient points raised by the interviewees individually. On the other hand, the second focus group drew from a population of three persons with experience in strategy implementation within the SA banking industry in a phenomenological style, to validate the emergent framework and engender analytical generalisation. Discussants were allowed to attend virtually, where necessary. The external participants were not bank-specific (they were from two different banks in South Africa) and did not require any gatekeeper's permission.

The focus group discussion sessions enabled the researcher to ask questions and for the respondents to provide answers, extracting their experiences, perceptions,

thoughts, and feelings towards a successful strategy implementation framework. During the introduction of both focus group sessions, the researcher showed the proposed framework to the participants and related it to the focus groups' aims and expected achievements. Some participants joined the session in-person or online.

The proceedings were recorded on MS Teams, transcribed and loaded onto MS Word to enable a subsequent analysis of the feedback. The data analysis techniques are discussed next.

#### 4.10 Data analysis methods

Table 4.8 below shows the different qualitative data analysis steps used for analysing data emanating from different qualitative research strategies.

Table 4.8: Qualitative data analysis steps used for analysing data emanating from different qualitative research strategies

Definition	Ethnography	Phenomenology	Grounded theory	Content analysis
Transcripts mainly from	Observations, face-to-face and focus group discussions, field notes.	Face-to-face in-depth interviews.	Face-to-face in-depth interviews; rarely observations and sometimes focus group discussions.	Face-to-face and online in-depth interviews and focus group discussions and sometimes observations.
Reading notes and memos	Reading through transcripts, classifying into overarching themes, adding marginal notes, assigning preliminary codes.	Reading through transcripts, adding marginal notes, defining preliminary codes.	Reading through transcripts, writing memos, assigning preliminary codes.	Reading through transcripts, adding marginal notes, assigning preliminary codes.
Describing	Social setting, actors, events.	Personal experience.	Open codes.	Initial codes.
Ordering	Themes, patterns, and regularities.	Major and subordinate statements. Units of meaning.	Axial coding. Selective coding.	Descriptive categories and subcategories.
Interpreting	How the culture works.	Development of the essence.	Storyline about social process.	Main categories, sometimes exploratory.
Findings	Narrative offering a detailed description of a culture.	Narrative showing the essence of the lived experience.	Description of a theory, often using a visual model.	Narrative summary of main findings.

Source: Moser and Korstjens (2018)

Moser and Korstjens (2018) suggest that the research study can be analysed based on ethnography, phenomenology, grounded theory, and content analysis as shown in Table 4.8 above. The authors further recommend that the chosen qualitative data analysis technique must be evaluated using definitions in Table 4.8 based on the study's transcripts, reading, memos, describing, ordering, interpreting and findings.

Warren (2023) explains that a study qualitative data analysis technique is directly linked to the data collection methods. Both should be clarified at the beginning of the research process. The chosen qualitative data analysis technique most applicable to this study is justified under section 4.10.1. The data analysis techniques most suitable for this study are discussed and justified next.

The data analysis process followed was that interview transcripts, focus group discussions, and organisational documents were first read repeatedly to achieve data familiarisation. During open coding, meaningful units of text were labelled using participants' own words where possible. For example, statements such as "teams don't talk to each other" and "each department works in isolation" were initially coded as lack of coordination and departmental isolation. These related codes were then compared and clustered into a sub-theme labelled organisational silos. Through an iterative process of constant comparison across participants and data sources, this sub-theme was further abstracted into the broader theme organisation-related barriers to strategy implementation. Similar analytical steps were followed for all data sets, resulting in a set of coherent themes and sub-themes that reflected patterned meanings across the data. This structured approach ensured analytical rigour, transparency, and traceability from raw data to final themes, thereby strengthening the credibility and dependability of the findings.

#### **4.10.1 Justification of data analysis methods chosen for this study**

Taking cognisance of the golden thread that this study's research methodology is based on an interpretive research philosophy, inductive research approach, qualitative multi-methodology, a single embedded case study, and a cross-sectional time horizon, the qualitative content analysis technique is most relevant to this study as guided by the data collection techniques (in-depth interviews and focus group discussions) justified under section 4.9.4.1 and 4.9.4.2. The data transcripts from in-depth interviews for this study allowed the researcher to define and assign the necessary codes to describe events and personal experiences in patterns, descriptive themes and subthemes that support the chosen qualitative content analysis techniques. Content analysis was equally valid for the focus group session as the qualitative data obtained via MS Teams recordings and marginal notes were documented and analysed under the same codes allocated to themes and

subthemes. This study provides a narrative description of the main findings and justifies using a content analysis approach.

By utilising the research onion as a methodological framework and summarising the justifications provided in sections 4.3 to 4.10, it can be concluded that this study was based on an interpretivist research philosophy, inductive research approach, qualitative multi-method methodological choice, a single embedded case study, a cross-sectional time horizon, data collection techniques (in-depth interviews and focus group discussions) and content data analysis techniques, as depicted in section 4.3.1, Figure 4.2.

#### **4.11 Single embedded case study in Bank X**

This study adopted the implementation of a digitalisation transformation strategy at Bank X as its unit of analysis. Bank X was examined as a single embedded case study.

Paul *et al.* (2024) define digital transformation as a process aimed at enhancing an entity by initiating significant changes to its operations through the integration of information, technologies, computing, communication, and connectivity. In contrast, Gong and Ribiere (2021) describe digitalisation transformation as the use of digital technologies and data to automate processes, improve outcomes, and optimise value creation. Paul *et al.* (2024) explain that digital transformation has had an unprecedented impact on the banking sector, becoming a pivotal focus that demands continuous adaptation through extensive digital initiatives. Digitalisation comprises three key dimensions: (i) the contextual levels – individual, organisational, and broader societal; (ii) the intended outcome of digital transformation, namely improvement; and (iii) the evolving technological enablers of transformation, including information, computing, communication, and connectivity technologies.

Jukshio (2023) asserts that digitalisation has emerged as a transformative force, often described as a 'silver bullet' for organisations seeking growth and operational improvement. The authors argue that the strategic advantages of digital transformation significantly outweigh its drawbacks. Key benefits highlighted include the synchronisation of closely related processes, enhanced overall efficiency, and

substantial cost savings. Digitalisation also reduces turnaround time in strategy implementation, leverages technological capabilities, and improves the understanding of consumer needs through better data usability. Furthermore, it facilitates real-time data processing, streamlines inter-process communication, and simplifies organisational structures.

The single embedded case study will employ the VSM (as discussed in section 3.12) to illustrate the multi-level structure of Bank X and the nature of its internal communication channels.

The following section discusses the VSM and each of the subsystems and their interrelationships that were used in the case study of Bank X:

Operations (System 1) comprised the primary units responsible for delivering objectives and projects on time and within allocated budgets. The sample audience included junior, middle, and senior project managers, who ensured that the sample adequately represented operations because they had to interact with each other and negotiate for the required number of staff capable of delivering the agreed objectives. The negotiations focused on critical resources and skills. The skills can also be obtained from the external markets, but Bank X simultaneously risks losing skills to competitors.

Coordination (System 2) consisted of operational units functioning harmoniously, and included shared resources. Operational units were, therefore, under pressure to compete for shared resources, which might have led to conflicting stakeholder priorities.

Integration (System 3) managed the operational units and ensured that they functioned optimally independently and as part of a bigger team. The case study identified the three programme executives as part of the study's sample as they were responsible for daily operations and exploited synergies via continuous communication and negotiation between themselves, the operational and the coordination units.

Intelligence (System 4) represented an essential component of the bank's adaptation structure as the Manco members continuously interacted between

integration (programme executives), the future external environment, and the future internal policy decision-makers (Group Exco). Their interactions were often based on long-term relationships and trust.

Policy (System 5): Bank X was represented by Exco members who constituted the foremost authority and were the only ones able to regulate the interaction between integration (programme executives) and intelligence (Manco members) and resolved any conflict that might have arisen. The executive members' function was to balance the present and future, including external and internal aspects that related to establishing the 'identity' of Bank X, i.e., defining what 'it is or wants to be' and what 'it is not or does not want to be'.

Jukshio (2023) however, argues that even though digitalisation transformation offers benefits, it also creates barriers, such as downtime associated with maintenance and various upgrades that could affect real-time data and that every process comes with a set of risks associated with deployment and a lack of user awareness. Diener and Špaček (2021) highlighted the barriers to digital transformation as (a) implementation and maintenance costs, (b) a lack of knowledge and skills, (c) a lack of a sense of urgency, (d) the ambiguity of modern banking, (e) a lack of qualified consultants, (f) a lack of motivation and professional advice, (g) conflicting guidance, (h) outcome uncertainty, and (i) inconsistent support.

This research study gathered the barriers and success factors perceived by the strategy implementation staff and facilitated a digitalisation transformation approach based on a flexible organisational structure, enhanced communication channels and success factors to combat barriers to strategy implementation that would result in optimal organisational performance. Organisational performance measures are documented in Figure 2.4 for reference purposes.

#### **4.12 Study population, sampling technique and sample size**

The following section will focus on the study population, sampling technique, and sample size, as they relate to this study.

#### **4.12.1 Study population**

Eldredge *et al.* (2014) state that all qualitative research designs involving human subjects should define the study population to determine the eligibility of individuals for a study. Villegas (2021) explains that a study's population is the entire unit of people you consider for your research.

A sample is a subset of this group that represents the population. Guest and Johnson (2006) and Guest, Id and Chen (2020) argue that a sampling strategy should be fully justified using qualitative methodological literature, including the rationale for sample size, participant selection, and claims of thematic saturation. This study uses purposive sampling and is justified by qualitative methodological literature aligned with the views of Guest and Johnson (2006) and Guest, Id and Chen (2020). Participants were selected from 5 levels within Bank X to ensure feedback is representative of all staff levels in the bank. The saturation process was based on selecting 2 staff members at each level of the bank. If the two participants' feedback agreed, there was no need to recruit a third participant at the same level. However, if the feedback differed, a third participant was interviewed to see whether it revealed any new information. When the third-person feedback agreed with the first two respondents and no new information was received, the study assumed saturation among employees at that level.

The following section justifies the purposive sampling used in the study.

#### **4.12.2 Justification of using purposive sampling**

Vasileiou *et al.* (2018) state that samples in qualitative case study research tend to be smaller because smaller samples are used to support the in-depth information analysis fundamental to a qualitative case study. Summers (1991) states that sampling is selecting or searching for situations, context, and participants who provide rich data on the phenomenon of interest. In qualitative research, the researcher samples deliberately, not at random. Wan (2019) reminds researchers that crucial informants must be carefully chosen as they hold special and expert knowledge about the phenomenon to be studied and are willing to share information and insights with the researcher.

Moser and Korstjens (2018) agree with this view and further explain that key informants also assist in gaining access to participants, primarily when groups are analysed and the researcher can further validate ideas and perceptions with them. Moser and Korstjens (2018) describe the sampling techniques in table 4.9 below:

Table 4.9: Sampling techniques in qualitative research

Sampling	Definition
Purposive sampling	The selection of participants will be based on the researcher's judgement of which potential participants will be most informative.
Criterion sampling	Selection of participants who meet predetermined criteria of importance.
Theoretical sampling	Selection of participants based on the emerging findings to ensure adequate representation of theoretical concepts.
Convenience sampling	Selection of readily available participants.
Snowball sampling	Selection of participants through referrals by previously selected participants or persons with access to potential participants.
Maximum-variation sampling	Selection of participants based on a wide range of variations in backgrounds.
Extreme-case sampling	Purposeful selection of the most unusual cases.
Typical-case sampling	Selection of the most typical or average participants.
Confirming and disconfirming sampling	Confirming and disconfirming cases sampling supports checking or challenging emerging trends or patterns in the data.

Source: Moser and Korstjens (2018)

Of the sampling techniques in qualitative research shown in Table 4.9 above, the purposive sampling is the most relevant sampling technique for qualitative case studies, as the selection of participants was based on the researcher's judgement of which potential participants were the most informative.

The relevant population and sampling for this study are shown in the next three tables related to in-depth interviews, the Focus Group 1 session and the Focus Group 2 session.

#### 4.12.3 Population and sampling for interviews

Table 4.10 shows the population and sampling information as it relates to interviews of this study.

Table 4.10: Population and sampling for interviews

<b>Site population</b>	Interviews with employees of Bank X at the time of the study.
<b>Sample size</b>	In total, 15 employees of Bank X, representing three employees at each of the five levels of the bank, as conceptualised in the outcome of the literature review (VSM).
<b>Age category</b>	Between 25 and 60.
<b>Sampling method</b>	Purposive sampling.
<b>Justification for the sample size</b>	After three interviews with employees at each level across Bank X, saturation was reached. The levels were conceptualised from the outcome of the literature review. This was relied upon as the basis for the development of the interview protocol and the conduct of the interview proper.
<b>Inclusion criteria for each participant</b>	Employed at Bank X at the time of the study; permanent staff; part of strategy implementation initiatives; more than three years' experience in their current strategic roles at the time, and communication with superiors, subordinates, and peers being pivotal in their role in implementing strategic initiatives.
<b>Exclusion criteria for each participant</b>	Not employed at Bank X, contractors, no involvement with strategy implementation initiatives, less than three years' experience in their current strategic role, no communication is required to perform their daily functions.
<b>Contact and recruitment details of participants</b>	After the Ethics Clearance Certificate was issued, the permission letter to conduct the study was obtained from Bank X. Bank X provided the participants' email addresses to the researcher. The researcher used the participation information sheet, research participation consent form, and a participant virtual consent email to recruit the participants.

