Tutorial Letter 101/3/2020

Strategy Implementation and Control
MNG3702

Semester 1 and 2

Department of Business Management

IMPORTANT INFORMATION

Please register on myUnisa, activate your myLife e-mail address and make sure that you have regular access to the myUnisa module website, MNG3702-2020-S1/S2, as well as your group website.

Note: This is an online module and therefore it is available on myUnisa. However, in order to support you in your learning process, you will also receive study material in printed format.

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CONTENTS

Please note:
Strategic Implementation and Control is a semester module, not a year module, and so you will be enrolled for either Semester 1 or Semester 2. Kindly ensure that you complete the correct assignments for the semester for which you have enrolled.

1   INTRODUCTION

Dear Strategist

Welcome to the module MNG3702 entitled *Strategy Implementation and Control.* In the MNG3701 module (Strategy Planning), you covered the strategic planning part of the strategic management process. This module covers those aspects of strategic management that deal with translating strategy (strategic planning) into action. If you are registered for the modules MNG3701 and MNG3702 simultaneously, we (the module lecturers) recommend that you begin with MNG3701 before starting MNG3702 since you will need the knowledge pertaining to this module to be able to fully understand and appreciate strategy implementation and control.

VERY IMPORTANT!

In 2020, the syllabus, study guide and prescribed book for this module have changed. Please note that the new syllabus and study guide are based on the new prescribed book. The assignments and examination paper for this year are also be based on the new material.

The past examination papers that are available on myUnisa are based on the previous study guide and prescribed book. Although we will follow the same format as in the past, the past examination papers are no longer relevant.

In terms of the MNG3702 module content, you will be introduced to the challenges faced by organisations in operationalising their strategies to ensure that they survive and grow in volatile and increasingly competitive business environments. You will also be introduced to the case method of assessment in the formative assessments (Assignments 01 and 02), which will align more closely to the summative assessment (examination).

When you register, you will receive an inventory letter containing information about your study material. Also see the booklet entitled *Studies @ Unisa*. The following study material should also be included in your study package:

- Tutorial Letter 101 MNG3702/3/2020 (this tutorial letter)
- Tutorial Letter 301 MNALLEQ/4/2020

Please note: Some of this study material may not have been available when you registered. Study material that was not available when you registered will be posted to you as soon as possible, but is also available on **myUnisa**.

This tutorial letter contains important information about the schedule of work, resources and assignments for this module. It will also help you with your examination preparation.

Regarding the **assignments**, this tutorial letter contains the relevant assessment, instructions on how to complete and submit the assignments, and the assignments themselves (see Annexures B to E). Please note that this tutorial letter contains the assignments for both semesters 1 and 2. Make sure you complete the correct assignments for your semester.

Regarding **resources**, this tutorial letter provides essential information about the prescribed textbook, the study material and other resources, and how to obtain them. Please study this information carefully and be sure to obtain a copy of the prescribed textbook as soon as possible.

Before contacting the university, please read through all of your tutorial letters carefully, as they contain important and sometimes, urgent information. Before you start your studies of this module, you need to

know a bit about Unisa and the Department of Business Management. Please familiarise yourself with the following, about which you will find more information in Tutorial Letter 301 MNALLEQ/4/2020:

- how to communicate with us
- information about the examination
- other administrative information

Contact details of the various administrative departments are included in the brochure, *Study @ Unisa,* which you should have received with your study package. This brochure contains general information about, *inter alia*, orders, the use of the library, booksellers, regional offices and instructions on submitting Assignments 01 and 02.

As Unisa is an open, distance learning institution, there is little, or no, face-to-face contact with the lecturers. Most of the interactions between lecturers, tutors and students take place in an online environment. Unisa has therefore come up with a valuable resource to enable it to be of more efficient and effective help to its students: **myUnisa** is a personalised website where students can interact with each other, e-tutors and their lecturer whenever they want to and download electronic versions of the study material. A personalised schedule, assignments, and examination dates and times are available, as are past examination papers. There is also the option of submitting your assignments online so that you have the assurance that they will not get lost in the post. All the information that you need for each module is on this site, so make every effort to register by going to http://my.unisa.ac.za.

Study the above brochure, this tutorial letter and the learning unit entitled "Overview" before you commence your studies of this module. **Do not** forget to register on myUnisa as the module is offered using a blended approach (official study materials are made available online and in printed format).

We would like to wish you all the best in your academic efforts and we are looking forward to meeting you on the *my*Unisa forum.

2 PURPOSE OF AND OUTCOMES FOR THE MODULE MNG3702

2.1 Purpose of the module MNG3702

Students who complete this module can analyse and critically evaluate the choices made in implementing and controlling business-level strategy. They will be able to think strategically in practical situations when making recommendations on strategy implementation and strategic risk, control and governance measures.

In the module *Strategic Planning* (MNG3701) we saw that the ability of an organisation to be proactive and effectively adapt to changes in the environment could mean the difference between success and failure. However, of even greater importance is the realisation that strategies which are not implemented, no matter how good they are, will come to nothing. In this module students will explore how strategic plans are implemented and strategic control executed.

Strategic Management is a unique integrated course in the study of business management, since it considers the entire organisation – not just divisional or functional segments of it. As in the case of Strategic Planning, you will therefore again have to adopt a 'big-picture' approach when learning more about strategy implementation and strategic control and need to consider the impact of management decisions regarding strategy implementation for the entire organisation across all functional areas.

The organisation's strategic plans therefore can succeed only if properly supported and implemented by middle and lower management, provided the necessary resources, capabilities and competencies are available.

2.2   Specific outcomes of the module MNG3702

This module consists of eight (8) lessons. You are expected to master **all** the learning outcomes outlined at the beginning of each lesson. The specific outcomes for the module are as follows:

Specific outcome 1: Conceptualise the fit of strategy implementation and control within the broader strategic management process.

Specific outcome 2: Develop a plan for strategic change in an organisation.

Specific outcome 3: Develop a framework for resource allocation for successful strategy implementation in an organisation.

Specific outcome 4: Develop a plan for an organisation to become a learning organisation.

Specific outcome 5: Construct an organisational architecture for successful strategy implementation.

Specific outcome 6: Develop a plan and tools for strategic control in an organisation.

Specific outcome 7: Develop a risk management framework for successful strategy implementation and control in an organisation.

3   LECTURERS AND CONTACT DETAILS

3.1   Lecturers

The details of the lecturers responsible for this module are as follows:

Name: Prof T Botha
Email: brevit@ unisa.ac.za
Office: Preller street, Muckleneuk Ridge, Pretoria, AJH van der Walt Building, Room 4-73

Name: Mr R Shibiti
Email: shibir@unisa.ac.za
Office: Preller street, Muckleneuk Ridge, Pretoria, AJH van der Walt Building, Room 4-74

LECTURER AVAILABILITY

The lecturers for this module will be available to take phone calls on academic matters and/or to attend to students who may prefer to visit personally for academic engagement. However, the days and times of lecturer's availability will be communicated in the module page on myUnisa. These days and times are subject to change from time to time in order to accommodate the lecturer's work schedule and other commitments. The changes on the days and times will be communicated by the lecturers in advance through the announcement option on myUnisa as and when this happen. Students are advised to check the module page on myUnisa before making phone calls or visiting the lecturer's office for academic enquiries/engagements.

Please note that enquiries of an **academic nature** should be directed to the module lecturers.

> **Always include your student number and module code when you contact the module lecturers. Should you contact us via an e-mail, please indicate your student number in the subject line.**

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We have created two email addresses for this module specifically. The email address for communicating with lecturers with regard to *academic enquiries*, is the following:
MNGAcademic@unisa.ac.za

The email address for communicating with lecturers with regard to administrative enquiries relating to MNG3702 only, is the following:
MNGAdmin@unisa.ac.za

If you are unable to get in contact with the lecturers, you may also contact the postgraduate assistants in the strategic management section. Details of the post-graduate assistant will be provided on myUnisa via announcements in due course.

