Appendix A: ASSIGNMENT COVER SHEET

Programme	**MASTER OF BUSINESS ADMINISTRATION (NQF 9)**
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I PHILLIP MANDLA_MTOMBENI ID/Passport No. 8012145460082 hereby confirm that the assignment submitted herein is my own original work.
Date: 16 April2020

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Question 1.1
Tyme and FNB bank

STRENGTH	WEAKNESS
In the past few months, three new banks have launched with a leaner, cheaper business model that will change the face of SA banking — Discovery Bank, TymeBank and Bank Zero.	Banking changed even more slowly. More than 25 years after the launch of the internet, most banks still distribute a large portion of their products through a branch network. These branches will still be perfectly recognisable to anyone visiting SA for the first time in 30 years, FNB owns some of these branches.
But these three new banks are backed by formidable business personalities with deep pockets. Low fees will become the new normal and I hope that penalty fees will disappear altogether, which is introduced by TymeBank	Discussing the rationale for the bank in an interview with the *FM*, Narsai says SA ranks among the five countries with the highest bank fees in the world. "This is intolerable in such an unequal society, but then the rest of the bottom five were similarly unequal countries in Latin America," he says.
And yet the big four still have 83% of all bank deposits in the country and 92% of all mortgages, which shows how concentrated the market still is.	Though Tyme doesn't have any of its own branches. Boxer customers are more likely to be unbanked, so could prove the most fertile hunting ground for Tyme.
Discovery, TymeBank and Bank Zero are pursuing a branchless model, with their apps being their shop window.	Capitec's Fourie warns, however, that while new fintech technology providers might be adding value, they fall short on wo issues — handling volume and maintaining security a weakness for Tymebank
Botha says Standard's natural market share has fallen thanks to the success of Capitec and FNB, in different parts of its client base.	This network of brokers and agents is something that TymeBank and Bank Zero don't have.
TymeBank chair Coen Jonker tells the *FM*: "The banks have done their best to protect their legacy income streams for years.	Bank Zero and TymeBank, and the marketing spend will be higher.
Tyme will have 750 points of sale through Pick n Pay and Boxer stores. This gives it reach into the main urban areas, as well as the rural areas where few banking services are typically available.	Harry Botha, a banks analyst at Avior Capital, says it could take three to five years for the challenger banks to make material inroads into the large banks' earnings.
Incredibly, there are just 125 staff keeping the bank running. Clients can join through the TymeBank website, but by far the most popular recruitment tool has been self-service kiosks, which provide a new card within five minutes.	

For Jordaan, it’s a natural evolution. Now living in Stellenbosch, he became CEO of FNB when he was just 36, creating an institution that grabbed plaudits as "the world’s most innovative bank" in 2012. To date FNB has been the leading bank for innovative features, such as registering as a customer using a selfie from your phone. Three new banks are set to change the face of SA banking with a leaner, cheaper business model. While there’s electricity in the air in the banking sector for the first time in years, it won’t be a one-way bet. **For Jordaan, it’s a natural evolution**. Now living in Stellenbosch, he became CEO of FNB when he was just 36, creating an institution that grabbed plaudits as "the world’s most innovative bank" in 2012.	
OPPORTUNITIES CEO Sandile Shabalala says the bank will start offering loans next year. It plans to offer keener lending rates because, like Capitec, it will be able to cross-subsidise its transaction and deposit books from its loan income. The tipping point for Tyme, at which it becomes profitable, is 2-million customers and 700,000 loans. Though price alone might not be enough to propel the new banks into profit, they are launching at a time of considerable unhappiness over bank fees. It is easier than ever, through apps, to compare fees. Customers were desperate for something different; this is an opportunity that Tymebank can use.	**THREATS** No-one can ignore the competitive threat of cheap banking this is a threat to FNB. Now, three new banks — all backed by powerful SA business personalities — are opening their digital doors, offering something entirely different. So what can they offer that’s new, and how much of a threat is this for the ‘big four’ banks? But fixed monthly fees and charges for electronic transactions could come to an end sooner rather than later. This means it will be the big four who will bear the brunt of the industry disruption. Says Botha: "The big banks will cut fees, but only gradually —they need to cut costs first before they can afford to do so

	Until now, none of the large banks has been prepared to jeopardise their lucrative income stream from transactional fees with a price war. But now they will have no choice, threat to FNB.

Question 1.2

Yes, I agree, the case study shows that the big four banks have long operated as if they were an informal association, this is true the article mentioned that : South Africa’s banking sector is dominated by its big four banks. Together they share almost 95% of the assets in this mature market, in which up to 80% of customers are already banked. For two decades, SA’s banking sector has remained largely the same. So what can the three new banks offer that’s new, and how much of a threat is this for the ‘big four’ banks? Financial services used to change slowly.