Source: Researcher's construct (2024)

Table 4.10 above shows the population and sampling used for interviews whereas the next section address the population and sampling used for the Focus Group 1 session.

#### 4.12.4 Population and sampling for Focus Group 1

Table 4.11 below shows the population and sampling information as it relates to Focus Group 1 of this study.

Table 4.11: Population and sampling for Focus Group 1

<b>Site population</b>	Employees of Bank X at the time of the study.
<b>Sample size</b>	Three Bank X employees representing the five levels of the bank were selected from the combined interviews with Bank X.
<b>Age category</b>	Between 25 and 60.
<b>Sampling method</b>	Purposive sampling.
<b>Justification for the sample size</b>	An adequate number of participants represented the five levels in Bank X.
<b>Inclusion criteria for each participant</b>	The participants must have participated in the interviews in Bank X at the time of the study. (The other relevant inclusion criteria were already taken care of by the interview inclusion criteria.)
<b>Exclusion criteria for each participant</b>	They did not participate in the interviews in Bank X. (The other relevant inclusion criteria would have already been taken care of by the interview exclusion criteria.)
<b>Contact and recruitment details of participants</b>	During the interviews, participants were asked if they would be willing to participate in the first Focus Group Session, which will consist of the validation of the framework that emerged from the interviews. The participants were recruited on this basis.

Source: Researcher's construct (2024)

The target sample shown in Table 4.11 above represents key participants responsible for strategy implementation to optimise organisational performance. The primary research question of *“How can South African South African Banks engage in effective implementation of a strategy to boost optimal organisational performance?”* formed the basis for selecting appropriate participants. The participants further shared their perspectives on organisational performance,

strategy implementation, barriers and success factors of strategy implementation initiatives. The next section highlights the population and sampling as they relate to the Focus Group 2 session.

#### 4.12.5 Population and sampling for Focus Group 2

Graham and Bryan (2022) state that the size of focus groups vary between 3 and 12 and is up to the researcher to define. Jensen (2013) also confirms that a focus group typically involves between three and 12 participants and highlights that the size of the focus groups also depends on the availability of resources, facilitators and audiences. Bigby (2025) highlights that a focus group can typically consist of between two to eight members depending on the purpose of having the focus group and the researcher’s aim of the study.

Table 4.12 below presents the population and sampling information used for the Focus Group 2 session of this study.

Table 4.12: Population and sampling for Focus Group 2

<b>Site population</b>	External individuals that have strategy implementation experience in the South African banking industry.
<b>Sample size</b>	One participant (Central Bank), one participant (Retail and Commercial Bank) and one participant (Investment Bank). Three different bank typologies.
<b>Age category</b>	Between 25 and 60.
<b>Justification for the sample size</b>	Three external participants from different levels of the proposed conceptual framework that evolved from the interviews and the Focus Group 1 session.
<b>Inclusion criteria for each participant</b>	Part of the strategy implementation initiatives in the South African banking industry.
<b>Exclusion criteria for each participant</b>	If they are employees of Bank X (which is a Development Bank) or not part of strategy implementation initiatives in the South African Banking industry.
<b>Contact and recruitment details of participants</b>	The researcher used colleagues in her professional relationship network in the South African banking industry. The researcher already had the participants’ contact details and contacted them telephonically to ask them for their willingness to participate in the second Focus Group Session to ensure analytical generalisation of the framework across banks in South Africa.

Source: Researcher's construct (2024)

The population and sampling used for the Focus Group 2 session, as shown in Table 4.12 above, indicate that purposive sampling was employed. The purposive sampling method enabled the precise and intentional selection of external experienced strategy implementation participants. These participants provided intimate knowledge, deep perspectives, and insights into their experiences of a bank's strategy implementation initiatives. The validity, reliability, and trustworthiness of the study are the focus of the next section.

#### **4.13. Credibility, dependability and confirmability**

According to Saunders *et al.* (2024), a study's viability, reliability, and trustworthiness are based on its credibility, dependability, and confirmability. Korstjens and Moser (2018) agree with this view. The three components will be discussed next, starting with credibility.

##### **4.13.1 Criterion - Credibility**

This study adopted Triangulation using interviews and focus groups as a technique to ensure the study's credibility. Creswell and Miller (2000) state that it is essential for a researcher of a qualitative study to show that their study is credible. According to Korstjens and Moser (2018), credibility is the confidence that can be placed in the truth of the research findings. Credibility assesses whether the research findings are plausible, drawn from the participants' original data, and accurately reflect their original views. The authors define credibility strategies as (1) prolonged engagement – a lasting presence during observation of extended interviews or long-lasting engagement in the field with participants. Investing sufficient time to become familiar with the setting and context, test for misinformation, build trust, and get to know the data to get rich data. (2) Persistent observation – identifying those characteristics and elements most relevant to the problem or issue under study on which the researcher should focus in detail. (3) Triangulation – using different data sources, investigators and methods of data collection such as data triangulation, investigator triangulation and method training. (4) Member check – feeding back data, analytical categories, interpretations and conclusions to members of those

groups from whom the data were initially obtained. It strengthens the data, mainly because the researcher and respondents view it from different perspectives. The researcher forwarded the transcribed interview findings to the participants for scrutiny to ensure they accurately reflected the information.

#### **4.13.2 Criterion Dependability**

This study ensured dependability by applying audit trails and coding decisions as a technique. Korstjens and Moser (2018) define dependability as the stability of findings over time. Dependability involves participants' evaluation of the results, interpretation, and recommendations of the study, such that all are supported by the data received from participants. The authors define the dependability strategies as the audit trail where the researcher transparently has to describe the steps taken from the start of a research project to the development and reporting of the findings. The records of the research path were kept throughout the study.

#### **4.13.3 Criteria - Confirmability**

The use of verbatim quotes was used as a technique to ensure the confirmability of this study. Stahl and King (2020) describe the concept of confirmability as the appropriate alternative to generalisation in qualitative research, arguing that this places the responsibility for transferring the original study's findings on a different setting, group, or population on the reader or potential user of the results. Korstjens and Moser (2018) explain that confirmability is the degree to which other researchers can confirm the findings of the study. Confirmability is also concerned with establishing that data and interpretations of the results are not figments of the inquirer's imagination but are derived from the data. Cho and Trent (2006) highlight that the strategy of the audit trail mentioned under dependability is equally valid for confirmability. The audit trail for this study is transparent and can be confirmed by appropriate stakeholders. The ethical considerations will be discussed below.

#### **4.14. Ethical considerations**

Regarding ethical considerations the study revealed that the banking industry in South Africa proves to be highly competitive, where unauthorised information is considered an offence. This study only proceeded after Bank X's permission to

conduct the research was obtained and adherence to non-disclosure agreements was secured. The non-disclosure agreement ensured that neither the bank's nor the participant's identity was revealed.

The role of participants in the study was explained via electronic copies of the Participant Information Sheet, which summarised the information and the reasons for the research. The role of the researcher was to gather information via interviews and focus groups as part of the qualitative study. Ethical approval and a research permit form part of ethical considerations and is reflected in the next section.

#### **4.14.1 Ethical approval and research permit**

The researcher was granted an ethical clearance certificate by the University of South Africa (UNISA) Higher Degrees Committee (see Appendix 2). Ethics approval was a prerequisite before data collection could proceed. Further permission from other relevant authorities and ministries will also be granted as the study was conducted in South Africa. Another factor that relates to ethical considerations is the confidentiality of the study, which is discussed next.

#### **4.14.2 Confidentiality**

Taquette and Borges da Matta Souza (2022) highlight the importance of a researcher respecting the participant's confidentiality, which should be based on the assurance of human freedom and dignity. Goodwin, Mays and Pope (2019) suggest that it is essential for the researcher to be clear about what confidentiality means in the context of the particular study. Creswell (2017) supports this view and states that the protection of the confidentiality of the respondents and known risks associated with participation in the study should be adhered to. The researcher undertook to respect and uphold the confidentiality of all respondents. The participants could withdraw voluntarily from the study at any time. The names of respondents were not used or divulged, instead, pseudonyms were used for respondents with their consent so that confidentiality could be upheld. Bank X was not exposed as code numbers were used. No data or information obtained from the research was shared in a manner that would compromise participants' identities. The raw and analysed data are stored securely on the researcher's password-protected computer. No third parties will have access to any of the data. The data

will be stored and available for five years, after which it will be deleted. At the organisation's request, the research results were made available after the completion of the study. The confidentiality of the study was incorporated into the informed consent letter and discussed next.

#### **4.14.3 Informed consent**

Informed consent refers to the fact that participants are fully aware of the nature of the research and still choose to participate (Langdrige & Hagger-Johnson, 2013). Consent was given freely, and participants were not forced to participate in any action. The researcher provided respondents with transparent and accurate information regarding the study and any potential risks. The respondents were also briefed on the purpose of the study and informed of their rights to refuse participation in case of any discomfort. Respondents were further allowed to ask questions about the research study. The following section includes a summary of the sections discussed in this chapter.

#### **4.15 Chapter summary**

This chapter presented the research design and approach the researcher used in this study. A synopsis of the research paradigm was initially introduced to help direct this research. The purpose and reason for adopting the qualitative single embedded case study design and the interpretive worldview were explained. The reason for adopting the interviews and focus groups as data collection instruments was described. The chapter also dealt with issues of sampling. Additionally, the population of this study was specified to facilitate the selection process. Sampling methods and the reasons for using them, as well as issues related to validity and reliability, were also discussed. Furthermore, issues of data analysis were highlighted and discussed. Finally, ethical issues were explained. The next chapter will focus on the presentation of the findings of this study and a comparison of the findings to extant literature.

## CHAPTER 5 – PRESENTATION OF FINDINGS

### 5.1 Introduction to the chapter

This chapter presents the empirical findings of the study derived from semi-structured interviews, and focus group discussions conducted within Bank X. The findings are organised and presented in direct alignment with the research questions, as recommended for qualitative doctoral research. The purpose of this chapter is to present the data, not to interpret it extensively; interpretation and theoretical integration are reserved for Chapter 6. However, brief explanatory commentary is provided to clarify the meaning and ensure coherence.

### 5.2 Profile of research participants

To contextualise the findings, this section presents the demographic and professional profiles of the study participants. Interviews lasted approximately thirty minutes.

#### 5.2.1 Interview participants

Table 5.1: Participants' demographic and professional profiles of interview participants

Participant number	Gender	Race	Job title	Level of position	Relationship to strategy	Years of experience in a strategy position
P1	Male	Black	Junior Project Manager	Junior	Operations	3 years
P2	Female	White	Mid-project Manager	Junior	Operations	5 years
P3	Female	Indian	Senior Project Manager	Junior	Operations	16 years
P4	Male	Indian	Human Resource Manager	Junior	Coordination	6 years
P5	Male	Coloured	Financial Manager; Projects	Mid	Coordination	4 years
P6	Female	Black	Technical Information Specialist	Senior	Coordination	2 years
P7	Female	Black	Head of project and programme management	Mid	Integration	3 years
P8	Male	Indian	Strategic Project Portfolio Manager	Mid	Integration	8 years

P9	Male	White	Assistant to Project Portfolio Manager	Mid	Integration	1 year
P10	Female	Coloured	Head of Technology Infrastructure	Senior	Intelligence	12 years
P11	Male	Black	Risk and Compliance Officer	Senior	Intelligence	4 years
P12	Female	Black	Project Recruitment Specialist	Senior	Intelligence	4 years
P13	Male	Coloured	Chief: Strategy Internal Audit	Executive	Policy	13 years
P14	Female	White	Head: Corporate Strategy	Executive	Policy	11 years
P15	Male	Indian	Executive: Strategic Alignment	Executive	Policy	5 years

Source: Researcher's construct (2024)

### 5.3 Overview of data analysis output

Data analysis followed a thematic analysis approach. The analysis identified themes and subthemes presented according to the research questions below.

Table 5.2: Research questions, themes and subthemes

Research question	Main themes	Subthemes
Which factors influence organisational performance in South African banks?	Theme 1: Organisation-related factors	Subtheme 1.1: Leadership alignment Subtheme 1.2: Organisational culture
	Theme 2: Technology-related factors	Subtheme 2.1: Legacy systems
What is the relationship between strategy implementation and organisational performance?	Theme 3: Strategy execution as a performance enabler	Direct driver of organisational performance
	Theme 4: Feedback loops and performance monitoring	Enabling monitoring and corrective action
Which factors influence successful strategy implementation?	Theme 5: Barriers to strategy implementation	Subtheme 5.1: Silo mentality Subtheme 5.2: Resource constraints

	Theme 6: Success factors for strategy implementation	Subtheme 6.1: Cross-functional collaboration
		Subtheme 6.2: Leadership commitment

Source: Researcher’s construct (2024)

**5.4 Organisational and technological-related factors**

***Which factors influence organisational performance in South African banks?***

This research question explores participants’ perceptions of factors affecting organisational performance within the banking context.

**5.4.1 Theme 1: Organisation-related factors**

Participants consistently identified internal organisational factors as critical determinants of performance.

**5.4.1.1 Subtheme 1.1: Leadership alignment**

Several participants at all levels in Bank X emphasised the importance of leadership alignment for successfully implementing strategic initiatives to enhance the Bank’s performance. Although all participants recognised the importance of strategic alignment, Level 4 and 5 participants emphasised the need for alignment among leaders, whereas Levels 1 and 2 highlighted the need for leaders to lead lower-level staff effectively. Level 3 participants (P7 and P8) reported interacting with both senior and junior staff and noted a disconnect between providing and requiring aligned leadership. For example, P8 stated that:

*"Leaders, as a team in the bank, must be aligned with each other, but also need to be aligned with the staff managed by them, with what they plan to do in the future, because you cannot enable or implement your strategy if there are misalignment and conflicting interests on management level priorities or different layers of the bank."* (P8)

The difference in opinions stems from Bank-X-specific levels and demonstrates the need for lower-level staff to be guided by their leaders, rather than for leaders to

assume that lower-level staff, by default, understand what they need to do. Guiding employees can also happen only if first there is alignment among senior leaders themselves, which is then cascaded down and across the levels within Bank X.