Administrative queries (non-academic queries), such as queries about admission, examination timetables and assignment marks, should be addressed to the relevant administrative section.

3.2   Department

Contact details of the various administrative departments are included in the brochure *Studies @ Unisa,* which you received with your study package.

Please note the Department of Business Management's contact details for all queries. These are telephone number +27 12 429 4220 and the email address is busman@unisa.ac.za.

3.3   University

If you need to contact the university about matters not related to the contents of this module, please consult the brochure, *Study @ Unisa,* which you received with your study material. This brochure contains information on how to contact the university (eg to whom you can write for different queries, important numbers, addresses and details of the times certain facilities are open).

Below is a quick reference guide to the contact details of various administrative departments that student contact often and where your queries should be addressed.

Directorate/Business Unit	Description of enquiry	Short SMS code	Email address
Student Admissions and Registrations	Applications and registrations	43578	Study-info@unisa.ac.za
Student Assessment Administration	Assignments and examinations	43584	For assignments: Assign@unisa.ac.za For examination: Exams@unisa.ac.za
Despatch	Study material	43579	despatch@unisa.ac.za
Finance	Student accounts	31954	finan@unisa.ac.za
ICT (myUnisa & myLife)	myUnisa myLife email	43582	MyUnisaHelp@unisa.ac.za MyLifeHelp@unisa.ac.za

4   MODULE-RELATED RESOURCES

4.1   Prescribed book

As from 2020, the following book is prescribed for this module:

Please note:

The content of the first and second editions of prescribed books differs substantially from one another. Please ensure that you purchase the second edition of the book as soon as possible. You will not be able to complete the assignments or study for the examination without the prescribed textbook.

Please consult the list of official booksellers and their addresses as detailed in *Study @ Unisa*.

The lessons (available in printed format and online) should be used together with the prescribed textbook. The lessons will help you develop insight into strategy implementation and control, while the prescribed textbook provides you with the required module content.

The following table provides you with the outline for the module. For each lesson, the title as well as the corresponding chapter in the prescribed book are provided.

Outline of Strategy Implementation and Control

Lesson	Title	Chapter in prescribed book
1	Strategy implementation as change management	8
2	The learning organisation	9
3	Resource Allocation	10
4	Organisational culture and strategy	11
5	Responsible leadership	12
6	Structure and strategy	13
7	Strategic risk and control	14

4.2   Lessons

The lessons provide the framework for your studies of Strategy Implementation and Control. Each lesson also provides the specific outcomes and assessment criteria for this module. These are very important as they indicate what you have to achieve in this module to succeed in the examination. **As a rule of thumb, work from the lessons to the sources indicated in each of the lessons**. Note that the first lesson gives an overview of what is to follow in the other lessons. In this lesson, you are also required to read chapters 1 to 7 again in the prescribed book to refresh your memory in terms of strategy planning. The sources that were used to develop the learning guide draw on more than just the prescribed book. Therefore the learner guide is a "wrap around" guide for the sources indicated in the guide. The prescribed book is only **one** of the sources that the lessons draw on.

Working through the lessons will also help you develop insight into the syllabus. Bear in mind that both insight and knowledge are assessed in the examination. More specifically, case studies will be used in the formative and summative assessment. Students will be required to critically evaluate strategic

implementation decisions and make recommendations. It is therefore important to work through the lessons and all the activities and self-assessment questions at the end of each lesson.

4.3 e-Tutors

Please note online tutorials (e-tutors) are made available to students registered for modules at NQF level 7.

Once you have been registered for a qualifying module, you will be allocated to a group of students with whom you will be interacting during the tuition period as well as an e-tutor who will be your tutorial facilitator. Thereafter you will receive an SMS informing you about your group, the name of your e-tutor and instructions on how to log onto myUnisa in order to receive further information on the e-tutoring process.

Online tutorials are conducted by qualified e-tutors who are appointed by Unisa and are offered free of charge.

IMPORTANT
Participation in e-tutoring is compulsory for this module.

All you need to be able to participate in e-tutoring is a computer with internet connection. If you live close to a Unisa regional Centre or a Telecentre contracted with Unisa, please feel free to visit any of these to access the internet. E-tutoring takes place on myUnisa where you are expected to connect with other students in your allocated group. It is the role of the e-tutor to guide you through your study materials. For you to get the most out of online tutoring, you need to participate actively in the online discussions that the e-tutor will be facilitating.

If you are not allocated to an e-tutor group, due to unavailability of a suitable e-tutor, please join the lecturers in the "Discussion forum" conversation on the module's main site.

There are modules which students repeatedly fail, these modules are allocated face-to-face tutors and tutorials for these modules take place at the Unisa regional centres. These tutorials are also offered free of charge, however, it is important for you to register at your nearest Unisa Regional Centre to secure attendance of these classes.

4.4 Library services and resources information

For brief information, go to www.unisa.ac.za/brochures/studies

For detailed information, go to http://www.unisa.ac.za/library. For research support and services of personal librarians, click on "Research support".

The library has compiled a number of library guides:

- finding recommended reading in the print collection and e-reserves – http://libguides.unisa.ac.za/request/undergrad
- requesting material – http://libguides.unisa.ac.za/request/request
- postgraduate information services – http://libguides.unisa.ac.za/request/postgrad
- finding, obtaining and using library resources and tools to assist in doing research – http://libguides.unisa.ac.za/Research_Skills

- how to contact the library/finding us on social media/frequently asked questions – http://libguides.unisa.ac.za/ask

5   STUDENT SUPPORT SERVICES FOR THE MODULE

Student support for the module as regards academic content is given mainly by the module lecturer and e-tutors via email and the **myUnisa** discussion forum. The details of other forms of student support are included in the brochure, *Study @ Unisa*, which you received with your study package.

Please take note of the following important information:

Please be aware of the existence of multiple fraudulent and predatory providers of classes and examination guidance to Unisa students – especially students registered for MNG3702. Please note that Unisa does not have agreements with any of these agencies/schools/colleges/individuals to provide tuition or support to our students. Unisa also does not provide these predators with study material, guidelines or your contact information.

These providers may not have the necessary expertise to assist you and often charge exorbitant fees. If you receive an invitation from any agency or College, it is best to confirm with your lecturer if the provider is a legitimate Unisa partner.

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6   MODULE-SPECIFIC APPROACH

6.1   Blended approach

In this module, a blended approach is followed to delivering study materials and providing student support. This means that official study materials are made available in printed format and online. Student support for the module is primarily given in an online environment through myUnisa tools and e-tutors. More specifically, communication between students and the university takes place in an online environment – by email, through the myUnisa "Discussions forums" tool and "FAQ" tool.

You will also find our approach in this module to be different from the approaches followed in most – if not all – of your other modules, with the exception of MNG3701 (which also follows outcomes-based principles). In this module, you will take charge of your progress - you will have to take responsibility for mastering the learning outcomes and you will have to keep to a regular study schedule. We will give you all the support that we possibly can, but ultimately it will be up to you to decide how you are going to master the required knowledge, skills and values in the relevant context.

You are probably used to memorising facts from a prescribed book and reproducing them in the examination in order to pass a module. **This module, MNG3702, is not about memorising facts! It is about mastering certain outcomes and applying theory to given case scenarios.** It is about learning. It is about going out into the world and appreciating the many sources on which you can draw to find answers to your questions – including your own experiences. It is about asking questions, and it is a wonderful way of discovering more about the real business world.