As a result, investment in digital service innovation and customer solutions has so far been slow and focused on targeted back-office processes, only recently ramping up more widely in response to low customer satisfaction with banks’ services and accessibility. Banking changed even more slowly. More than 25 years after the launch of the internet, most banks still distribute a large portion of their products through a branch network. These branches will still be perfectly recognisable to anyone visiting SA for the first time in 30 years. None of the big banks will rock the boat; they want to protect their collective income. That era has come to an end.

Incumbent banks have focused on customer-value propositions and pricing as their main growth drivers in recent years. The SA Reserve Bank was for a long time reluctant to let new banks open. Narsai says SA ranks among the five countries with the highest bank fees in the world. "This is intolerable in such an unequal society, ," he says. No-one can ignore the competitive threat of cheap banking. TymeBank chair Coen Jonker tells the *FM*: "The banks have done their best to protect their legacy income streams for years, and the transactional fees on simply taking money in and out of accounts is the hardest to justify. As new banks we won’t have that legacy to defend."

The big four banks have long operated as if they were an informal cartel. The big banks will cut fees, but only gradually — they need to cut costs first before they can afford to do so. " At least, in most cases, the big four banks still own the relationship with the customer and can persuade them to stay. This means it will be the big four who will bear the brunt of the industry disruption. Already they’re scrambling, introducing innovations like joining up with just a selfie. But they may have left it too late to ride the tsunami of change. The question, however, is what the existing big four banks — FNB, Standard Bank, Absa and Nedbank — will do to counter the threat. "The big banks ignored Capitec in the early 2000s," says Louis Chetty, head of financials at Stanlib, "and lost considerable market share. I am sure they will not make the same mistake again." Traditional banks that will survive are those that will successfully integrate the new technologies with innovative servicing and lower fees.

Question 1.3

A business model defines the rationale of how a company captures, delivers, and creates value, in cultural, social, economic , or other contexts. In addition, the business model modification and construction process are named business model **innovation** and it is forming a business strategy part.
In practice and theory , the business model term is utilized for a wide range of formal and informal descriptions to indicate the core business aspects, involving trading practices, sourcing, organizational structures, infrastructure, strategies, offerings, target customers, business process, purpose, and operational policies and processes involving culture.

Business models is the design of company's structures to validate a commercial opportunity. Additional extensions to such design logic highlight the utilization of coherence or narrative in descriptions of business model as mechanisms where entrepreneurs develop extremely successful growth firms.
Business models are utilized to classify and describe businesses, mostly in an entrepreneurial setting, yet in addition they are utilized by managers within organizations in exploring future development possibilities.

Business models which is well-known may operate as "recipes" for managers who are creative. Additionally, business models are referred to in other instances in the accounting context for public reporting purposes. Business model includes providing a basic product at a cheap price very low cost, frequently at a loss, therefore one must charge compensatory recurring money for associated services or products, or for refills . Examples involve digital banking; cell phones and airtime ; cameras and prints; computer printers and ink cartridge refills ; and razor and blades.

Now, three new banks — all backed by powerful SA business personalities — are opening their digital doors, offering something entirely different. So, what can they offer that's new, and how much of a threat is this for the 'big four' banks? Challenger banks business model includes a learning culture , they focus on increasing knowledge, competence and performance. They were able to introduce innovation as part of their strategy hence they came up the idea of digital banking. The business model includes customer-centric culture they focus on products ,services and employees' efforts on creating happy, loyal customers.

The challenging banks which are Discovery Bank, TymeBank and Bank Zero were innovative by introducing digital disruption and this results to low banking fees and some are using cloud technology. Our recent experience and that of new digital players shows that though launching a digital greenfield would have been difficult just a few years ago, it is now feasible in under 12 months and at a reasonable cost. Bank Zero as one of the challenger banks is intending to create a niche offering. Its mutual bank business model is aiming to appeal to digital communities, by tapping into groups of like-minded clients that want to take part in the broad benefits of mutual ownership.

As an outcome, investment in customer solutions and digital service innovation has focused on targeted back-office processes, only recently ramping up more widely in response to low customer satisfaction with banks' services and accessibility. South Africa is noticing its 1st wave of digital challengers coming into the market, with 3 new banks launching in 2019, these challenger banks bring a differentiated value proposition to customers. The challenging banks are charging a small margin for the services, these successful digital banks are able to create a profitable business model.