Participants at levels 1 and 2 noted that strategic alignment depends on state-of-the-art leadership styles among Bank X's leaders and that most of them have held their positions for many years. They attributed the misalignment between leaders and staff to a conservative and inflexible management style. For example, (P5) commented that:

*"Some of our leaders have inadequate leadership skills and cannot lead our teams effectively because they are not able to function effectively in an innovative team environment that is aligned with strategy implementation, but are rather rigid and do not embrace change, which is a necessity to achieve optimal organisational performance."*

However, senior management at levels 4 and 5 has a different opinion on this. They consider their management styles appropriate for balancing the risks and benefits of strategic initiatives. They also consider the experience of older staff as a benefit and not a restraint for Bank X. P15 summarised these perceptions below:

*"We have leaders with the right strategic leadership styles, and they know the most optimal way to go about it by focusing on the right strategic initiatives, and they also eliminate concentrating on small things that can derail the strategy implementation initiatives."*

Leadership styles in Bank X, by implication, include various types of leadership styles that are person-dependent, and, on the flipside, individual staff members perform better under leadership styles aligned with how they perform their duties on a daily basis. Areas within the bank that have strategy alignment outperform targets for implementing strategic initiatives, whereas strategy implementation failure seems to occur when leadership is misaligned.

Respondents at all levels highlighted that it will be of little use if the bank has alignment between leaders and staff and appropriate leadership styles but is unable to operate effectively in a constantly changing environment. Technology was seen

as the future of all organisations and of banking. The shared perception was that any bank that cannot continuously adapt to the latest technology will ultimately become redundant, as competitors outperform it. P14 explained this best:

*"We live in an uncertain environment where things are constantly changing, so if the leadership can't appreciate changes and manage the changes, we cannot move forward with the changes happening all over the world and the bank will not be able to implement any strategic initiatives effectively to ensure that the bank's performance is sustainable in the future."* (P15)

A summary of the above discussion, as it relates to leadership alignment at Bank X, is documented in section 5.4.3. Leadership alignment is closely aligned with organisational culture, which is discussed next.

#### **5.4.1.2 Subtheme 1.2: Organisational culture**

The importance of a positive culture echoed across multiple functional areas. Participants perceived culture as either enabling or constraining performance. Some respondents saw shaping the bank's culture as a critical success factor for implementing strategic projects. For example, PE 13, who formed part of the policy team at level 4, stated that:

*Strategic shaping of the corporate culture is essential because once you have a strategy, it has to link with the corporate culture to show employees how the strategy works and how it must be implemented to ensure that performance targets are met."*

However, lower-level staff (1-3) were much more likely to experience the negative effects of a risk-averse culture in their daily work. They emphasised that negative staff within teams might also negatively influence positive staff, which, in their opinion, directly hinders the bank's performance. These staff members also explained that a positive culture at higher levels of the bank is just as important as at lower levels, because you need both to ensure strategies are implemented across all layers of the bank (P3 and P4).

The view that strategy implementation should occur at all levels of the bank was confirmed by participants at level 4. P10 made the following remark regarding corporate culture:

*"The corporate culture's strategic shaping is crucial to enable staff at all levels in the bank to work towards the same performance goals in the short term as well as in the long term."*

The downside of not having the right culture when implementing new strategic projects has proven challenging for the bank's Level 5 staff. The following quotes illustrate their perceptions:

*"In my opinion, a negative and inflexible corporate culture has a direct impact on strategy implementation, which is sure to fail and will ultimately result in adverse performance of the bank overall." (P14)*

*"You are bound to achieve your strategy with the right culture, behaviour and attitude. A risk-averse culture results in strategy implementation failure and a negative impact on the bank's performance." (P15)*

A summary of the participants' views on culture as an organisational factor at Bank X is provided in section 5.4.3.

The next section will focus on technology-related factors as they relate to feedback from Bank X employees.

## **5.4.2 Theme 2: Technology-related factors**

Technology was widely viewed as both an enabler and a constraint.

### **Subtheme 2.1: Legacy systems and digital capability**

Participants at all levels recognised technology as an enabler in the successful implementation of strategic initiatives. Participants recognised the benefits that updated hardware and software can provide, including eliminating significant manual rework, reducing human error, and increasing turnaround time through real-time information. This perception of benefits to derive from technology was explicitly mentioned by (P11) below:

*"Updated hardware, software and revised processes will enable the bank to move forward in line with competitors, while leveraging from other technological benefits such as upskilled staff who know how to utilise these technological tools and to outsource some of the functions rather than to hold on to outdated systems that are slow and costly." (P11)*

Level 4 employees explained that the bank needed the latest and greatest technology to implement its strategy more quickly and with less effort. The participants explained that the opposite was true: they now had outdated systems that had led to failed attempts to implement many strategic initiatives effectively and to sustain the bank's performance in the long term. The impact of these outdated systems was huge, as they currently cost the bank more to maintain than new digitalized systems would. (P15)

Staff, specifically on levels 2 and 3, also expressed concerns about the negative impact of the bank's current legacy platforms not only on business growth but also on day-to-day operations. These participants explained that they wanted to be agile, but the outdated legacy platforms at Bank X slowed everything down. The same participants highlighted that, from every perspective, the outdated technology put the bank at risk of failure in strategy implementation and threatens its long-term survival. For example,

*"Outdated systems hinder performance. Not using technology optimally hinders the bank's performance as everything is manual and we also do not have a benchmark to measure ourselves against competitors that have done the same projects before." (P5)*

*"One of the things that we struggle with is growing the bank at scale, and outdated technology is the primary reason for this. We also do not currently have a digitalised information platform where we can access information in real time to enhance decision-making that supports effective strategy implementation and execution." (P4)*

Failure of the newly authorised hardware and software strategic project stops the bank from going through the digital transformation process, which will have

detrimental negative consequences on the bank's performance as we advance, hence the need to ensure that implementation proceeds smoothly." (P14)

*Executive management recently approved a strategic initiative to address technological concerns from all perspectives. Once we have completed this digitisation transformation phase, it will set the bank up to achieve the desired performance targets more easily." (P9).*

The conclusions from the discussion above are presented in section 5.4.3.

Participants highlighted that technology would help the bank grow and remain aligned with changes in the technological environment.

### 5.4.3 Summary of findings

Table 5.3 summarises the identified themes and subthemes.

Theme	Subthemes
Organisation-related factors	Leadership alignment; Organisational culture
Technology-related factors	Legacy systems; Digital capability

Source: Researcher's construct (2024)

#### Leadership alignment

The above discussion, by implication, shows that leadership should be aligned among leaders, between leaders and staff, and that adequate leadership skills and styles are required for effective strategy implementation that supports change management through strategic initiatives to increase the bank's performance.

#### Culture as an organisation-related factor.

A positive culture starts at the top levels and cascades down. There are two schools of thought regarding the impact of culture on the bank's performance. On the one hand, participants argued that a positive organisational culture supports successful strategy implementation, which, in turn, has a positive impact on the bank's performance. On the other hand, participants argued that a risk-averse culture

supports a silo mentality, leading to strategy implementation failure and, in turn, reduced or led to adverse bank performance.

In summary, participants viewed the availability of adequate technology as an enabler for successful strategy implementation. Several participants on all levels mentioned these benefits as they related to hardware, software and processes. Others viewed the lack of technology and the inability to implement change initiatives as a major setback. The problem escalates to the point where the lack of digitalised information platforms prevents the bank from implementing strategic initiatives that would enable it to operate effectively in the South African banking industry.

## **5.5 Strategy execution and feedback loops**

### ***What is the relationship between strategy implementation and organisational performance?***

This section presents findings on how participants perceive the link between strategy implementation and performance outcomes.

#### **5.5.1 Theme 3: Strategy execution as a performance enabler**

Participants overwhelmingly associated effective execution with improved performance:

*“A good strategy means nothing if it cannot be executed consistently across the bank.” (P5)*

Participants across Bank X recognised that the successful execution of strategic initiatives improved overall performance. It was also highlighted that flawless strategy implementation was directly linked to increased organisational performance; however, this positive relationship was only possible if the project were implemented optimally. The quality of execution was more specific: Level 1 staff prioritised operational efficiency, level 2 staff prioritised financial performance, and level 4 staff focused more on customer experience. This breakdown is summarised by PE 13:

*“It is all about project execution quality and the synergies that need to come from implementing initiatives, which should result in operational efficiency that will reduce any manual tasks as digitisation should take care of those things, increased financial performance, and increased customer satisfaction with our offerings to them.”*

The different focuses can be attributed to the specific functions that the teams fulfil. The operations team ensures that the strategic initiatives implemented run smoothly, with no hiccups. For example, the operations team will focus on operational efficiency as part of their daily duties, whereas customer-facing level 4 staff will focus on gaining and retaining customers, and support teams at level 2 will focus on financial issues.

Respondents at level 2, in the financial services team, highlighted that financial benefits could only be measured after the project had gone into the execution phase, and P5 explained this:

*“After a strategic initiative has been implemented, it moves to the execution phase where the actual performance is tracked against the planned performance to determine if the bank is actually realising the anticipated financial benefits from previously implemented operational efficiencies.”*

P6 reiterated this by stating that:

*“It is only once the strategic project has been implemented that the execution can start, where the bank can actually measure the intended financial benefits, and establish whether the bank’s balance sheet is growing and that our investments are profitable to ensure optimal bank performance.” (P6)*

Respondents at level 4 were responsible for customer satisfaction, which helps recruit new customers and retain existing ones. The team's shared view was that customer satisfaction occurred only when projects were successfully implemented at the operational level and when the financial returns from sales aligned with the products or services offered by the bank. P4 asserted that:

*“Once a new initiative has been implemented, we also have full access to senior management and the project manager for the first few weeks after implementation to ensure that any challenges that only became visible in the execution phase are acted upon rapidly to minimise any negative impact on the customers.” (P10)*

The level 4 team opined that any new customer-related strategic initiatives should be handled by the most competent and qualified staff in the bank, as failure to implement them could have a detrimental impact on the bank's customer experience and possibly lead customers to take their business to a competitor. Losing customers would directly reduce the bank's financial performance.”

#### **5.5.2 Theme 4: Feedback loops and performance monitoring**

Participants at all levels in Bank X emphasised the need to use feedback mechanisms to monitor the performance of strategic initiatives. However, participants at senior levels 4 and 5 cited this need, citing tracking initiatives that use continuous, real-time feedback, whereas participants at levels 1 and 2 believed that monthly feedback meetings were sufficient to track the execution of strategic projects. For example, P4 stated that:

*“Monthly feedback meetings are sufficient to ensure that there is open communication between all project team members and offer the advantage where team members share ideas and skills that are beneficial to the overall team and ultimately to benefit implementation across the whole bank.”*

However, level 3 participants (P8 and P9) noted that the frequency of feedback sessions depended on the specific strategic initiatives implemented.

Differences in opinion across levels of the bank can be attributed to the participant's role in monitoring a specific strategic initiative, where senior management needs real-time feedback to make decisions and take corrective action as needed. Lower-level staff often fulfil operational functions that do not necessarily involve decision-making.

Participants at levels 1 and 2 highlighted the need for senior management to identify and provide them with appropriate performance indicators to track the progress of the strategic initiatives via relevant feedback loops. P3 explained that:

*“Strategy implementation performance indicators should be very concrete around the specific actions we need to take to execute our strategies and having a feedback loop ensures that we understand the relevant decisions and performance indicators along the performance monitoring process.”*

However, middle and senior staff at levels 3 to 5 have a different view of performance indicators for strategic initiatives. They argue that the formulation of performance indicators is as much the responsibility of lower-level staff as that of more senior staff. Being part of the strategic performance indicators will ensure that lower levels take responsibility for their deliveries rather than simply receiving instructions from the management layers they report to.

*“All relevant staff need to prioritise which strategic performance indicators tell us the most about progress on each relevant strategic project and use them to monitor and track performance via regular feedback meetings. Good implementation progress and involvement of staff motivate team members to perform their duties with enthusiasm.”* (P5)

Although there were differences of opinion on the frequency of feedback sessions and the role of setting performance indicators, all participants at all levels confirmed the need to proactively monitor and control the progress of strategic initiatives to create synergies that support optimal strategy implementation. The benefits of continuous monitoring of strategic projects are expressed by P13 below:

*“The continuous monitoring of progress targets also ensures that all team members are involved in the process and thereby ensures that project staff understand the impact that their deliverables have on the bank holistically.”*

## Summary

Real-time feedback, regular feedback meetings, and feedback sessions improve performance in implementing and executing strategic initiatives.

Performance indicators facilitate tracking progress during the execution phase of strategic initiatives.

Monitoring, control, and feedback sessions are not a luxury; they are a necessity for effective and successful strategy implementation.

### 5.5.3 Summary of findings

Table 5.4 summarises the themes and key insights.