To achieve the outcomes for this module, you will have to plan your learning experience strategically. To do this, you will have to carefully read and reread the section in the learning units entitled, "Overview". This section contains important information that you will need in order to plan your studies, such as the number of hours that you will have to spend in order to master the outcomes (120 notional hours), the number of learning units to cover (7), and so on.

When planning your learning experience, remember that your examination preparation starts today. You need to **commit at least 8 hours week for 15 weeks to master the module outcomes**. Consider each activity in the lessons as a potential examination question, because that is what it is! This should be good news to you, because it means that you will not have to put yourself through the ordeal of a crash course

a week before the examination starts. Devote quality time to each activity, reflect on the issues raised, ask questions, find answers, question the questions, and question the answers.

By the time you need to write the examination, you should be well prepared, provided you have completed all the activities indicated in the study guide, participated actively in the online "Discussion Forums" tool and have mastered the outcomes and the learning outcome standards listed at the beginning of each topic.

7 ASSESSMENT

7.1 Assessment plan

The university has a policy of compulsory assignments for all modules for 2020. There are two compulsory assignments for MNG3702:

Assignment 01: Assignment 01 consists of 20 multiple-choice questions. **To gain admission to the examination you must submit Assignment 01.** You will gain examination admission purely by **submitting** the assignment and **not** on the strength of the mark that you obtain for it. Failure to submit Assignment 01, will mean that you will **not be admitted to the examination**. Tutorial Letter 201 will contain feedback on Assignment 01. Assignment 01 for semester 01 appears in Annexure A of this tutorial letter, whereas Assignment 01 for semester 02 appears in Annexure B.

Assignment 02: Assignment 02 is based on a case study. The answers to Assignment 02 will also be provided in Tutorial letter 201. Kindly ensure that Assignment 02 reach us on or before the due date. Assignment 02 for semester 1 appears in Annexure D, whereas Assignment 02 for semester 2 appears in Annexure E.

This tutorial letter also contains a self-assessment assignment, provided in Annexure C. The questions of the self-assessment assignment is based on a case study provided to you. Please complete the self-assessment assignment, since it will provide you with another learning experience.

7.2 Unique assignment numbers and due dates

Assignment number	First semester (Only students who are enrolled for the January–June period should submit these assignments.)		Second semester (Only students who are enrolled for the July–December period should submit these assignments.)	
	Due date	Unique number	Due date	Unique number
01	27 March 2020	691740	28 August 2020	773821
02	6 April 2020	846418	21 September 2020	708280

7.3 Submission of assignments

Please note that the assignments for Semester 1 differ from those for Semester 2. It is your responsibility to ensure that you submit the correct assignment for your semester of enrolment. If you submit an assignment for the wrong semester of enrolment or a wrong assignment, **it will not be marked**.

The main purpose of the assignments is to encourage you to study the learning units, to read through certain sections over and over again, and to think about the study material in terms of its **practical application**. You may find the questions difficult, or even ambiguous. Our aim is not to trick you or to catch you out, but to make you think.

Formative assessment for **MNG3702** takes place through a year mark system. As already mentioned, Assignments 01 and 02 are compulsory. You will be awarded a mark for Assignment 01 and a mark for Assignment 02. Both assignment marks are taken into account to calculate your semester mark and they carry an equal weight in the calculation of your semester mark. **Your final assessment mark for this module will be a combination of the assignment marks and the examination mark.** The two assignment marks will contribute a maximum of 20% to the final assessment mark for the module, while the examination mark will contribute 80%.

Irrespective of the year mark you receive, you must obtain a subminimum of 40% in the examination. **You will therefore not pass the module if your examination mark is less than 40%.**

Please study the following examples to see how the assignment mark will contribute to the final assessment mark.

Example 1:

If you are awarded an assignment mark of 50% for Assignment 01 and 50% for Assignment 02, the average ((50%+50%)/2) of the two assignment marks are multiplied by 20%. This equals 10% of the final assessment mark. If you obtain 35 out of a possible 70 marks in the examination (50%), this percentage is multiplied by 80. This equals 40% of the final assessment mark. The assignment mark and the examination mark are then added together (10% + 40%) to give a final assessment mark of 50% for the module.

Example 2:

If you are awarded an assignment mark of 60% for Assignment 01 and 80% for Assignment 02, the average ((60%+80%)/2) of the two assignment marks are multiplied by 20%. This equals 14% of the final assessment mark. If you then obtain 44 out of 70 marks (or 63%) in the examination, this figure is multiplied by 80% to give 50,2% of the final assessment mark. The two results are then added to give a final assessment mark of 64% (14% + 50,2%) for the module.

For detailed information concerning assignments, consult *Study @ Unisa*, which you received with your study material.

To submit assignments **via myUnisa:**

Go to http://my.unisa.ac.za.
Log in by using your student number and password.
Select the programme and the module.
Click on "Assignments".
Click on "Submit Assignments".
Follow the instructions.

7.4   Plagiarism

Plagiarism is the act of taking the words, ideas and thoughts of others and passing them off as your own. It is a form of theft and involves a number of dishonest activities. Examples of plagiarism include copying from the textbook, or any other source, or copying from fellow students and passing off their work as your own work.

All students receive the Disciplinary Code for Students (2004) when they register. You are advised to study the Code, especially sections 2.1.13 and 2.1.14 (2004:3-4). Kindly read the University's Policy on Copyright Infringement and Plagiarism as well.

Please note: Although students may work together when preparing assignments, each student must write and submit his or her own individual assignment. In other words, you must submit your own ideas in your own words, sometimes interspersed with relevant short quotations that are properly referenced. It is unacceptable for students to submit identical assignments on the basis that they worked together. That is copying (a form of plagiarism) and none of these assignments will be marked. Furthermore, you may be penalised or subjected to disciplinary proceedings by the University.

7.5 Assignments

The assignments appear in Annexures A, B, C, D and E of this tutorial letter.

8 OTHER ASSESSMENT METHODS

There are no other assessment methods for this module.

9 EXAMINATION

9.1 Format of the examination

The format of the examination paper is as follows:

Duration: 2 hours

Marks: 70

Format of the examination: The examination will comprise of two sections, namely Section A and Section B. Section A will consist of 20 multiple-choice questions, worth one mark each (20 marks in total for Section A). Section B will contain a **case study** with longer paragraph-type questions based on the case study. The total marks for Section B will be 50. **You are strongly encouraged to complete the self-assessment assignment provided in Annexure C of this tutorial letter, since it will give you an indication of what you can expect in terms of Section B in the examination question paper.**

Copies of previous examination papers are available on **myUnisa**. We recommend that you do **NOT** use previous examination papers as part of your examination preparation, as these papers were based on the previous module outcomes (questions may not align with the 2020 module outcomes and a different prescribed book was used prior to 2020). **Note also that the memoranda are not available to students. Please do not contact us with requests for model answers.**

9.2   Alternative assessment to assist students who qualify for final year concession

The Study @ Unisa brochure contains important information on the Final Year Concession procedure to assist students with one or two modules outstanding. The Directorate Student Assessment Administration will inform all students who qualify for a final year (FI) concession per SMS/email **(note module lecturers are not involved in the process of identifying and informing students that qualify for an FI concession)**. For this module, FI students have the option to engage in an alternative method of assessment. For this module, the alternative method of assessment will be determined by the lecturers concerned. More information on the alternative method of assessment will be communicated directly to the qualifying students. Alternative methods of assessment are subject to stringent academic rules and processes and should not be considered an easier option. Failure to meet the learning outcomes of the module, through the alternative method of assessment, will result in a fail and you will need to re-register for the outstanding module.

10   FREQUENTLY ASKED QUESTIONS

See *Study @ Unisa*, which you received with your study material, for a list of the most frequently asked general questions.