The first step for the universal banks to compete on an equal footing with fast-paced digital entrants is to develop a clear, enterprise-wide innovation strategy and operating model. We have seen large organizations promoting innovation through a variety of different models, from agile change teams developing core product and process in each business unit, to arms-length incubators and venture funds. The case study discusses digital banking business model, a cheaper business model , branchless model ,and cloud banking let's look at these in detail: Incumbent banks have focused on customer-value propositions and pricing as their main growth drivers in recent years. However, new entrants such as Discovery Bank, Tyme Bank and Bank Zero are set up to challenge the status quo with innovative servicing and lower-priced banking. The idea of going "greenfield", at a bank, segment or even product level, is an easy one to dismiss. In the past, banks took years to set up and decades to build up a customer base: but not anymore as recent history shows, especially if you are already a bank.

"We don't agree," says Gore. Most banks reward clients for taking out more products, which specifically increases their debt and credit levels, he says. This means there are now 8-million more credit-active consumers than employed people — a big risk to society. Three new banks are set to change the face of SA banking with a leaner, cheaper business model. Banking changed even more slowly. More than 25 years after the launch of the internet, most banks still distribute a large portion of their products through a branch network.

These branches will still be perfectly recognisable to anyone visiting SA for the first time in 30 years. None of the big banks will rock the boat; they want to protect their collective income. That era has come to an end. In the past few months, three new banks have launched with a leaner, cheaper business model that will change the face of SA banking — Discovery Bank, TymeBank and Bank Zero.

Discovery, TymeBank and Bank Zero are pursuing a branchless model, with their apps being their shop window. This means SA isn't far behind the rest of the world: the first app-only current account in the UK was introduced by Starling Bank just two years ago. Perhaps if the Reserve Bank had been more open-minded, SA could have beaten them to the punch. TymeBank as one of the challenger banks , will ride the wave away from cash transactions to digital payments. Increasingly shareholders in the Ubuntu-Botho group find carrying cash dangerous. We were able to issue 1-million cards to members of the Zion Christian Church to facilitate cashless transactions," he says.

Capitec has a nominal monthly fee of R5, with R1 charged for each digital transaction. Cash withdrawals are more expensive at R6 for the first R1 000 at a Capitec ATM, or a flat R1.60 at till points of retailers like Pick n Pay or Shoprite. As many of Capitec's transactional clients earn interest of 5% on their deposits, they often get more money coming in than they pay in fees. These new banks would appear, in part, to be targeting that market.

The three new banks are not just aiming for the tech-savvy. TymeBank's former parent, CBA, has a larger market cap than the entire SA banking sector, though it took a softly-softly approach to the new bank. Even before Tyme was registered, it offered money transfer services from Pick n Pay. Though Tyme doesn't have any of its own branches, it will have 750 points of sale through Pick n Pay and Boxer stores. This gives it reach into the main urban areas, as well as the rural areas where few banking services are typically available. Boxer customers are more likely to be unbanked, so could prove the most fertile hunting ground for Tyme.

Most transactions are free if carried out at Pick n Pay or Boxer, and cost only R2 if done elsewhere, and the bank pays up to 10% interest on positive balances. TymeBank has such low costs because it is cloud-based and highly scalable and has minimised the bells and whistles. Incredibly, there are just 125 staff keeping the bank running. The tipping point for Tyme, at which it becomes profitable, is 2-million customers and 700,000 loans. Gore says Discovery will not attempt to beat the market on fees, for a combined current account and credit card.

For a pure transactional account, the fee will be R60 to R120, but as Discovery has no ATMs, cash withdrawal fees will be higher. But if it won't compete on fees, Discovery Bank will be second to none with its Vitality Money rewards programme, and the sophisticated way in which it encourages the right financial behaviour. Bank zero will make money through the interest it charges, fees on third-party transactions and commissions on prepaid products such as airtime. "But with our low break-even you can expect lots of zeros where other banks charge fees," says Jordaan. Bank Zero also keeps costs down by using the cloud, but the heart of the business will be its IBM LinuxOne enterprise server, which uses (free) open-source software. Perhaps. We are very comfortable doing this with our deep expertise. And we can design from the ground up for today's issues such as regulation and cybercrime," he says.

Jordaan says all the Bank Zero shareholders are active as executives or active directors, with skin in the game. JBut Hore says the Discovery platform will ensure that bank customers never need to visit a branch, even to open an account, and from day one cardless capabilities such as Samsung Pay, Garmin Pay and FitBit Pay will be available. Gore says Discovery could not opt for a simpler cloud-based solution, as Tyme Bank has done, because its system needs to accommodate the complex links between the bank and its Vitality programme and the company's health, life, investment and insurance businesses.

It's been a long time coming. After Saambou and Fidelity Bank collapsed in the early 2000s, the SA Reserve Bank was for a long time reluctant to let new banks open. But these three new banks are backed by formidable business personalities with deep pockets. Discovery Bank is part of the wider group run by CEO Adrian Gore, which began as a health-care company in 1993. Discovery boasts Remgro associate Rand Merchant Investments (RMI) as its anchor shareholder.