Theme	Key insight
Strategy execution	Direct driver of organisational performance
Feedback loops	Enable monitoring and corrective action

Source: Researcher's construct (2024)

#### Summary of strategy execution as a performance enabler

The quality of execution is divided between operational efficiency, financial performance and increased customer satisfaction. Operations teams should ensure that strategic initiatives are implemented smoothly by utilising operational efficiencies. Staff on the financial team need to ensure that funds are accurately monitored and controlled to support the costs and benefits of implemented strategic projects. Customer satisfaction is pivotal during the execution stage of strategic projects, as satisfied customers stay with the bank, while unsatisfied customers take their business to other competitor banks.

#### Summary of feedback loops.

Real-time feedback, regular feedback meetings, and feedback sessions improve performance in implementing and executing strategic initiatives. Performance indicators facilitate tracking progress during the execution phase of strategic initiatives. Monitoring, control, and feedback sessions are not a luxury; they are a necessity for effective and successful strategy implementation.

## 5.6 Strategy implementation barriers and success factors

### Which factors influence successful strategy implementation?

This research question examined barriers and success factors.

### **5.6.1 Theme 5: Barriers to strategy implementation**

Participants identified several barriers.

#### **Subtheme 5.1: Silo mentality**

Participants at all levels identified a silo mentality as a significant barrier to implementing strategies at Bank X. There was no pattern across the five levels of the bank's layers in how views were level-dependent. However, the feedback from respondents reflected three perspectives of silo mentality: the consequences of working in a silo mentality, participants working in isolation, and conflicting priorities.

Participants demonstrated a clear understanding of the consequences of working in silos and emphasised that the silo mentality in the bank is reinforced by the bank's governance and compliance arrangements (perspective 1). Their feedback on a silo mentality can be summarised as follows: the bank cannot implement strategic initiatives successfully if all staff are not working towards a shared vision, as these strategies require staff at different levels and across functions to work together. Participants also demonstrated the negative impact of a silo mentality on the bank's overall performance. For example:

*"With a silo mentality, we cannot move people forward to work towards the same goals to increase the bank's performance because everybody pulls in their own direction." (P2)*

Perspective 2 focused on the negative consequences of staff working in isolation rather than within the vertical and horizontal structures of Bank X. Participants explained that staff who work in isolation set Bank X up not only for strategy implementation failure but also for the execution of that strategy beyond implementation.

*"A silo mentality prevents effective collaboration between staff across divisions in the bank, with the result that staff in general tend to focus more on their isolated job requirement to the expense of focusing on jobs that will benefit the bank more from a holistic organisational performance perspective." (P7)*

Participants' views also revealed that Bank X does not use regular meetings to communicate strategic initiatives and ensure all staff are aligned, supporting a holistic approach to implementation. This suggests that insufficient time is spent discussing strategies across all layers of the bank, creating misalignment between individuals and teams, and hindering successful strategy implementation.

The third perspective focused on conflicting priorities resulting from working in silos. Participants' feedback highlighted that the solo mentality at Bank X creates conflicting priorities due to misalignment among staff at all levels. By implication, this makes optimal performance impossible. It is like two trucks pulling in opposite directions while trying to implement the same strategy; it will never work. A typical example of these conflicting priorities is explained as follows:

*"We have reports that we have to do for the board members, but then we also have different reports that need to be submitted to the CEO, which is due on the same day, so how do you prioritise between that? These conflicting priorities result from the silo mentality that we work in. Alignment will eliminate situations like this that are causing unnecessary amounts of stress to our staff."* (P15)

A summary of the discussion above on silo mentality is provided in section 5.6.3.

Resource constraints are discussed next in the context of strategy implementation barriers.

### **Subtheme 5.2: Resource constraints**

Participants at all levels in Bank X highlighted that inadequate resources lead to failures in strategy implementation. Although all participants recognised resource constraints, level 4 and 5 participants emphasised financial constraints as the most pivotal, whereas levels 2 and 3 highlighted human resource constraints as the most significant barrier. Level 1 participants view the unavailability of technological hardware and software as the main reason for strategy implementation failure. All participants understood that these barriers are interlinked in the broader context of strategy implementation failure.

From a financial constraints angle (P13) stated that:

*“Even with good plans, lack of funding delays or worse prevents strategy execution entirely.”*

In line with this view P14 and P15 highlighted that:

*“Limitation of financial resources has a direct negative impact on the bank's ability to implement any strategies related to enhancing the bank's performance, so there has to be a location with enough financial resources.” (P9)*

Participants at levels 2 and 3 recognised limited financial resources as a barrier to strategy implementation, but explained that, in the context of their job functions, the negative impact is more severe from a human resources perspective. They believe that limited financial resources result in limited human resources, as there is not enough money to recruit enough staff to perform the duties. For example, P8 stated that:

*“My team operates at 150%, and they are overburdened and exhausted. So, even though we meet our deadlines, it's at the cost of human capital, and those staff members are most probably looking for alternative job opportunities.” (P15)*

However, operational staff at Level 2 felt that the negative impact of limited human resources is the lack of upskilled and key people in key positions who understand and manage all resources end-to-end, which hinders strategy implementation. P4 explained that:

*“I do have staff shortages as two people resigned recently, and I also have some staff with inadequate skills to a degree. I am awaiting the approval of the required financial resources relating to staff training and recruiting competent and qualified staff who are capable of assisting us to implement the bank's strategies effectively.” (P5)*

Respondents at level 1 saw technology constraints as the most significant barrier to strategy implementation. The perception was that even if the bank had adequate financial and human resources, it would be of little use if it did not use technology optimally in the banking industry. For example, P2 commented that:

*"For me, technology is the future for banks in South Africa, or for that matter, any organisation, not only to stay competitive in their industry but for survival. The bank must ensure that the resources required for our digital transformation are well understood, acquired, and managed throughout implementation. Even though technology is at the top of the list, it requires other resources that relate to human resources and financial resources."*

A summary of the above discussion, as it relates to resource constraints at Bank X, is documented in section 5.6.3.

### Summary

The most significant constraints on effective strategy implementation are financial, human, and technological. Financial constraints are mainly managed at the senior levels of banks. Human resource constraints are more relevant to middle management in ensuring that there are no unskilled staff in the wrong positions, while technological constraints are having a detrimental effect on operational staff, who have to perform tasks manually that could have been automated.

### **5.6.2 Theme 6: Success factors for strategy implementation**

Participants also identified enablers.

#### **Subtheme 6.1: Cross-functional collaboration**

Cross-functional collaboration was seen as the most important success factor for strategy implementation at the 2 and 3 staff level, given the nature of their jobs, which require constant interaction with staff at other levels and across their own teams. Level 2 and 3 staff explained that:

*"If all staff are on the same page and are pulling in the same direction towards successful strategy implementation, we have a greater chance of succeeding not only with the implementation but also with the execution of the project." (P4)*

*"Strategic initiatives are sometimes challenging and highly complex to implement, in which case we allocate our most advanced and qualified staff across functional areas to deliver the strategy successfully. (P11)*

Level 1 staff mostly work with other level 1 staff daily, interacting with staff at other levels occasionally. Level 1 staff highlighted that they see cross-functional collaboration as a key factor in strategy implementation, given the presence of blind spots. As an effective team working towards the same goals, you can spot them and help each other find solutions. For example, P2 stated that:

*"When all cross-functional team members are aligned to work towards the same strategy implementation goals and objectives, the implementation itself becomes easy because the resources needed are available in real time."*

Levels 4 and 5 also view cross-functional collaboration as a key success factor for successful strategy implementation and believe that when teams collaborate, implementation accelerates. Tasks are usually agreed on in detail for the implementation initiative and then allocated to staff across functional areas, so everyone knows what they need to do to reach the finish line most effectively. The advantages of cross-functional collaboration are expanded on by P14, who stated that:

*"The implementation of strategic initiatives often requires a project team of staff members that spans cross-functional areas. These cross-functional teams create synergies by sharing information and supporting one another, which directly improves strategy implementation."*

P15 added that:

*"Effective cross-functional teams share their expert communication skills and technical abilities to deal with all tasks related to a strategy implementation project as a coherent team that speeds up the implementation."*

A summary of the above discussion is shown under section 4.6.2.

### **Subtheme 6.2: Leadership commitment**

Leaders at levels 3 to 5 highlighted the need for commitment, including being actively involved in strategic initiatives where they set the tone, direction, and foundation for successful strategy implementation. They are involved because their

duties ensure continuous leadership to get staff on board, and their leadership style is more strategically focused than a dictatorship associated with micromanagement.

Participants on levels 1 and 2 shared their perceptions of leadership commitment and whether it is currently used to enable successful strategy implementation. P2, P3 and P5 responded as follows:

*"Committed leaders are leaders who ensure that all the staff at lower levels are aligned with the strategy and what is expected from them to support successful strategy implementation across the bank." (P2)*

*"Committed leaders ensure that we have the right people to execute our strategies and, more importantly, if we don't, those leaders ensure the recruitment of qualified and competent staff to fill those positions. Those leaders also consider the outsourcing of some functions that ensure that every effort is made to achieve a successful enhancement to grow the bank." (P3)*

*"Committed leaders ensure that we have the capability and the expertise available in the relevant staff complement to produce what the bank needs to achieve now and in the future. A strong leadership team enables smooth implementation of projects regardless of the scope of work or resources required." (P5)*

Only a few staff members criticised the leadership styles at Bank X. By contrast, the majority of participants at all levels agreed that committed leaders have the right leadership styles to get the best out of their employees for strategy implementation. The benefits of those leadership skills are a clear and consistent picture of what is expected from each team member, by when, and why. These leaders are also always visible to team members, which makes implementation easier. Participants also believe that the leaders in the bank know the way to go by prioritising strategic initiatives and avoiding focusing on small things that can derail strategy implementation.

A summary of the above discussion is shown under section 5.6.3.

### 5.6.3 Summary of findings

Table 5.5 Summarises categories and factors identified.

Category	Factors identified
Barriers	Silos; Resource constraints
Success factors	Collaboration; Leadership commitment

Source: Researcher's construct (2024)

#### Barriers

**Silo mentality:** The silo mentality in Bank X poses significant barriers to strategy implementation at all levels of the bank. The silo mentality prevents staff at Bank X from working together in teams because everyone is pulling in different directions. Staff in general tend to focus more on their individual job requirements to the detriment of implementing strategic initiatives as part of a team that would benefit the bank more from a holistic organisational performance perspective. Working in silos creates conflicting priorities due to misalignment between staff and management objectives, and wastes time in getting things done.

**Resource constraints:** The most significant constraints on effective strategy implementation are financial, human, and technological. Financial constraints are mainly managed at the senior levels of banks. Human resource constraints are more relevant to middle management in ensuring that there are no unskilled staff in the wrong positions, while technological constraints are having a detrimental effect on operational staff, who have to perform tasks manually that could have been automated.

#### Success factors

**Cross-functional teams:** Cross-functional collaboration is a key success factor in strategy implementation. Effective collaboration accelerates strategy implementation. This is based on a shorter implementation phase, which will save the project more money. It allows for the sharing of information and facilitates the sharing of ideas and solutions. Finally, sharing ideas fosters energy, as staff share

lessons learnt from previous project implementations, and recommend efficient ways to address challenges and realise the project's intended benefits.

Leadership commitment: Leaders of strategy implementation initiatives believe that they should set the tone, direction, and foundation for successful strategy implementation. They also believe that their duties include not only getting staff on board but also applying a leadership style that is more strategically focused than a dictatorship associated with micromanagement. The above perception is shared by many participants, in one way or another, across levels of the bank. However, this is not the case when staff believe their leaders are insufficient.

## **5.7 Chapter summary**

This chapter has presented the empirical findings of the study in alignment with the research questions. The findings reveal that organisational performance and strategy implementation in South African banks are influenced by a combination of organisational, technological, leadership, and structural factors.

The next chapter discusses these findings in relation to existing theory and empirical literature.

## CHAPTER 6 – DISCUSSION OF FINDINGS

### 6.1 Introduction

This chapter discusses the empirical findings presented in Chapter 5 in relation to the study's research questions, objectives, and the existing body of literature on strategy implementation and organisational performance in the banking sector.

Unlike the preceding chapter, this chapter does not present new empirical data. Instead, it interprets the findings, explains their meaning, and situates them within relevant theoretical and empirical debates. The discussion is structured according to the research questions to ensure conceptual coherence and analytical clarity.

### 6.2 Organisational and technological-related factors

#### ***Which factors influence organisational performance in South African banks?***

The findings indicate that organisational performance in South African banks is shaped primarily by organisational, technological, leadership, and cultural factors. This aligns with and extends existing literature on organisational performance in complex, regulated, and technology-intensive environments.

#### **6.2.1 Organisation-related factors and performance**

The prominence of leadership alignment and organisational culture as performance drivers supports earlier work by Brenes *et al.* (2008), who argue that coherent leadership and aligned internal structures are prerequisites for sustained performance. However, this study extends prior research by demonstrating how misalignment across hierarchical levels in banks specifically manifests as operational fragmentation, thereby weakening performance outcomes.

From a VSM perspective, the findings indicate deficiencies in Systems 2 (coordination) and 3 (control), resulting in internal instability. This provides empirical support for applying VSM to strategy implementation analysis in the banking context.

**Leadership is the first organisation-related factor.** The first organisational-related factor is leadership alignment. Almatrooshi *et al.* (2016) suggest that the

degree of leadership required varies across organisational layers and state that lower levels of staff need more leadership direction and guidance because their functions are more operational than strategic. The discussion, by implication, shows that leadership should be aligned among leaders and between leaders and staff, and this insight was reflected in the study's findings.