11   CONCLUSION

We look forward to a good working relationship with you. We would like this to be an interesting module for you, and we hope that you will participate in **myUnisa** discussions.

We wish you success in your studies.

Lecturers: MNG3702
Department of Business Management
Unisa

ANNEXURE A: COMPULSORY ASSIGNMENT 01 FOR 2020 – <u>SEMESTER 1</u>

DUE DATE: 27 MARCH 2020 (UNIQUE NUMBER: 691740)

Assignment 01 is a multiple-choice assignment, consisting of 20 multiple-choice questions. These questions are theoretical type questions. It covers all the lessons in the learning guide and the corresponding chapters in the prescribed book.

Question 1

(i) _____ **strategies** are based on a particular vision and mission, strategic intent and long-term objectives that typically extend a number of years into the future; whereas (ii) _____ **strategies** are based on and generally have to achieve annual objectives for the immediate future through short-term plans.

1   (i) Functional; (ii) tactical

2   (i) Tactical; (ii) business

3   (i) Overall; (ii) individual

4   (i) Business; (ii) functional

Question 2

The **cultural web** of an organisation consists of various elements, namely the (i) _____ that forms the core thereof and its stories, symbols, (ii) _____; (iii) _____; (iv) _____; and (v) _____.

1   (i) value system; (ii) beliefs; (iii) behaviours; (iv) taken-for-granted assumptions; (v) politics

2   (i) ethics; (ii) paradigm; (iii) power and politics; (iv) structures; (v) strategies

3   (i) paradigm; (ii) power structures; (iii) organisational structures; (iv) control systems; (v) rituals and routines

4   (i) code of conduct; (ii) values; (iii) rituals; (iv) routines; (v) control systems

Questions 3 and 4

In the following table, Column A lists various types of **strategic change**, whereas Column B provides an explanation of the strategic change. Match the type of strategic change in Column A with the appropriate explanation thereof in Column B to answer Questions 3 and 4.

Column A Type of strategic change		Column B Explanation
3 Adaptation	1	Strategic change that does not fundamentally alter organisational culture, but may involve a good deal of organisational disruption. It could be related to a turnaround situation.
4 Evolution	2	Strategic change that can be accommodated within the current business model and within the current organisational culture and that occurs incrementally.
	3	Strategic change that requires rapid and major cultural transformation and may occur in circumstances where pressures for changes are extreme.
	4	Strategic change that requires cultural change, but it happens over time. There is no pressing need for it and it is difficult to manage.

Question 5

The last step in the **change model of Kotter**, a leading expert in change management, is to _____.

1   generate short-term wins

2   incorporate changes into the culture or mind-set of the organisation

3   communicate the successes of the change programme

4   empower broad-based action

Question 6

Some organisations may have reasons for not being able to change as quickly and effectively as others.

*When the existing paradigm of the organisation is so strong that change initiatives are simply reinterpreted to fit within the old paradigm, it is an example of a _____ reason that acts as a **barrier to strategic change**.*

1   cultural

2   structural

3   systems

4   process

Question 7

A multi-billion company manufactures Product X. Top management of the company is very excited about the product and describes it as a new leader in its field. Plant managers, however, live daily with manufacturing problems and marketing officials who realise that the manufacturing problems cannot be solved without expenditures that will increase the price of the product to the point where it will no longer be competitive in the market.

*Which one of the following is an example of 'double-loop learning' as a mechanism for **organisational learning** in the above scenario?*

1   Plant managers detect and attempt to correct errors in order to manufacture Product X

2   Marketing officials detect and attempt to correct errors in order to manufacture Product X and market it more efficiently

3   Plant managers and marketing official write lengthy memorandums to top managers, explaining the problems that they encounter in manufacturing and marketing of Product X

4   Plant managers and marketing officials confront the question whether Product X should be manufactured, questioning the underlying policies and objectives of the company

Question 8

Organisational culture can be conceived by different layers, namely (i) _____; (ii) _____; (iii) _____; and (iv) _____.

1   (i) sustainability; (ii) compliance; (iii) shared values; (iv) beliefs

2   (i) inclusiveness; (ii) development; (iii) engagement; (iv) teaming

3   (i) values; (ii) beliefs; (iii) behaviours; (iv) taken-for-granted assumptions

4   (i) paradigm; (ii) stories; (iii) ritual and routines; (iv) control systems

Question 9

Which of the following are characteristics of the functional organisational structure?

A   Decision making is centralised

B   Control resides with middle and lower levels of management

C   This structure is associated with high overhead costs

D   There are clearly defined relationships

E   There are simple lines of authority and control

1   A B C

2   A D E

3   B C D E

4   D E

Question 10

Which of the following statements regarding **organisational structure** are correct?

A   External forces have no influence on organisational structure

B   An organisation will adapt its structure to suit its strategy

C   Organisational structures are dynamic and involve behaviour patterns

D   Large and complex organisations usually have hybrid structures that use a variety of structures in combination, enabling them to remain agile and responsive in a fast changing environment

E   The extent of people's roles and responsibilities in an organisation is determined by the culture of the organisation.

1   A C D

2   A B

3   B C D

4   D E

Question 11

A _____ organisational structure combines the advantages of decentralisation with those of coordination.

1   hybrid

2   global

3   matrix

4   network

Question 12

Company Z performs all of its core activities itself, but subcontracts many of its non-core operations to other organisations.

This is an example of a _____ **organisational structure**.

1   network

2   virtual

3   global

4   matrix

Question 13

Leaders cope with (i) _____ and (ii) _____; whilst managers cope with (iii) _____ and (iv) _____.

1   (i) complexity; (ii) plans and budgets; (iii) change; (iv) organise and staff the organisation

2   (i) people; (ii) challenge the status quo; (iii) processes; (iv) minimise risks

3   (i) plans and budgets; (ii) take calculated risks; (iii) people and profits; (iv) motivate people

4   (i) change; (ii) develop new direction for management; (iii) complexity; (iv) maintain processes and procedures

Question 14

In the context of strategic leadership, _____ refers to the ability of a leader to learn – to absorb and understand new developments, and to be able to see how the<u>se</u> can be used within the organisation.

1   adaptive capacity

2   absorptive ability

3   managerial wisdom

4   emotional intelligence

Question 15

The three pillars of sustainability are (i) _____; (ii) _____; and (iii) _____.

1   (i) social dimension; (ii) cultural dimension; (iii) political dimension

2   (i) global dimension; (ii) physical dimension; (iii) natural dimension

3   (i) social dimension; (ii) environmental dimension; (iii) financial dimension

4   (i) economic dimension; (ii) personal dimension; (iii) cultural dimension

Question 16

Responsible leaders are expected to guard the values and value system of the organisation and protect the personal and professional integrity of the organisation.

This refers to a responsible leader as a/n _____.

1   citizen

2   visionary

3   steward

4   architect

Question 17

Organisations need to respond to the challenges of responsibility and sustainability by taking a position on or by moving through six levels of commitment.

At which of the six levels of commitment is an organisation that incorporates the principles of sustainability into its everyday business practices?

1   efficiency

2   compliance

3   strategic pro-activity

4   the sustaining organisation

Question 18

A strategic risk can be defined as _____.

1   the probability or threat of damage, injury, loss or any other negative occurrence caused by external and internal vulnerabilities, and that may be avoided through pre-emptive action

2   an uncertain future event or set of events which, should it occur could have an effect (in both a negative and a positive manner) on the achievement of the strategic objectives of the organisation

3   a potential hazard or the possibility of loss resulting from a given action

4   an expectation that the actual outcome of a project may differ from the expected outcome

Question 19

Which one of the following risk responses refers to the sharing with another party the burden of loss or the benefit of gain, for a particular risk?