Enwereji and Uwizeyimana (2019), Beer and Eisenstat (2000) and Ali (2016) similarly, state that the degree of leadership required depends on the organisational level. In line with these views, this study asserts that leadership spans across all levels of the bank and the amount of leadership required is linked to the employee's level and position in the bank. (Waititu, 2016) supports this view and further argues that leadership styles directly affect a commercial bank's ability to successfully implement strategies. The author conducted a quantitative empirical study of commercial banks in Nairobi, including feedback from 191 respondents across different management levels, to better understand the appropriate leadership styles required in banks. The study revealed that different leadership styles are required for different staff and that staff also need appropriate direction from their leaders at each phase of every strategic initiative.

However, authors such as Heide *et al.* (2002) and Enwereji and Uwizeyimana (2019) find that an organisation can have leadership at all the different layers, but that will not ensure optimal organisational performance unless it is the right leaders with the right skills and leadership styles.

The findings of this study regarding leadership styles were mixed: senior management felt the bank's leadership styles were adequate and supported by their years of experience, but lower-level staff viewed senior management's leadership as conservative and outdated. These divided opinions seem to be attributable to differences in employees' ages.

Eresia-Eke and Soriakumar (2021) and Hussain (2023) argue that inadequate leadership styles and misalignment between management and staff under-develops employees' capabilities and skills, creating an unskilled workforce incapable of implementing strategic change initiatives. The findings of this study align with this

view and emphasise the importance of the bank's ability to manage change in an uncertain environment.

Based on the above comments and perspectives, it can be concluded that there needs to be an adequate mix of leadership styles (incorporating both top-down guidance and upward influence) and alignment between leaders and staff within an organisation to successfully implement strategic change initiatives and achieve optimal organisational performance.

**The second organisational-related factor is culture.** Several scholars, including Bhattacharyya (2019), Eresia-Eke and Soriakumar (2021), Crittenden and Crittenden (2008), Higgins (2005), and Enwereji and Uwizeyimana (2019) agree that a positive culture starts at the top of an organisation (including South African banks) and cascades down the hierarchy. These perceptions are also confirmed by participants of Bank X in this study.

Berberoglu (2018) views a positive organisational culture as the most crucial internal organisation-related factor influencing successful strategy implementation to facilitate optimal organisational performance. The author argued that a positive organisational culture was the foundation on which employees were motivated and driven to perform their daily duties, regardless of those duties. Bhattacharyya (2019) also emphasises the importance of prioritising organisational culture, stating that a positive culture is the glue that motivates employees to work diligently and implement strategic initiatives. However, some participants, on the one hand, viewed culture positively, stating that a positive organisational culture supports successful strategy implementation and improves the bank's performance. On the other hand, some participants viewed culture through a negative lens, arguing that a risk-averse culture fosters a silo mentality, leading to strategy implementation failures and, in turn, adversely affecting the bank's performance.

However, Borrero *et al.* (2020) argue that organisational culture should not be treated as the top priority among other internal factors influencing successful strategy implementation. The authors view all internal factors, such as internal resources, employee productivity, skills and experience, organisational structure, culture and leadership as equally important. Ahmadi *et al.* (2012) also emphasise

that all internal factors should be treated with equal importance, which, by implication, confirms that organisational culture should not be seen as more important than other internal performance factors.

Based on the above discussion, it can be concluded that organisational culture cascades from top levels to lower levels within organisations, and that some participants and authors agreed that culture is the most important internal factor influencing the bank's performance. The flipside of the coin has also been discussed: culture should not be viewed as more important than other internal factors when implementing a strategy to achieve optimal organisational performance. The differences in viewing culture from a positive or negative perspective may be attributed to an individual's personal experiences with culture-related factors during their career at the bank. Technology will be discussed next.

### **6.2.2 Technology-related factors and performance**

Participants' emphasis on legacy systems corroborated Coetzee's (2018) assertion that technological infrastructure was a central determinant of organisational performance in financial institutions. However, this study added nuance by revealing that technology constraints were not purely technical but deeply intertwined with organisational readiness and change management capability.

Eresia-Eke (2022) and Soriakumar (2021) state that technology was mainly seen as an enabler to successful strategy implementation in organisations. The findings in this study advanced the literature by framing technology not merely as an enabler of performance, but as a structural condition that interacted with organisational culture and leadership. The findings of this study further highlighted the benefits of updated hardware, software, and revised processes, which could be leveraged by upskilled staff to ease the implementation of strategic initiatives. The downside of outdated technology is highlighted by Beer and Eisenstat (2000) who point out that inadequate technological infrastructure often led to slow responses to technological change. In line with this view, the study's findings indicated that a slow response to technological change was more common among senior staff at Bank X, likely because most decisions were made by senior staff. The study also revealed that a slow response to technological change undermined the bank's internal capacity to

execute strategic initiatives and directly reduced its competitive advantage. However, Navimipour *et al.* (2018) indirectly agree with this view and believe that the latest technology positioned the organisation well to compete with peers in fast-moving industries where technology played a pivotal role.

Dalirazar and Sabzi (2020) find that digitalised information platforms were no longer a choice for organisations but rather a necessity to remain competitive in the banking landscape. The findings of this study aligned with those of Dalirazar and Sabzi (2020), who assert that the lack of digitalised information platforms prevented banks from successfully implementing strategic initiatives that would enable them to operate effectively in the South African banking industry. The findings of this study included a recommendation to outsource certain digital platforms in the short term to implement urgent strategic initiatives that should work well. The Exco confirmed the need to outsource specialised functions but argued that it should be done only as a last resort when implementing strategic initiatives.

### **6.2.3 Implications for organisational performance theory**

Collectively, these findings reinforce the view that organisational performance in banks cannot be understood through single-factor explanations. Instead, performance emerges from the dynamic interaction of structural, human, and technological subsystems, supporting systems-based theoretical approaches.

## **6.3 Strategy execution and feedback loops**

### ***What is the relationship between strategy implementation and organisational performance?***

The study's findings indicate a strong perceived relationship between effective strategy implementation and organisational performance. Participants consistently viewed execution quality as a primary mechanism through which strategic intent translated into performance outcomes.

#### **6.3.1 Strategy execution as a mediating mechanism**

This finding aligns with the work of Eden and Ackermann (1998), who emphasise implementation as the critical link between strategy formulation and realised

outcomes. However, this study extends existing work by demonstrating that in South African banks, execution acts as a mediating capability, shaping how strategy affects financial, operational, and customer-related performance.

From a resource-based view (RBV), execution capability can be interpreted as a valuable, rare, and difficult-to-imitate organisational competence, particularly in highly regulated environments such as banking.

The quality of execution is divided among operational efficiency, financial performance, and increased customer satisfaction. The first component concerns operational efficiency and is discussed first.

Hrebiniak (2006) posits that successful strategy execution was measured by the degree to which operational efficiency had been leveraged. The author argues that although operations teams were responsible for the smooth running of operational functions, they were not always equipped to make decisions at this level, and that senior management should ensure they were involved and delegated operational decisions to staff at this level, where needed. Similarly, De Oliveira *et al.* (2019) point out that operational decisions could be complex and sometimes required collaboration among staff members across different layers of a bank. In line with these views, this study asserted that the operational team should ensure that strategic initiatives were implemented smoothly by utilising operational efficiencies and seeking guidance from higher levels within Bank X when strategic decisions were required that they were not capable of making.

It is important to note that Eresia-Eke and Soriakumar (2021) and Crittenden and Crittenden (2008) argue that strategic initiatives are often based on uncertainty and often represent the best guess of the strategy implementation staff. This uncertainty could expose organisations to the risk of implementing unprofitable strategic projects flawlessly. However, this was not the case at Bank X, as the financial team ensured funds were accurately monitored and controlled to support the costs and benefits of the strategic initiatives implemented.

The final component of strategy execution is customer satisfaction. Friesl, Stensaker and Loe (2021) view customer satisfaction as an organisation's path to long-term success. They argue that customer satisfaction plays a major role in

customer loyalty, which proves vital in unfavourable economic conditions. Bank X has a solid customer base that has existed for many years and operates in a less volatile marketplace. However, employees are aware of the risk of losing customers to competitors and prioritise customer satisfaction during the execution stage of strategic projects in the bank.

The role of feedback loops in sustaining performance is discussed next.

### **6.3.2 Role of feedback loops in sustaining performance**

The importance of feedback mechanisms identified in the findings resonates with strategy control literature, which highlights continuous monitoring as essential for adaptive performance. The absence of effective feedback loops, as reported by participants, suggests weaknesses in organisational learning processes.

The SCM and the VSM provide an explanatory lens here, illustrating how gaps in monitoring layers allow implementation failures to propagate and ultimately impact performance.

Soriakumar (2021) suggests that feedback session frequency should be based on the complexity of the strategic initiative to be implemented; there are no hard-and-fast rules, as it depends on the initiative itself. The findings of this study are partly aligned with this view: senior staff agree with it, but lower-level staff believe they do not need to attend all feedback sessions; rather, they attend as and when needed. The views of lower-level staff can be attributed to the fact that they have never been involved in historical feedback sessions; why should they now have to start attending them? Those staff should be educated to understand the impact of feedback loops. Almatrooshi *et al.* (2016) state that leaders and workers at all levels of the strategic initiative should work closely together to reduce project implementation and execution time. If this is not the case, the value of the feedback session will be undermined with devastating consequences for an organisation. The findings of this study reveal a need for Bank X to re-examine real-time feedback, regular feedback meetings, and feedback sessions, and to align them with project requirements to leverage the benefits of feedback loops and sustain performance.

Key performance indicators are measures that organisations use to track the performance of strategic initiatives during feedback meetings. Bosilj-Vuksic *et al.* (2008) explain that organisations use key performance indicators to track actual against planned project performance as agreed upon in the strategy implementation plan. Similarly, Bank X uses performance indicators to track progress during the execution phase of strategic initiatives. Any deviations are highlighted and followed up as a priority, and senior management takes decisions to rectify those variances as a matter of urgency. Gawankar *et al.* (2015) highlight that the critical importance of tracking of financial performance indicators, in particular, is based on financial variances between planned and actual performance of strategic initiatives. However, the findings of this study do not show a trend of staff prioritising financial performance indicators over other performance indicators. This view is supported by the logic that financial indicators do not exist if the other indicators do not exist.

Tangen (2003) argues that having feedback sessions is of limited value unless specific actions are agreed on and followed through by the staff responsible for those actions. This view aligns with how Bank X handles the monitoring and control of actions for strategic projects. Lists of actions are discussed during feedback sessions, including those completed, those in progress, and those to come. However, Gawankar *et al.* (2015) argue that an organisation should ensure that the monitoring and control are based on the lowest level of those indicators, as consolidated performance indicators can be inflated. Bank X is, however, not exposed to this risk, as all performance indicators are monitored and tracked at the lowest level relevant to it.

Barriers to strategy implementation are discussed next.

#### **6.4 Strategy implementation barriers and success factors**

##### ***Which factors influence successful strategy implementation in South African banks?***

The findings reveal that successful strategy implementation is constrained by organisational silos, resource limitations, and fragmented communication, while being enabled by leadership commitment, collaboration, and integrated structures.

## **6.4.1 Barriers to strategy implementation**

### **Silo mentality**

The prevalence of silo mentality supports Sunindijo's (2014) argument that isolated strategic processes undermine execution. However, this study contributes new insight by demonstrating that silos in banks are structurally reinforced by governance and compliance arrangements, rather than merely behavioural issues.

This finding deepens the understanding of silos as systemic phenomena rather than individual or cultural failings.

Hrebiniak (2006) suggests that a silo mentality in organisations is one of the most important reasons they struggle to implement strategic initiatives successfully. It is because successful strategy implementation requires a team approach in which all team members are aligned and work towards the same goals for the project's successful implementation. This is not the case with Bank X. Project staff are working in isolation, which is a significant barrier to successful strategy implementation. The silo mentality is also present because the bank's structure reinforces governance and compliance arrangements, preventing staff at Bank X from working together in teams as everyone pulls in different directions based on their own priorities.

Similarly, Beer and Eisenstat (2000) also highlight silo mentality as a barrier to successful strategy implementation. The authors explain that a silo mentality leads to poor communication among project staff, hindering effective teamwork. In line with this view, this study asserts that, given the bank's structure, staff at Bank X tend to focus more on their individual job requirements to the detriment of implementing strategic initiatives as part of a team that would benefit the bank more from a holistic organisational performance perspective.

Eresia-Eke and Soriakumar (2021) and Goodall (2016) state that institutionalising a stakeholder-inclusive approach is vital for successful strategy implementation and is effective only if open vertical communication channels exist to align priorities. The findings of this study align with this perspective, where participants confirm that working in silos creates conflicting priorities due to misaligned communication

channels between staff, management and other stakeholders' objectives and not only delay but, more importantly, can prevent successful strategy implementation. These perspectives are more applicable to strategic initiatives in South African banks.

Based on the above discussion, it can be concluded that a silo mentality hinders successful strategy implementation. The silo mentality could be indirectly reinforced by the bank's governance and compliance arrangements. Silos create conflicting priorities due to closed communication channels. The groupings of these barriers also seem to influence different layers in banks differently.

### **Resource constraints**

Resource constraints include financial, human, and technological constraints. There is a direct link between these barriers and the failure of strategy implementation.

The first resource constraint concerns insufficient financial resources. (Kamande (2017) conducted an empirical study on strategy implementation challenges at commercial banks of Africa, Kenya. The author collected qualitative data using an interview guide during face-to-face meetings with bank employees. The author found that financial resource constraints lead to strategy implementation failure, as the acquisition of other resources depends on available financial resources. Similarly, Crittenden and Crittenden (2008a) suggest that inadequate financial resources set organisations up for failure when implementing strategic initiatives, as those initiatives often require substantial one-off funding during the initial implementation phase. However, Tashtamirov (2023) argues that limited financial resources are also a root cause of human resource constraints, as insufficient funding prevents recruiting qualified, competent staff with the desired experience in strategy implementation. This discussion, by implication, shows that limited financial resources are seen as the starting point of barriers to strategy implementation, and this insight was supported by the study's findings.

However, Brenes *et al.* (2008) find that human resources constraints are not necessarily a symptom of insufficient financial resources but rather an independent barrier to strategy implementation. Ahmad and Schroeder (2016) argue that organisations often have capable, qualified staff who have not been identified or

upskilled to fulfil the roles required for strategy implementation initiatives. This was not the case in this study, as Bank X has conducted a gap analysis of existing staff capabilities and required staff capabilities to support the implementation of strategic initiatives. The analysis also points out where unskilled staff are in the wrong positions.

Dalirazar and Sabzi (2020) address technological constraints as a barrier to strategy implementation. The author argues that organisations cannot hide behind the excuse of technological constraints today for failing to implement strategic projects, because technology is widely available at very economical prices. The findings of this study are inconsistent with the general view of technology costs and show that costs associated with implementing banking initiatives remain very high, and that the trade-off between performing tasks manually and automating them remains difficult.

The most significant resource constraints that hinder effective strategy implementation are financial, human, and technological. Financial constraints in general are less problematic than those for implementing strategic initiatives, which often require large, one-off sums of money. Human resource constraints are also more common as strategic project implementation requires more qualified and skilled staff. Even though technology costs have become more affordable overall, this is not the case in banks, where specialised, expensive technology is often required to implement strategic initiatives in a bank-specific environment.

#### **6.4.2 Success factors and enablers**

Leadership commitment and cross-functional collaboration emerged as key enablers, consistent with prior studies on strategic leadership. Importantly, this study highlights that leadership effectiveness is contingent on visible, sustained involvement, rather than symbolic endorsement.

The integration of success factors and barriers within the SCM offers a novel way to conceptualise how success factors can be strategically deployed to counteract implementation weaknesses.

Cross-functional collaboration has been identified as a significant success factor in strategy implementation. There are three advantages of cross-functional collaboration: shorter time to implement strategies, innovation through idea-sharing, and the sharing of lessons learnt to avoid repeating errors.

Cross-functional collaboration is a success factor in strategy implementation, as it shortens the time required and, by implication, reduces implementation costs. Barnes (2024) shares this perception that cross-functional collaboration reduces strategy implementation time and reduces costs.

Liu and Yan (2025) view that cross-functional teams that share information enable successful strategy implementation, as both ideas and solutions are shared, and the best path forward is agreed upon with senior management members. The findings of this study are aligned with this view.

However, Majava (2014) and Yang *et al.* (2010) argue that the sharing of information from lessons learnt from other projects is not value added because each strategic project is unique, and the time spent in analysing the lessons learnt could be spent on the project that needs to be implemented. This view is not true for Bank X, because the sharing of ideas fostered energy, as staff shared lessons learnt from previous project implementations and recommended efficient ways to address challenges and realise the project's intended benefits.

Based on the above discussion, it can be concluded that cross-functional collaboration benefits strategy implementation by reducing implementation time, sharing ideas and solutions, and leveraging lessons learnt from other projects.

### **Leadership commitment**

Leadership commitment is a critical success factor for successful strategy implementation. It is, however, important for leaders to be aware of their own leadership styles so that staff are aware of them. Easterling and Metz (2016) point out that leadership styles cannot be associated with a group of staff, as each leader's style is unique. The authors explain that leaders' actions should not be confused with leadership styles. One leader can communicate the required actions of a strategic initiative in a soft, friendly manner, while another will communicate it

in a very formal manner, giving only the bottom line of what should be done. Similarly, leaders of strategy implementation initiatives at Bank X believe they set the tone, direction, and foundation for successful strategy implementation in ways that best suit each staff member. They are also aware of their duties as leaders to provide direction and guidance via their leadership styles that are more strategically focused than a dictatorship associated with micromanagement.

However, Yang *et al.* (2010) argue that leadership commitment is often mistaken for a one-sided top-down management approach in organisations with hierarchical structures. The authors explain that leadership commitment has two sides: a top-down approach and a bottom-up approach. If leaders do not know how to lead their staff, or staff do not follow specific leaders for whatever reason, there is no commitment from either side, and leadership commitment becomes a hindrance to strategic initiatives. This is not the case at Bank X, as the majority of participants demonstrated leadership commitment through both the leader's guidance and employees' willingness to follow their leaders' perspectives.

Leadership commitment is a critical success factor for strategy implementation and should be viewed by both the staff who lead and the staff who follow them to ensure alignment. By implication, it might be a good idea for organisations to conduct an exercise, as in this study at Bank X, to identify and close any possible gaps in leadership commitment.

## **6.5 Integration of findings**

When considered holistically, the findings suggest that strategy implementation, organisational performance, and contextual constraints are deeply interdependent. The study demonstrates that implementation failures cannot be attributed to isolated factors, but rather to misalignment across organisational subsystems.

This integrative perspective strengthens the argument for a holistic strategy implementation framework tailored to the banking sector.

## **6.6 Theoretical implications**

This study makes several theoretical contributions:

1. It empirically validates the applicability of systems-based theories (VSM and SCM) to strategy implementation in banking.
2. It reframes strategy execution as a mediating organisational capability.
3. It advances understanding of silos as structural, not merely cultural, phenomena.

### **6.7 Practical implications**

For banking executives, the findings underscore the need to do the following:

1. Invest in coordination and feedback mechanisms.
2. Address silo structures through governance redesign.
3. Align digital transformation initiatives with strategy execution capabilities.

### **6.8 Chapter summary**

This chapter has discussed the study's findings in relation to existing literature and theory. The discussion has demonstrated how the findings extend current knowledge on strategy implementation and organisational performance in South African banks.

The next chapter presents the conclusions, limitations, and recommendations arising from this study.

## **CHAPTER 7 – PROCESS OF FRAMEWORK DEVELOPMENT**

### **7.1 Introduction**

This chapter outlines the process of validating the framework for this study. The demographics of the two focus groups are presented in the subsequent section, followed by the integration of their findings. The final section of this chapter focuses on developing an effective strategy implementation framework for South African banks. The next section focuses on the first section of this chapter, which is the process of framework development.

### **7.2 Process of framework validation**

Participants of Focus Group 1 agreed that internal and external factors should be viewed holistically and tracked proactively to optimise the bank's performance. They also agreed that successful strategy implementation is a prerequisite for optimal organisational performance. Participants further confirmed that there is a need for an Effective Strategy Implementation Framework to optimise organisational performance in the South African banking industry. The first action included validating the barriers that hinder successful strategy implementation. The second engagement included validating the success factors that enable successful strategy implementation. During this Focus Group 1 session, participants also reviewed and agreed on the priority of the groupings of barriers and success factors related to successful strategy implementation. The final step in the process was to validate the strategy implementation model.

Similar to Focus Session 1, Focus Group 2 was also conducted following a structured approach. The first action was to confirm organisation-related findings propagated by the Focus Group 1 participants. The first finding from Focus Group 1 was that internal and external factors should be viewed holistically and tracked proactively to optimise the bank's performance. The Focus Group 2 participants agreed with this finding. The second action was to confirm that successful strategy implementation is a prerequisite for optimal organisational performance. All the participants also agreed with this finding. The third finding that was agreed upon confirmed that there is a need for a Strategy Implementation Framework to optimise organisational performance in the South African banking industry. During the Focus

Group 2 session, participants confirmed that the barriers that hinder successful strategy implementation could be generalised, based on their own experiences of strategy implementation in the banking industry. Secondly, the success factors of successful strategy implementation were reviewed and debated, and the group concluded that the success factors could also be generalised as they relate to the banking industry. The participants then reviewed the outcomes emanating from Focus Group 1 and agreed on the prioritisation of the same grouping of successful strategy implementation factors. The final step of the focus session consisted of the validation of the strategy implementation framework.

### 7.3 Focus group participants

Two focus group discussions were conducted, where both focus groups consisted of three participants, with sessions lasting approximately 45 minutes.

Focus Group 1: Strategy implementation staff from Bank X

Table 7.1: Participants' demographic and professional profiles of Focus Group 1 participants

Participant number	Job title	Level of position	Relationship to strategy	Years of experience in a strategy position
FG1-P5	Financial Manager: Projects	Mid	Coordination	4 years
FG1-P8	Strategic Project Portfolio Manager	Mid	Integration	8 years
FG1-P14	Head: Corporate Strategy	Executive	Policy	11 years

Source: Researcher's construct (2024)

Focus Group 2: Experienced banking professionals from different banking contexts

Table 7.2: Demographic and professional profiles of Focus Group 2 participants

Participant number	Job title	Level of position	Relationship to strategy	Years of experience in a strategy position
FG2 - MV1	Project Portfolio Manager	Mid	Integration	12 years
FG2 – MV2	Project Alignment Strategist	Senior	Intelligence	5 years
FG2 – MV3	Head of Business and Corporate Strategy	Executive	Policy	9 years

Source: Researcher’s construct (2024)

#### 7.4 Integration of focus group findings

The focus group discussions were conducted for the specific purpose of validating the emergent strategy implementation framework developed from the interview findings. Accordingly, the focus group data are presented separately from the interview results and are not treated as a primary source of new themes. (You need to present the findings from the FGDs separately) and then summarise to indicate that the focus group discussions did not generate materially contradictory themes nor introduce substantively new categories. Instead, the discussions served to confirm, refine, and strengthen confidence in the emergent framework by demonstrating its resonance with experienced practitioners beyond the interview sample.

#### 7.5 The development of an effective strategy implementation framework for South African banks

The outcome of the Focus Group 1 session was that the Strategy Implementation Framework properly illustrates strategy implementation end-to-end (between and across all levels of Bank X). Since the Focus Group 1 participants were also interviewed, they helped clarify why no further changes were made to the Effective Strategy Implementation Framework for South African banks.

**Focus Group 2** consisted of three external participants from three different banks who were **not** part of Bank X but had been involved in strategy implementation in

the South African banking industry. Focus Group 2 participants also confirmed that the Effective Strategy Implementation Framework properly illustrates strategy implementation end-to-end, hence confirming that the framework could be generalised among other banks. The feedback from participants that formed part of the Focus Group 2 session was incorporated into the Strategy Implementation Framework.

## **7.6 Chapter summary**

This chapter reflected on the process of validating the framework. The demographics of the participants of the two focus group sessions were also shown. The chapter then provided the integration of the focus group findings. The final section discusses the development of an effective strategy implementation framework for South African banks. The next chapter reflects on the summary, conclusions and recommendations of this study.

## **CHAPTER 8 – SUMMARY, CONCLUSIONS, CONTRIBUTIONS, LIMITATIONS, RECOMMENDATIONS AND FUTURE RESEARCH**

### **8.1 Introduction**

Firstly, this chapter reflects on the research questions and findings related to the study. Furthermore, the emerging findings are presented and concluded to satisfy the research objectives. The chapter, thirdly, highlights the recommendations that evolved from the study. The concluding section focuses on the study's contributions to theory and the contributions and implications to practice.

This chapter is structured as follows:

- Addressing the research questions and findings.
- Conclusions regarding the research objectives.
- Contributions and implications of the study.
- Limitations
- Recommendations.
- Directions for future research
- Chapter summary.

The section below addresses the research questions and explains how these questions were answered based on the study's findings.

### **8.2 Conclusions regarding the research objectives**

The section presents the study's conclusions, which are guided by its objectives. The following findings are based on a literature review, interviews, and two focus group sessions. Each objective, along with its findings, is shown below.

### **8.2.1 Objective A: Establish the factors influencing performance in banks operating within the South African financial ecosystem**

The key performance indicators were understood and identified as they related to the different teams. They can be summarised as financial indicators (ROE, ROI and profitability indicators), human resource indicators (employee productivity, satisfaction and staff turnover), organisational performance indicators (processes, clients and competitors), and capital market indicators (market share and stock price). The study focused on external and internal factors that influence the performance of South African Banks within South Africa. The external factors included technology and political, economic, social, legal and environmental factors. The internal factors included strategy, internal resources, employee productivity, skills and experience, organisational structure, culture and leadership.

### **8.2.2 Objective B: Describe the relationship between strategy implementation and organisational performance**

Strategy implementation was generally defined as the execution and implementation of an organisation's strategy or vision. The study's findings confirmed a direct link between strategy implementation and a bank's performance. Also, they revealed that successful strategy implementation is a prerequisite to obtaining optimal organisational performance.

### **8.2.3 Objective C: Establish the factors influencing strategy implementation success**

Firstly, participants concluded that, besides using balanced scorecards, they were unaware of any structured approach to strategy implementation for South African banks.

Secondly, the barriers to successful strategy implementation include limited financial resources, no clear link between budget and strategy, staff shortages, inflexible organisational culture, unskilled staff, no clear understanding of the strategy, inadequate down-the-line leadership skills, leaders' inability to manage change, inadequate or risk-averse culture, no link between strategy and incentives, poor communication, conflicting stakeholder priorities, inadequate time spent

discussing strategies, inadequate infrastructure, slow response to technological changes, and unfamiliarity with technologies

Thirdly, the strategy implementation success factors in combating the barriers were revealed as adequate financial resources, aligned operational and strategic financial budgets, strategic financial performance targets, scorecard to monitor performance agreements, adequate number of staff in critical roles, qualified and competent employees, recruitment of competent and qualified staff, adequate strategic leadership styles, top-down direction and upward influence, strategic shaping of the corporate culture, positive culture, open vertical communications, agreement on the strategy implementation plan, monthly meetings to review strategic initiatives, alignment between stakeholders, availability of latest technology, and outsourcing of technology.