1   risk avoidance

2   risk acceptance

3   risk exploitation

4   risk transfer

Question 20

Which of the following statements are correct regarding Corporate Governance?

A   Worldwide, new regulatory frameworks have appeared to scrutinise business practices intended to strengthen external controls (such as the King Reports in South Africa)

B   Corporate governance can be defined as a framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in an organisation's relationship with all its stakeholders

C   The corporate governance framework consists of (1) explicit and implicit contracts between the organisation and the stakeholders for the distribution of responsibilities, rights, and rewards; (2) procedures for reconciling the sometimes conflicting interests of stakeholders in accordance with their duties, privileges, and roles; and (3) procedures for proper supervision, control, and information-flows to serve as a system of checks-and-balances

D   Good corporate governance increases the integrity and effectiveness of the public sector

1   A B

2   A B C

3   B C D

4   B C

ANNEXURE B: COMPULSORY ASSIGNMENT 01 FOR 2020 – <u>SEMESTER 2</u>

DUE DATE: 28 August 2020 (Unique number: 773821)

Assignment 01 is a multiple-choice assignment, consisting of 20 multiple-choice questions. These questions are theoretical type questions. This assignment covers all the lessons in the learning guide as well as the corresponding chapters in the prescribed book.

Question 1

Which of the following statements regarding organisational learning is correct?

A   Organisational learning should be continuous and never ending

B   Individuals learn, not organisations

C   When learning is applied to strategic decisions and management practices in organisations, it starts becoming an organisational capability

D   The acquisition of knowledge is a guarantee that no mistakes will happen

1   A B D

2   A B C

3   B D

4   C D

Question 2

Very few of the leading film camera manufacturers today, are also market leaders in the digital camera age.

Which one of the following could be singled out as the main barrier to organisational learning of these film camera manufacturers?

1   limited organisational resources

2   management ignorance

3   dominant general management logic

4   availability of external information

Question 3

Various mechanisms can be used to transfer knowledge to others.

When an experienced machine operator writes a manual for inexperienced employees to teach them how to operate a particular machine, he/she is transferring (i) _____ knowledge by making use of the (ii) _____ mechanism.

1   (i) explicit; (ii) combination

2   (i) explicit; (ii) articulation

3   (i) tacit; (ii) socialisation

4   (i) tacit; (ii) internalisation

Question 4

Which one of the following provides the correct explanation of the term 'double-loop learning'?

Double-loop learning is learning that takes place when an individual or organisation aims to _____.

1   achieve a goal, and when they do not succeed, evaluate what went wrong

2   achieve a goal, and when they do not succeed, they re-evaluate and question their own mental models, goals, values and beliefs

3   solve a problem and gather as much internal and external information as they possibly can from all historical and current sources

4   forecast trends and when they fail to do so, they re-evaluate their sources of information, forecasting models and the integrity of the data used in the models

Question 5

The following figure depicts a knowledge management system. Fill in the missing spaces to answer this question.
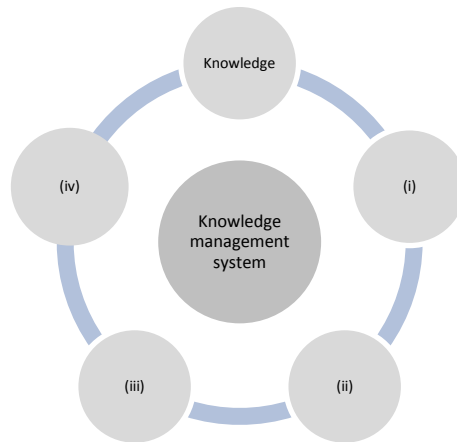
1   (i) Capturing data; (ii) Analysing data; (iii) Storing data; (iv) Retrieving information

2   (i) Capturing information; (ii) Sharing information; (iii) Manipulating information; (iv) Storing knowledge

3   (i) Analysing knowledge; (ii) Sharing knowledge; (iii) Modelling knowledge; (iv) Disseminating knowledge

4   (i) Capturing knowledge; (ii) Organising knowledge; (iii) Sharing knowledge; (iv) Using knowledge

Question 6

Which of the following are regarded as characteristics of a strong-culture organisation?

A   Employees view the organisation as a place to work and their job as a way to make a living

B   Organisational leaders insist that organisational values and business principles are reflected in the decisions and actions taken by all employees

C   Managers can use traditions, beliefs, values and norms as leverage to mobilise commitment to the execution of organisational strategies

D   Values and behavioural norms are so engrained in the organisation that they can endure leadership changes

E   Managers use only compensation incentives as a motivational device

1   A B C D

2   A E

3   B C D

4   C D

Question 7

Which of the following are regarded as elements of the cultural web of an organisation?

A   span of control

B   paradigm

C   routines and rituals

D   control systems

E   status and authority

F   power structures and symbols

1   A B C D

2   B C E

3   B C D F

4   C D E

Questions 8 and 9

Organisational leaders transmit and shape organisational culture by using certain mechanisms. Study the following list of mechanisms to answer questions 8 and 9 that follow.

A   procedures and rituals

B   recruitment and promotion processes

C   physical spaces and other physical artefacts

D   stories

E   resource allocation processes

F   rewarding processes and the allocation of status

G   statements

Question 8

Which of the mechanisms listed above are examples of embedding mechanisms that leaders can use to transmit and shape organisational culture?

1   A B E

2   B C D

3   B E F

4   D F G

Question 9

Which of the mechanisms listed are examples of structural mechanisms that leaders can use to shape organisational culture?

1   A B D

2   A C D G

3   D E F

4   E G

Question 10

The _____ forms the core of the cultural web and it presents all the assumptions taken for granted in the organisation.

1   paradigm

2   organisational structures

3   organisational power structures

4   control systems

Question 11

Which one of the following types of strategic change can be accommodated within an organisation's current business model, within the current culture with the aim to realign its strategy?

1   reconstruction

2   revolution

3   evolution

4   adaptation

Question 12

Which one of the following organisational structures is associated with an organisation that performs the core activities itself, but subcontracts some or many of the non-core operations to other organisations?

1   new venture units

2   network structure

3   matrix structure

4   divisional structure

Question 13

In the context of organisational structure, ambidexterity refers to the ability of an organisation to be _____.

1   able to find opportunities in the external environment while, at the same time, find strengths in the internal environment to explore the external opportunities

2   equally good at exploiting existing opportunities using existing capabilities while exploring and searching for new opportunities and new capabilities

3   able to find opportunities in the external environment as well as identifying the threats in the external environment that can hinder the organisation to explore the opportunities

4   equally good at serving the needs of current customers while creating new needs for new markets and new customers

Question 14

_____ is the art of building and sustaining morally sound relationships with all relevant stakeholders of an organisation.

1   Business ethics

2   Stakeholder relationships

3   Sustainable development

4   Responsible strategic leadership

Question 15

The Strategy Execution Framework identifies six key aspects that an organisation must harmonise in strategy deployment.

Which one of the following aspects (or domains) of the Strategy Execution Framework essentially bridges the thinking process (of which strategy is the outcome) and the deployment process, where the portfolio of investments (an outcome of the resource allocation process) interconnects?

1   Synthesis

2   Transition

3   Engagement

4   Ideation

Question 16

The process of managing strategic initiatives consists of a number of important steps.

During which one of these steps is the Balanced Scorecard, developed by Kaplan and Norton, a handy mechanism?

1   Translating goals into potential strategic initiatives

2   Defining and approving strategic initiatives

3   Aligning individual behaviour

4   Reporting and management

Question 17

_____ entails a concern for the social, environmental and economic performance of the organisation and a concern for the role, scope and purpose of the organisation.