Finally, the study's findings confirmed that the internal factors influencing organisational performance were rated from highest to lowest priority and revealed the following rankings: Finance-related as 1, Organisation-related as 2, Stakeholder-related as 3, and Technology-related as 4.

#### **8.2.4 Objective D: Develop and validate a framework (based on C) for effective strategy implemented in South African banks to achieve optimal organisational performance.**

Firstly, a conceptual framework to propose an Effective Strategy Implementation Framework was constructed from an extensive literature review, which included the groupings of factors influencing successful strategy implementation, the individual barriers that hinder successful strategy implementation, and the success factors that enable successful strategy implementation.

Secondly, the conceptual framework was adjusted with the insights gained from 15 participants in Bank X at five different (operational, coordination, programme executives, Manco and Exco) levels within Bank X to produce the practical grouping of the barriers and the success factors, and to determine the individual barriers and unique success factors that hindered or enabled effective strategy implementation.

Thirdly, Focus Group 1, which consisted of three participants representing the five levels of Bank X, was conducted, and the framework was confirmed to incorporate the session's validation findings.

In the final step, the opinions of three strategy implementation staff, who did not form part of Bank X in the South African banking industry, were acknowledged. The revised framework can, therefore, be seen as generalised for the use of all banks in South Africa.

The final Effective Strategy Implementation Framework for South African Banks that evolved from the steps explained above, is depicted in Figure 8.1 below.

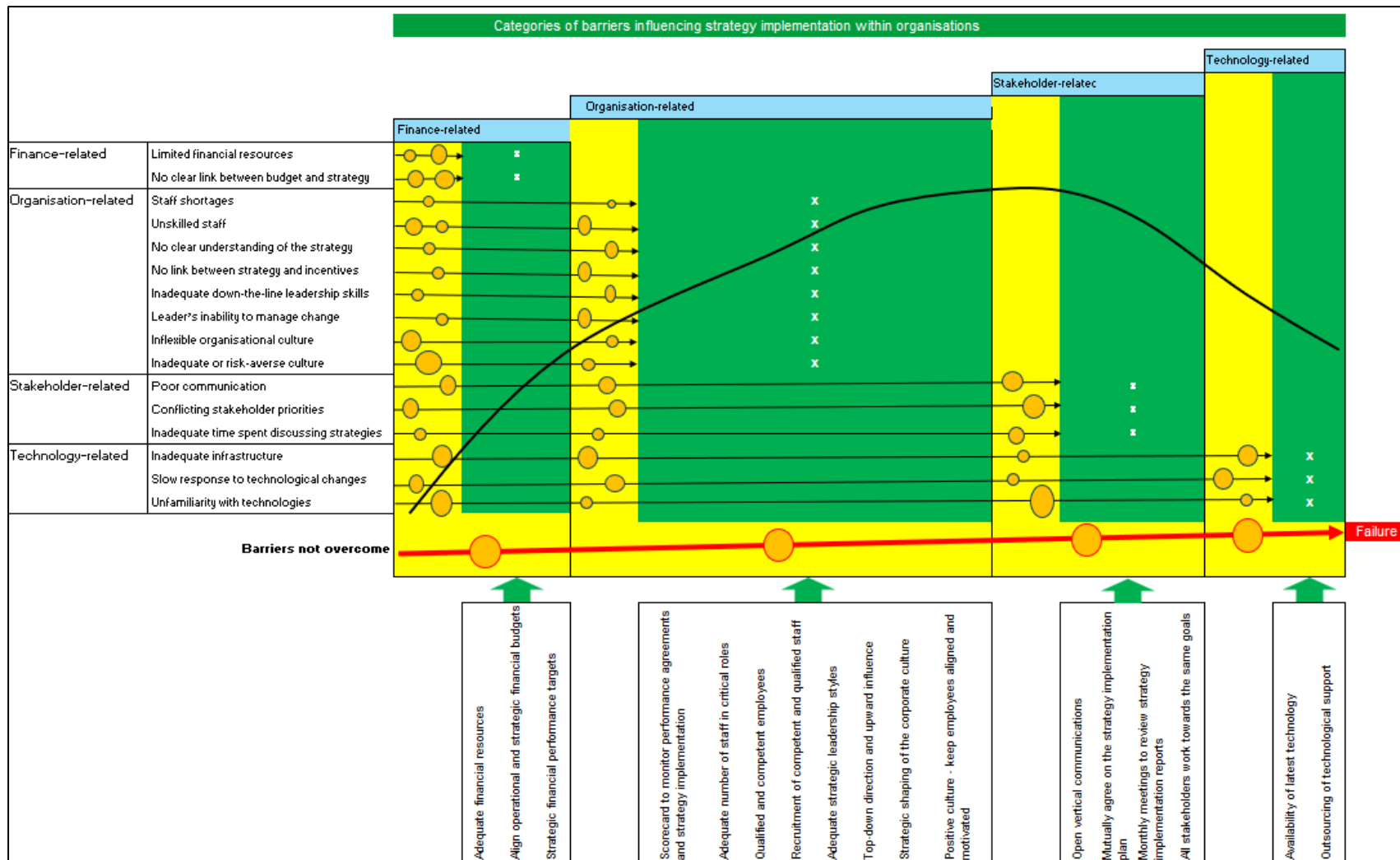


Figure 8.1 An Effective Strategy Implementation Framework for South African Banks

Source: Researcher's construct (2025)

### **8.3 Contributions, limitations, recommendations and future research**

The contributions and implications of the study include both theoretical and practical perspectives. Both perspectives are discussed below.

#### **8.3.1 The research contributions to theory**

This study contributes a framework that extends existing knowledge by combining different theoretical lenses with theoretical concepts related to effective strategy implementation in South African Banks. This study's theoretical contribution is unique, as there is no similar framework of this nature in the researcher's existing knowledge.

More specifically, the research contributes to theory by achieving the following:

- a) Both the VSM and the SCM theories were successfully deployed to elicit data and to develop a robust framework for strategy implementation in a South African bank and beyond.
- b) Providing a framework that will alleviate the challenge in the extant literature that shows strategy formulation and strategy implementation as two separate processes that operate in silos rather than holistically (Correani *et al.*, 2020).
- c) Providing the findings of the study that could be utilised in further research on strategy implementation studies within other industries.

The contributions and implications for practice are listed below.

#### **8.3.2 Contributions and implications for practice**

The single case study demonstrates that the framework can be applied in practice, as the bank typologies employed yielded rich data on strategy implementation, specifically regarding strategy implementation staff. The study's contribution is that it used all levels of a typical bank structure, ensuring the framework can be applied in a practical environment. The practical contributions and implications of the study include the following:

- a) To provide a framework for facilitating effective strategy implementation in banks within the financial ecosystem to support optimal organisational performance.
- b) To provide a structured methodology for management in the banking industry to implement strategy and the attendant dynamics during the different phases of strategy implementation.
- c) To provide managers with the grouping and ranking of strategy implementation's unique barriers that hinder strategy implementation and individual success factors that enable strategy implementation in the banking industry.
- d) To provide a framework highlighting the communication channels, managers must use them as part of their viable organisational structure and feedback loops to ensure effective communication channels while implementing a strategy.

The study's limitations are discussed next.

#### **8.4 Limitations of the study**

The study focuses on four bank typologies: development banks, central banks, retail and commercial banks, and investment banks in the banking industry in South Africa. Regarding development banks in South Africa, this research is limited to a single embedded case study. All interview participants in the study were employees of Bank X at the time of the interviews, so those involved in strategy implementation at lower levels of the bank might have been able to provide only limited information, as strategy implementation may not have formed part of their historical duties or daily operational focus. Normally, three persons per focus group session could be considered insufficient, but occasionally, as in this study, it is caused by the non-availability of prospective discussants during the study period. This limitation affected the generalisability of the framework, as the idea for achieving analytical generalisability was predicated on the purposive recruitment of bankers involved with strategy implementation in banks belonging to other banking typologies within SA besides the banking typology that Bank X belonged to (development bank).

However, this was not realised as the discussants were only drawn from traditional banks (central banks, retail and commercial banks and investment banks). Therefore, any attempt at generalisation would only suffice for the banks belonging to the organisational typologies from which these discussants were drawn and Bank X.

The process of developing this Strategy Implementation Framework for South African Banks, as depicted in Figure 7.1, includes recommendations for effectively implementing a strategy and is discussed in the next section.

### **8.5 Recommendations**

Several recommendations have emerged from the literature review, interviews, and focus group sessions, and the following are made to development banks, central banks, retail and commercial banks and investment banks in South Africa:

- Strategy implementation staff should include employees from all levels of strategy implementation to facilitate buy-in from all stakeholders and open communication channels that will embrace a positive culture in the bank.
- Strategy implementation initiatives must be well formulated and adequately resourced.
- A single integrated and automated platform should be established where all strategy implementation performance information are stored.
- Strategy implementation dashboards should be designed to reflect strategy implementation performance information in a simple and easily understandable format and be readily available.
- Strategy implementation staff should be trained on how to use the dashboards effectively from a strategy implementation decision-making perspective.
- Regular monthly meetings should be held to keep all strategy implementation staff informed, where staff can access strategy implementation performance information to monitor, track and enhance the bank's performance.

- A platform where clients can upload their loan applications and also track their progress should be created.

In addition to limitations and recommendations, the study provides directions for future research, followed by a summary of the chapter, as shown below.

## **8.6 Directions for future research**

The following are some suggestions for possible future research studies:

- This study made use of the qualitative research method to obtain rich data. Unfortunately, the sample size for qualitative studies is small compared to quantitative studies, which makes it difficult to generalise the findings. Future research could take a quantitative approach, enabling a larger sample size by using questionnaires, thereby increasing the generalisability of the findings.
- The sample population in the current study was limited to participants within the South African banking industry of a particular banking institution. It would be beneficial to extend this study to a wider typology of banks. This will enable researchers to gain an overall understanding of strategy implementation processes within the entire banking industry, both locally and internationally.
- Future studies could also highlight barriers and success factors that this study did not capture, which may be applicable to other industries.
- The strategy implementation curve could also be broken down into more detailed project phases.
- To further increase reliability and validity, a recommendation for future research would be to have the model of this study validated by organisations in other industries beyond the banking sector.

## **8.7 Chapter summary**

This chapter serves as a conclusion to the study. The chapter first addressed the research questions and, secondly, the study's objectives and findings. Contributions and implications, Limitations, recommendations and directions for future research have also been addressed in this chapter.

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# Appendix A: ETHICAL CLEARANCE



Graduate School of Business Leadership\_RERC

Date: 20/11/2024

Dear: Mrs Carol Michelle Nel

Ref #: 2024\_SBL\_DBL\_034\_FA\_0810  
Name: Mrs Carol Michelle Nel  
Student #: 30773431

**Decision: Ethics Conditionally Approved**

**Researcher:** Mrs Carol Michelle Nel

SBL Cnr Janadel and Alexandra avenues

Midrand

0674095220 30773431@mylife.unisa.ac.za

**Supervisor:** Professor Bankole Awuzie [awuzibo@unisa.ac.za](mailto:awuzibo@unisa.ac.za)

## AN EFFECTIVE STRATEGY IMPLEMENTATION MODEL FOR SOUTH AFRICAN BANKS

Qualification: DBL

Thank you for the application for research ethics clearance by the Graduate School of Business Leadership\_RERC for the above-mentioned research.

The application was reviewed by Graduate School of Business Leadership\_RERC on 20 November 2024

The application is conditionally approved pending stipulated conditions.

Please receive the comments from the committee. You may address these comments by amending the application and resubmit.

Title	Comment
Has the permission been granted?	This letter serves to inform you that your request was reviewed in compliance with the Unisa Policy on Research Ethics by the SBL Research Ethics Review Committee. The committee approved your request in condition that you submit the permission letter from the targeted organisation.

Data collection activities, as indicated in the application documents, may not commence until final approval has been granted by the Graduate School of Business Leadership\_RERC

Page 1 of 2

It is your responsibility to ensure that the proposed research adheres to the values and principles expressed in the UNISA Research Ethics Policy.

**Please note: If your re-submission does not adhere to the procedure set out above, it will not be tabled for ethics review and will be returned to you within 48 hours.**

Kind regards,

*NBW Mitwa*

Prof N Mitwa  
Chair of Graduate School of Business Leadership\_RERC

## **Appendix B: PARTICIPATION INFORMATION SHEET**

### **PARTICIPATION INFORMATION SHEET**

#### **Title: AN EFFECTIVE STRATEGY IMPLEMENTATION FRAMEWORK FOR SOUTH AFRICAN BANKS**

#### **Dear Prospective Participant**

My name is Carroll Nel, and I am doing research with Professor Bankole Awuzie towards a Doctorate in Leadership (DBL) at the University of South Africa. We invite you to participate in a study entitled "An Effective Strategy Implementation Framework for South African Banks".

#### **WHAT IS THE AIM/PURPOSE OF THE STUDY?**

The aim of the study is to develop and validate a model for facilitating effective strategy implementation in South African Banks.

#### **WHY AM I INVITED TO PARTICIPATE?**

You have been chosen to be part of this study because of your employment at a South African bank and your current role in strategy implementation at your bank's specific level. **The implementation of strategy incorporates all levels of a bank.** Therefore, you would be able to provide insights into the barriers and success factors of strategy implementation as they relate to your bank.

#### **WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY/WHAT DOES THE RESEARCH INVOLVE?**

Your role will be to discuss barriers and success factors related to successful strategy implementation. You will form part of the first stage, which will be the (30-minute) interviews with the stakeholders responsible for strategy implementation related to their current jobs. The researcher will use this information to feed the model drawn from the literature and then return it to one or two participants for a focus group session to validate the model. The overall study involves audio-taping in-depth, semi-structured interviews and focus groups

that will enable the validation of the final model. The focus group session will last for approximately one hour.

### **CAN I WITHDRAW FROM THIS STUDY?**

Participation is voluntary, and there is no penalty or loss of benefit for non-participation. Being part of this study is voluntary, and you are not obliged to consent to participation. If you decide to participate, you will be given this information sheet to keep and asked to sign a written consent form. You are free to withdraw at any time and without providing a reason.

### **WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?**

The possible benefits for participants of this study are that it is expected that the study's findings will contribute towards the amelioration of this imbroglio by putting forward a model for the attainment of successful strategy implementation to optimise Bank X's (your bank's) performance.

### **WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?**

Participating in the research is not anticipated to cause disadvantages or discomfort. The potential physical and psychological harm or distress will be the same as any experience in everyday life.

### **WILL WHAT I SAY BE KEPT CONFIDENTIAL?**

Your name will not be recorded anywhere, and no-one can connect you to the answers you give. Your responses will be given a fictitious code number or a pseudonym, and you will be referred to in this way in the data, any publications, or other research reporting methods, such as conference proceedings.

Your answers may be reviewed by people responsible for ensuring that research is done correctly, including a transcriber, external coder, and members of the Research Ethics Committee. These individuals will maintain confidentiality by signing a confidentiality agreement. Otherwise, records that identify you will only be available to people working on the study unless you permit others to see the documents.

For example, a study report may be submitted for publication in journal articles or conference presentations, but individual participants will not be identifiable in such a report.

While the researcher will make every effort to ensure that you will not be connected to the information that you share during the focus group, the researcher cannot guarantee that other participants in the focus group will treat the information confidentially. The researcher

shall, however, encourage all participants to do so. For this reason, the researcher advise you not to disclose sensitive personal information in the focus group.

### **HOW WILL INFORMATION BE STORED AND ULTIMATELY DESTROYED?**

The researcher will store hard copies of your answers for five years in a locked cupboard/filing cabinet at the researcher's place of work for future research or academic purposes; electronic information will be stored on a password-protected computer. Future use of the stored data will be subject to further research ethics reviews and approval, if applicable. The information will be destroyed after five years, all paperwork will be shredded, and electronic work will be overwritten or deleted.

### **WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?**

There will be no payment or reward offered, financial or otherwise.

### **HAS THE STUDY RECEIVED ETHICAL APPROVAL?**

This study will receive written approval from the Research Ethics Committee of the College of Economic and Management Sciences, Unisa. A copy of the letter of approval can be obtained from the researcher if you wish.

### **HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS?**

If you want to be informed of the final research findings or require further information on the study, you can contact the researcher, Caroll Nel, at 067 409 5220 or [carollcoetsee@gmail.com](mailto:carollcoetsee@gmail.com). The results are accessible for three years. Should you have concerns about how the research has been conducted, you may contact Professor Bankole Awuzie at [obankawuzie@gmail.com](mailto:obankawuzie@gmail.com) or +27 (0)706 619 9076.

**Thank you for taking the time to read this information sheet and for participating in this study.**

Thank you.

**Caroll Nel**

## Appendix C: INTERVIEW GUIDE

### AN EFFECTIVE STRATEGY IMPLEMENTATION FRAMEWORK

#### FOR SOUTH AFRICAN BANKS

- ✚ Explain the purpose of the discussion.
  - ✚ Duration of discussion – 30 minutes.
  - ✚ Audio recording – obtain permission to record.
  - ✚ No right or wrong answers.
  - ✚ Assure the participants of confidentiality and the freedom to express themselves honestly.
- 

#### INTRODUCTION

Warm-up/Ice breaker

INTERVIEWEE CODE: \_\_\_\_\_

#### THEME 1: FACTORS INFLUENCING PERFORMANCE IN BANK X?

- What do you understand under the term key performance indicators?
- What do you see as external factors that influence Bank X in your existing position?
- What do you see as internal factors that influence Bank X in your existing position?

#### THEME 2: THE RELATIONSHIP BETWEEN STRATEGY IMPLEMENTATION AND BANK X's PERFORMANCE?

- How do you describe strategy?
- How do you describe strategy implementation?
- Please elaborate on how you see the nature of the link between strategy implementation and organisational performance? If you do not see a link, please elaborate on why not?

#### THEME 3: FACTORS INFLUENCING STRATEGY IMPLEMENTATION SUCCESS

Please rate the factors that influence strategy implementation success from highest (1) to lowest (4) in your current role in Bank X and elaborate on why you see some factors as more important than others:

- Organisation-related (Human resources, leadership & culture)
- Finance-related
- Technology-related
- Stakeholder-related

Which of the following barriers hinder strategy implementation success and why?

Category	Barrier	Barrier Yes/No	Why
Human resources	Staff shortages		
	Unskilled staff		
	No clear understanding of the strategy		
	No link between strategy and financial incentives		
	Inadequate down-the-line leadership skills		
	Leader's inability to manage change		
	Inflexible organisational culture		
	Inadequate or risk-averse culture		
Finance-related	Limited financial resources		
	No clear link between budget and strategy		
Technology-related	Inadequate infrastructure		
	Slow response to technological changes		
	Unfamiliarity with technologies		
Stakeholder-related	Poor communication		
	Conflicting stakeholder priorities		
	Inadequate time spent discussing strategies		
Other			

Which of the following success factors support strategy implementation success and why?

Category	Success factors	Success factor Yes/No	Why
Human resources	Scorecard to monitor performance agreements and strategy implementation		
	Adequate number of staff in critical roles		
	Qualified and competent employees		
	Recruitment of competent and qualified staff		
	Adequate strategic leadership styles		
	Top-down direction and upward influence		
	Strategic shaping of the corporate culture		
	Positive culture – keep employees aligned and motivated		
Finance-related	Adequate financial resources		
	Align operational and strategic financial budgets		
	Strategic financial performance targets		
Technology-related	Availability of latest technology		
	Outsourcing of technological support		
Stakeholder-related	Open vertical communications		
	Mutually agree on the strategy implementation plan		
	Monthly meetings to review strategy implementation reports		
	All stakeholders work towards the same goals		
Other			

Are you aware of an existing strategy implementation framework that incorporates all the factors discussed above?

#### **THEME 4: AN EFFECTIVE STRATEGY IMPLEMENTATION FRAMEWORK FOR SOUTH AFRICAN BANKS**

Do you have any suggestions for improving access to strategy implementation performance related to information at your bank?

“

**Thank you and close this discussion.**

## **Appendix D: FOCUS GROUPS GUIDE**

### **AN EFFECTIVE STRATEGY IMPLEMENTATION FRAMEWORK FOR SOUTH AFRICAN BANKS**

Explain the purpose of the discussion.

- ✚ Duration of discussion – up to one hour.
- ✚ Cellphones off.
- ✚ Audio recording – speak one at a time, all to contribute, obtain permission to record/videotape and inform any observers.
- ✚ No right or wrong answers.
- ✚ Respect for personal opinions.
- ✚ Assure the participants of confidentiality and freedom to express themselves honestly.

---

#### **Introduction**

Warm-up/ Ice breaker

- Do you agree that internal and external factors should be viewed holistically and tracked proactively to optimise organisational performance?
- Do you agree that successful strategy implementation is a prerequisite for optimal organisational performance?
- Can you confirm the need for a strategy implementation framework to optimise organisational performance in the South African banking industry?

#### **Model testing**

*Present the proposed model to them and discuss its applicability to the South African banking industry. Allow the participants to make changes and suggestions and justify the recommendations and changes.*

PRINTED COPIES OF THE MODEL ARE GIVEN TO ALL PARTICIPANTS.

#### **General information and validity of the model**

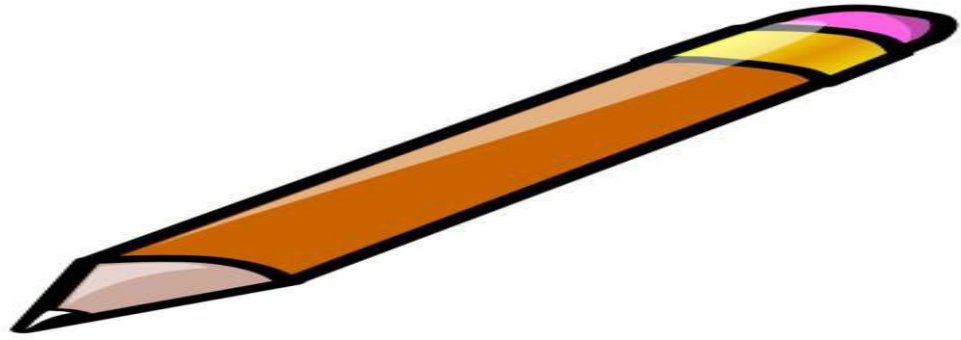
1. Do you agree that the cheese slices reflect the correct priority sequence from left to right?
2. Do you agree with the barriers reflected in the Strategy Implementation Framework? Please give reasons for your answer.
3. Are the various critical success factors (CSFs) identified in the Strategy Implementation Framework imperative for successfully implementing the strategy? Please give reasons for your answer.
4. Does the Strategy Implementation Framework serve as a proper illustration of strategy implementation end-to-end (between and across all levels of the organisation)?

### **Wrap-up**

- Do you want to raise any issues regarding strategy implementation in the banking industry in South Africa?
- What suggestions would you make to increase the efficiency of strategy implementation in the banking industry in South Africa?

Thank your participants and close the discussion.

## Appendix E: LANGUAGE EDITING CERTIFICATE



Dr Wena Coetzee trading as

**WriteRight Solutions (Pty) Ltd**

**PO Box 164, Cresta 2118**

**Cell: 082 330 6304**

**28 February 2026**

### **Confirmation of language editing and consistency check of dissertation**

I herewith confirm that I have performed a language edit and a consistency check of the doctoral thesis of Caroll Nel to the best of my ability.

I trust that my tracked changes and recommendations have been accepted before submission for examination. However, it remains the prerogative of the client not to accept all editorial suggestions.

Yours sincerely

*Wena Coetzee*

**Dr Wena Coetzee**

# Appendix F: PROFESSOR BANKOLE AWUZIE'S DECLARATION THAT THE RESEARCH COMPONENT IS OF AN ACCEPTABLE STANDARD OF CONTENT ORIGINALITY

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Email: [sbl@unisa.ac.za](mailto:sbl@unisa.ac.za) Website: [www.sblunisa.ac.za](http://www.sblunisa.ac.za)



08/08/2025

To Whom it May Concern,

**Re: Turnitin conflict report identified / CAROLL MICHELLE NEL 30773431**

The Turnitin originality report for the final completed thesis yielded a 64% Similarity Index (Aug 7, 2025, at 4:55 AM Unisa SBL DBL Turnitin 2025), with the highest individual source match at 23% followed by matches 2 and 3, with 17% and 16% matching content.

1. An analysis of the findings revealed content matches to be with previous submissions of the student's work in a different allocation during the time of study/research at Unisa (June 2024). See submission title page and first match.
2. Authorship of the matches in question were verified and confirmed, then hidden to reveal the underlying findings for further analysis.
3. When the similarity report is viewed without the shadow of the previous submissions, the similarity index changes to 24% and the highest individual source match changes to 4%

Further instances of matching content were reviewed and addressed accordingly to ensure proper paraphrasing, and that the necessary acknowledgements were presented by the student. The student complied with the academic expectations for this study.

Rank	Source	Similarity
1	University of South Africa (UNISA) SUBMITTED WORKS	23%
2	University of South Africa (UNISA) SUBMITTED WORKS	17%
3	University of South Africa (UNISA) SUBMITTED WORKS	16%
4	University of South Africa (UNISA) SUBMITTED WORKS	2%
5	unisa.ac.za INTERNET	1%
6	Tshabalala, Kelebogile Sibongile... PUBLICATION	<1%
7	University of South Africa on 20... SUBMITTED WORKS	<1%

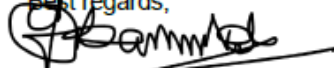


The first screenshot shows a similarity score of 64% with one source highlighted: University of South Africa (UNISA) SUBMITTED WORKS at 23%. The second screenshot shows a similarity score of 24% with seven sources listed:

Rank	Source	Similarity
1	unisa.ac.za (INTERNET)	4%
2	ebin.pub (INTERNET)	<1%
3	link.springer.com (INTERNET)	<1%
4	hal-inria.archives-ouvertes.fr (INTERNET)	<1%
5	University of South Africa on 20... (SUBMITTED WORKS)	<1%
6	www.inventopedia.com (INTERNET)	<1%
7	Li, Y., and H Thimbleby. "Net ch..." (CROSSREF)	<1%

The report analysis was discussed with the Unisa Turnitin Office, and the selective exclusion of the student's own work was done after authorship of the matches in question were also investigated by the Unisa Turnitin Office.

Please keep in mind that Unisa Turnitin reports for the completed final dissertation/thesis are all-inclusive, with the title pages and relevant bibliography/reference list included. This ensures a comprehensive report reflecting the true nature of content. It is my belief that the foregoing will suffice for the intended purpose.

Best regards,  
  
 Bankole Awuzie (PhD. Salford), PMP, Pr. CPM  
 (Supervisor)