1   Corporate governance

2   Corporate citizenship

3   Business ethics

4   Corporate social responsibility

Question 18

_____ a type of strategic control that involves a rigorous and rapid reassessment of the organisation's strategy because of the occurrence of an immediate, unforeseen event.

1   Premise control

2   Strategic surveillance

3   Implementation control

4   Special alert control

Question 19

Which one of the following can be regarded as the purpose of corporate governance guidelines, such as the King Code in South Africa?

The purpose of corporate governance guidelines is to enable organisations to _____.

1   treat their employees in a fair and equitable manner

2   adhere to the Labour Relations Act

3   consider the physical environment when conducting their business

4   to manage themselves more sustainably and accountably

Question 20

Which one of the following statements regarding strategic risk management is correct?

1   Organisations should avoid all risks at all cost, all the time

2   Organisations should take maximum risks to maximise profits for their shareholders

3   Organisations are expected to take some risks by exploiting market opportunities in pursuit of investor returns and they should avoid undue risk that could be detrimental to their shareholders

4   Organisations are expected to consider the short-term impact of risks on the performance of the organisation and short-term wealth of its shareholders

The questions for the self-assessment assignment are based on the DaimlerChrysler case study provided below. Please study this case study to answer the questions below.

DaimlerChrysler merger

On 7 May 1998, Daimler-Benz Aktiengesellschaft in Germany, the manufacturers of the iconic Mercedes Benz range, and Chrysler Corporation in the United States of America, signed a merger contract to establish a new company - DaimlerChrysler AG. The newly formed *Aktiengesellschaft* (AG) was organised and existed under the laws of the Federal Republic of Germany. Daimler, who proposed the merger and dominated it, paid US$35 billion for Chrysler. The intention of the merger between the two companies was twofold – (i) to safeguard its long-term competitiveness, mainly by reducing the new company's production costs; and (ii) to increase the new company's footprint dramatically, especially in North America. Sadly, the merger between the two companies is probably the most famous of all international mergers that ended in failure.

Figure 1 illustrates the DaimlerChrysler Management Board, responsible for managing DaimlerChrysler AG and represents the new company in its dealing with third parties. Jürgen E Schrempp from Daimler and Robert E Eaton played key roles in the merger process.

Figure 1: DaimlerChrysler AG Board of Management
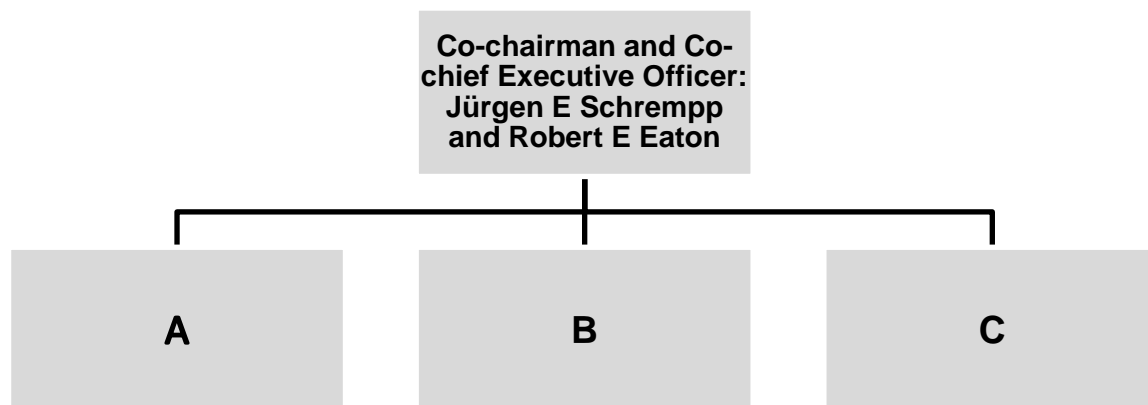
Group A consisted of board members representing the following interests in the company:

- Research and Technology
- Services
- Aerospace
- Commercial Vehicles
- Sales and Marketing: Mercedes-Benz

Group B consisted of board members representing the following interests in the company:

- Passenger Cars: Mercedes-Benz
- Passenger Cars and Trucks: Chrysler and Integration
- Corporate Development
- Chief Financial Officer
- Global purchasing

Together with the Co-Chairmen and Co-Chief Executive officers, Group B's board members formed the Chairmen's Integration Council.

Group C consisted of board members representing the following interests in the company:

- Sales and Marketing: Chrysler
- Human Resources: Daimler-Benz
- Product Strategy and Design: Chrysler
- International: Chrysler
- Procurement and Supply: Chrysler
- Manufacturing: Chrysler

In 2007, Daimler sold its Chrysler division in the US to Cerberus Capital for US$7.4 billion (for which they paid US$35 billion in 1998). Cerberus Capital Management was taking an 80.1 percent stake in the automaker for that amount. The financial performance of Daimler increased dramatically after the sale. Without Chrysler, Daimler reported a net profit of €4 billion for the year 2007 (compared to €3.8 billion in 2006). Sales rose to €99.4 billion from €99.2 billion. The sheer difference in the amounts of money paid for Chrysler by Daimler and later by Cerberus Capital, makes one really wonder how such a promising merger could fail so dramatically. "We obviously overestimated the potential of synergies," Dieter Zetsche, chief executive of DaimlerChrysler, said at a news conference at the company's headquarters in Stuttgart, Germany, after Daimler sold its Chrysler division to Cerberus Capital Management.

Upon closer examination, the two companies differed from each other in many ways, as indicated in Table 1 below.

Table 1: Comparison between Daimler and Chrysler

Aspect of comparison	Daimler	Chrysler
Attitude towards hierarchy and structure	Follows a strong and formal hierarchy, clear chain of command, bureaucratic culture with respect for authority. Little payment disparity exists between various levels in the organisation.	Follows an informal, team oriented and flexible approach. Payment disparities between various levels in the organisation exist.
Company's values	Values reliability and the highest levels of quality.	Focus on catchy designs and offers cars at competitive prices.

Aspect of comparison	Daimler	Chrysler
Trust	Daimler workers felt reluctant to work with American workers. Daimler was imposing and tried to dictate the terms on which the new merged company should work.	Chrysler workers felt reluctant to work with German employees. Chrysler's employees mistrusted Daimler and raised some serious communication challenges. Chrysler's middle managers and engineers saw the merger as a sell-out to foreigners, and they feared an invasion of rigid working practices from the German company into their own rather freewheeling company.
Decision making	Daimler made use of centralised decision-making.	Chrysler workers were used to creative and decentralised decision-making practices.
Control	Daimler employed methodical control practices.	Chrysler encouraged adaptability in control processes.
Official language	Official language at Daimler was German.	Official language at Chrysler was English.
Products offered	High quality, luxurious motor vehicles, offered at high prices.	Attractive and comfortable motor vehicles offered at very competitive prices.
Currency	Daimler traded in German Marks.	Chrysler traded in US$.

Differences in the first two aspects compared in the table above, resulted in conflicting orders given by managers to their subordinates and the formulation of different goals in different departments. American and German managers had different values, which drove and directed their work. Different departments were heading in opposing directions. The two companies were never integrated into a cohesive whole and the potential synergies that were identified as reasons for the merger, went unrealised. Furthermore, employees of the two companies did not like each other – they could not cooperate to an extent necessary to make the merger a success.

Mistrust between German and American employees and between management and their subordinates were mainly caused by the realisation that the agreed term "merger-of-equals" did not materialise and that is was, in actual fact, a takeover of Chrysler by Daimler. During the initial stages of organisational integration, huge bulks of Chrysler's key executives either resigned or were replaced by Germans counterparts. Poor communications lead to sharp decreases in productivity of the merged companies.

In theory, the Daimler-Chrysler merger should have yielded two potential sources of competitive advantage. The first potential source was cohesive global brand architecture. The second source lay in the creation of a coherent platform strategy. The cost of developing new motor vehicles is very high.

Therefore, manufacturers design "platforms" from which they create families of vehicles. They also try to share parts between platforms to drive economies of scale in manufacturing.

Realising synergy in brand architecture and platform strategy would have required deep integration of Daimler and Chrysler. One of the plans of the merger was for Chrysler to use Daimler parts, components and even vehicle architecture to sharply reduce the cost to produce future vehicles. Unfortunately, problems surfaced when Daimler's Mercedes-Benz luxury division, whose components Chrysler were supposed to use, was reluctant to share with its mass-market partner. In return, Daimler had hoped that Chrysler would dramatically increase its footprint in the promised land of auto sales – North America. Due to increased competition from Asian motorcar manufacturers, Chrysler fell short. The management team would have had to develop a global brand strategy and associated logic of competitive positioning. None of this happened. Management of the merged company managed the two companies as separate operations.

Only two years after the merger, the new company admitted that they needed to deal with many barriers that prohibited them from realising their initial merger goals. Over and above the differences between the two merged companies (indicated in Table 1 above) time differences between the US and Germany also posed a big problem – managers from both companies criss-cross the Atlantic in a stream of meetings and workshops, seeking ways to drive down expenditures and share future development costs. People such as Mr Hubbert from Daimler (member of the Chairmen's Integration Council and responsible for Passenger cars: Mercedes-Benz), acknowledged that Daimler, seeking to solve strategic problems of its own, had engineered a friendly takeover of the American car manufacturer. The merged company also faced financial problems. It was admitted that renewed cost-cutting efforts had to be undertaken to improve its operating results. The merged company also realised the importance of communication with investors when their share price fell more than 40% in 1999, only one year after the merger. Competition in the motor vehicle industry intensified, especially in Chrysler's home market. At the time of the merger, share options became hugely available, which resulted in senior Chrysler managers becoming rich. This triggered concern in Germany. Furthermore, Americans were remunerated two, three or even four times as much as their German equivalents. Management also needed to coordinate hundreds of integration projects, for which they formed an automotive council of five senior managers to which all projects needed to report every four to six weeks.

Adapted from (i)http://www.commisceo-global.com/blog/cultural-differences-in-international-merger-and-acquisitions; (ii)http://www.casestudyinc.com/daimler-chrysler-and-the-failed-merger; (iii)http://www.economist.com/node/341352; and (iv)http://www.globalsepri.org/uploadphotos/2008912171836151.pdf.

Question 1
Organisational culture influences an organisation's actions and approaches to conduct business and the way in which strategy is implemented.

Question 1.1

Define the terms *organisational culture* (in an organisational context) and the *cultural web*. (2 marks)

Question 1.2

List and explain the elements of the cultural web. Apply each element of the cultural web to the Daimler Chrysler AG company. Present your answer in a table in the same format as the table indicated below: (28 marks)

Element of the cultural web	Explanation of the element	Application of the element to Daimler-Benz	Application of the element to Chrysler
(i)			
(ii)			
(iii)			
(iv)			
(v)			
(vi)			
(vii)			

Question 1.3

Would you describe the strategic leadership of Jürgen E Schrempp and Robert J Eaton as being successful? Substantiate your answer. (5 marks)

[Total: 35 marks]

36

Question 2
Organisational change is inevitable in a world of constant change and development.

Question 2.1

Discuss the various types of strategic change. (10 marks)

Question 2.2

Identify the type of change applicable to the DaimlerChrysler merger and substantiate your answer. (2 marks)

Question 2.3

Various models of planned change exist. Apply Balogun and Hope-Hailey's change kaleidoscope to the DaimlerChrysler merger. In your answer, you should first state what the principle of the model is (1 mark). Then, each segment of this model should be applied to the case (8 marks).

Question 2.4

Strategic change often fails, as we have seen in the DaimlerChrysler merger. Explain the barriers to strategic change (10 marks).

Question 2.5

Identify the most important reasons for the failure of the DaimlerChrysler merger and substantiate your answer (4 marks).

[Total: 35 marks]

DUE DATE: 6 April 2020, UNIQUE NUMBER: 846418

IMPORTANT:

The questions in this assignment are based on the information provided on African Bank. In your answers to the questions in this assignment, you need to write FULL AND MEANINGFUL SENTENCES (not merely a list of concepts). You will also be required to show insight in the application of strategy implementation and control theory to the given information in the case study.

The collapse of African Bank Investments Limited (Abil)

African Bank Investments Limited (Abil) was co-founded by Leon Kirkinis in 1999, who has been described as one of the sharpest minds in banking that has changed South Africa by expanding credit to the poor. From 1999, Kirkinis built Abil into the country's largest maker of loans not backed by collateral. Styling himself a visionary for lending to South Africans ignored or deemed too risky by conventional banks, Kirkinis fuelled profits making loans at annual interest rates as high as 60%.

Abil did not take deposits, relying instead on stock and bond markets to fund its lending. For the large part of the first decade of this century, Abil was one of the hottest stock on the Johannesburg Stock Exchange. The company's share price rose from around R5.25 per share in 2003 to more than R22.50 per share in 2008. It also offered investors a very appealing cash dividend. At its highest, Abil traded on a dividend yield of over 9.0%. Under the leadership of its charismatic CEO, Leon Kirkinis, Abil was re-imagining what micro lending could do in South Africa, and seemed to prove that this was not only a viable business model, but also a very profitable one. Between 2003 and 2008, Abil more than doubled its annual profits from R660m to R1.56bn. In 2008, Kirkinis unilaterally made the decision to buy Ellerines (a retail furniture company) for R9.1 billion, without proper due diligence of full board approval.

In a 2012 statement, Kirkinis attributed the company's success to having 'built a robust, well capitalised and flexible business to position us as the market leader in a larger, more competitive unsecured credit market'. In the same year, Kirkinis was ranked the 37th wealthiest person in South Africa in the annual Sunday Times Rich List. Little did Kirkinis know how the fate of the company would change in the years to come.

Abil became more vulnerable when its target market suffered severe deterioration from protracted mining strikes that began in 2012. As strikes crippled the South Africa's platinum industry, miners began to default on loans. In February 2013, Abil was charged of reckless lending from the credit regulator and in October it paid R20m to settle the case after the investigation found the bank advanced at least 700 loans without first carrying out affordability assessments. In the same year, the central bank said in a statement that it told Abil to sell Ellerines, which was losing at least R70m per month. Kirkines had other plans – he wanted to keep Ellerines and the distribution network that the retailer provided for loans. After the furniture seller suffered six years of declining sales, Abil was still trying to fix it and searching for a retail partner, a partner that was never found. Ellerines applied for business rescue in August 2014.

In August 2014, Abil's shares were suspended on the JSE. The South African Reserve Bank (SARB) put the underlying business under curatorship[1]. Few shareholders had seen this coming. Less than a year earlier Abil had raised R5.5bn in a rights issue that was widely supported, even though it was already apparent that the company had severely underestimated its bad debts. Within months, these had sunk the business, and shareholders would have been left with nothing had the SARB not stepped in.

The Myburgh Report that analysed the reasons for Abil's collapse made some very uncomfortable findings. Financially speaking, what had led to the bank's collapse was not making sufficient provision for bad debts and engaging in unsustainable lending.

The Myburgh Report also found that Kirkinis had an overwhelming influence over the board and the operations of the bank. Essentially, no one questioned him. The starkest example is that he had unilaterally made the decision to buy Ellerines for R9.1bn, without proper due diligence or full board approval. In hindsight, many asset managers were also far too eager to believe what Kirkinis was telling them. They continued to believe him until it was too late. In addition, certain members of the board did not have the appropriate competence or knowledge of banking. The board was also extremely small for a banking board, with too many executive directors, which left no real room for challenging independent voices. This is really the crux of the African Bank lesson – that no analysis of African Bank was truly complete without a thorough analysis of its corporate governance. This case stands out as one of South Africa's most high profile corporate failures – offering us an opportunity to learn from mistakes made to ensure that history does not repeat itself.

After placing Abil under curatorship, SARB announced a restructuring proposal, which together with the financial support of a number of key financial stakeholders, including a consortium of six South African banks, the new African Bank Limited was licensed – a retail bank that offers financial products and services to residents of South Africa. The Bank is licensed as a 'locally-controlled bank' by the SARB. Mr Thomas Winterboer was appointed as curator to implement the restructuring proposal and manage the affairs of the Bank, subject to the Registrar of Banks. On 2 March 2016, African bank received the required support from the existing creditors for the Bank's restructuring proposal and on 4 April 2016, the new African Bank Limited opened its doors as the new entity, with the required licenses and registrations required by the various regulators in place.

Sources: Available online:

https://www.fin24.com/Opinion/lest-we-forget-lessons-from-african-bank-20170927; [Accessed 8 October 2018]

https://moguldom.com/70304/failed-s-african-bank-gave-credit-to-the-poor/ [Accessed 10 October 2018].

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[1] Curatorship is a mechanism in the South African Bank Act, which allows the government to take over administrative control of a failing financial institution to try to reverse its fortunes and bring it back to a functioning business.

Question 1

Organisational learning is important to the success and survival of organisations and Abil was clearly not good at it.

Question 1.1

Explain the various phases in organisational learning. (3 marks)

Question 1.2

Identify and explain the most important barriers to organisational learning that led to the collapse of Abil. (9 marks)

Question 2

Strategic control, risk management and corporate governance have become increasingly important in managing organisations.

Question 2.1

Explain responsible risk management as one of the key cornerstones of good corporate governance. (2 marks)

Question 2.2

From the Abil case, identify at least four incidents where the company did not meet the requirements of good corporate governance. (4 marks)

Question 2.3

Explain the Balanced Scorecard as a strategic control tool (8 marks). In your answer, you need to indicate how the use of the Balanced Scorecard could have avoided the collapse of Abil. (2 marks).

Question 3

Responsible strategic leadership is based on a number of crucial elements.

Question 3.1

Would you regard Leon Kirkinis as a responsible strategic leader during his tenure as CEO of Abil? Substantiate your answer. (12 marks)

Question 4

Strong leadership is required to implement change programmes successfully.

Question 4.1

Mr Thomas Winterboer was appointed as curator to implement the restructuring proposal of the SARB and to manage the affairs of the new African Bank. Apply the change model of John Kotter to the implementation of the restructuring at African bank. In your answer, you need to explain each step of the process and apply the step to the Bank. (10 marks)

Total marks for the assignment **[50 marks]**

DUE DATE: 21 September 2020, UNIQUE NUMBER: 708280

IMPORTANT: **The questions in this assignment are based on the information provided on Anglo American plc. In your answers to the questions in this assignment, you need to write FULL AND MEANINGFUL SENTENCES (not merely a list of concepts). You will also be required to show insight in the application of strategy implementation and control theory to the given information in the case study.**

Anglo American plc

Anglo American plc is a multinational mining company based in Johannesburg, South Africa and London, United Kingdom. It is the world's largest producer of platinum, with around 40% of world output, as well as being a major producer of diamonds, copper, nickel, iron ore and metallurgical and thermal coal. In 2007, Cynthia Carroll was appointed as CEO of the company, the first outsider (non-South African) to manage what was a very top-down, male-dominated, hierarchical organisation. Ms Carroll served as CEO of the company until 2013.

Ms Carroll always had the view that safety is a key indicator of rigour and discipline in an organisation. Anglo had been losing about 45 people to fatalities every year for the five years before she was appointed as CEO. Consequently, her first focus was on safety. In 2007, her first year as chief executive, Carroll went to Anglo's Rustenburg platinum mining operation in South Africa, a key part of the company's global activities. Within hours of her visit, she was told that one of the workers had been killed at the mine. She was told at the end of the day that they had yet another fatality. She gave orders to shut down the mine complex, to assess the infrastructure and the standards, and to work to retrain people. She also gave instructions that people will only be returning to work once they feel confident that they will be working in safe conditions. It was a bold decision that affected around 28 000 mine workers. Carroll knew she would have to win allies for her safety campaign within the wider industry, the labour unions, and the government. Workers felt scared and threatened by the decision and resisted the change. Although Carroll felt confident that she made the right decision by making the change, she was not supported by mine managers. At the same time, the company had been transitioning from a largely South African company, to a global company. Carroll also needed to make another change by taking out a layer of people reporting to her early on. Also, these strategic changes lead to changes in terms of the embedded culture and organisational hierarchy. Carroll spend a lot of time with external stakeholders during these changing times and never received resistance to change from shareholders – they understood the reasons and ultimate benefits for implementing the changes. Also, communications and relationships with labour unions were very good – Carroll never had a major walkout and the company never experienced a strike since they had built a trusting relationship between all parties.

During her tenure, Carroll also had to face down the threat of a takeover, a downturn in the commodity cycle, and criticism of her environmental record and strategy decisions, notably, Anglo's investment in

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Minas Rio, a Brazilian iron ore project that went into operation four years late and at twice the original budget. Minas Rio is a tier-one asset and identified as a potential acquisition before she was even appointed as CEO. But the fact was, Anglo had changes that they did not anticipate - and nobody in industry anticipated. Changes in Brazil's regulatory environment delayed Anglo's project. Eventually, Carroll needed to make tough decisions, not all popular. For example, she had to reduce the number of staff. Eventually, these decisions and the implementation and maintenance of new safety standards payed off. The company delivered $3.2 billion of value over and above their committed number of $2 billion. They reduced the number of fatalities by about 70% and that cascaded into the industry, which was reduced by about 50%. That's an achievement.

Source:

Available online: https://www.ft.com/video/d8edd628-8afa-4c53-90da-7f7968d9ff58 [Accessed 9 January 2019].

Question 1

Organisational change is inevitable and in the Anglo American case study we saw strategic change in action.

Question 1.1

Differentiate between planned and unplanned strategic change. (2 marks)

Question 1.2

From the case study, provide two examples of planned strategic change and one example of unplanned strategic change. (3 marks)

Question 1.3

Explain the change model developed by Kurt Lewin. (11 marks, of which 5 marks will be allocated to the first phase, 4 marks to the second phase and 2 marks to the last phase of the model)

Question 1.4

Apply the change model of Kurt Lewin to the change process focused on safety that was initiated and led by Ms Cynthia Carroll, as CEO of Anglo American plc for the period 2007 to 2013. In your answer, you need to apply each step of the model to Anglo American for the stated period. (9 marks)

QUESTION 2

The term 'responsible strategic leadership' is becoming more and more common across the global corporate community.

Question 2.1

Explain responsible strategic leadership and the components thereof. (6 marks)

Question 2.2

During her tenure as CEO of Anglo America, would you regard Ms Cynthia Carroll as a responsible strategic leader? Substantiate your answer with specific reference to the leadership responsibilities with respect to key stakeholders. (14 marks)

Question 3

Control is a vital part of any management process.

Question 3.1

Differentiate between the terms 'strategic control', 'reactive control' and 'proactive control'. (3 marks)

Question 3.2

From the Anglo American case study, identify an example of reactive control and an example of proactive control during the tenure of Ms Cynthia Carroll as CEO of the company. (2 marks)

Total marks for the assignment   1   **[50 marks]**