Discovery's advantage is that unlike the other two new banks, it is already a household brand. It also has a good chance of capturing the majority of its credit card clients (bought back from FNB) and a sizeable slice of its medical aid and insurance clients. This network of brokers and agents is something that TymeBank and Bank Zero don't have. While Bank Zero is entirely app based, Tyme at least enjoys some advertising through its black and yellow machines at Pick n

Pay stores and has started flighting prime-time TV adverts to lure clients. Chetty says Bank Zero needs to develop a brand and requires a professional marketing campaign to do it.

None of the team has marketing experience except for Jordaan, and that won't be enough to build a brand — even with his Steve Jobs-style charisma. This network of brokers and agents is something that TymeBank and Bank Zero don't have. There is, after all, the cautionary tale of SA's first digital bank, 20Twenty, which launched in 2001 using Saambou as the backbone. 20Twenty never got to critical mass, with just 40,000 clients, and closed in 2006. But the fact that TymeBank already has 120,000 clients is evidence that perhaps the time is now right. Business model design generally refers to the activity of designing a company's business model. A business model design template can facilitate the process of designing and describing a company's business model.

Question 1.4

Entry strategies of the challenger bank refers to the timeliness and likelihood of entry by potential competitors in this case challenger banks, and whether this entry can exert competitive pressures on the current enterprises which is the traditional banks or **'big four'** in the market shall be examined.
Incumbent banks have been concentrating on pricing and customer-value propositions as their initial growth drivers in recent years. Nevertheless, new entrants like Bank Zero, Discovery Bank and Tyme Bank are set up to challenge the status quo with lower-priced banking and innovative servicing (Passenheim,2010).

Post the year twenty-twenty, new wave of challengers will come from platform plays, integrate multiple non-financial and financial a products and services into 1 simple accessible ecosystem. The next twelve to twenty-four months are going to be critical for players of the market to position themselves at epicentre of such new platforms. If ever banks, big techs, telecom, or insurers, can lead on the platform build remains to be seen. South Africa is realizing its 1st wave of digital challengers that come into the market, with 3 new banks launching in 2019 which are Bank Zero, Discovery Bank and Tyme Bank.

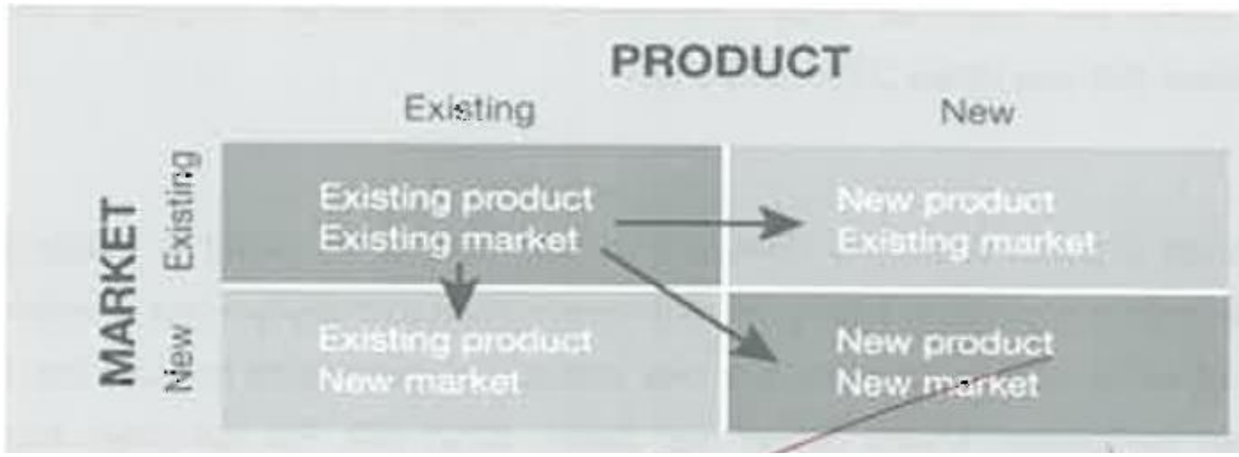
All of these banks bring a differentiated value proposition to clients. Looking further ahead, Big Tech (Apple, Alibaba, Amazon, WhatsApp, Facebook) and mobile operators (MTN, Orange) are entering digital banking over Africa are more suitable to adopt ecosystem driver strategies given the diversity and breadth their client base. This play is going to put additional pressure on incumbents over the continent and in South Africa as the new way of banking will start to involve broad range of non-financial services and products. Some banks are adopting a wait-and-see approach as they create their digital capabilities. This approach is driven by 5 main reasons:

- The existing shortage of efficiency and agility in executing transformation/ change is remaining a constraint that making change more expensive than it should be and is slowing down the pace of innovation.
- Capabilities of data analytics remain far away from their full potential in the South African banking sector and are slowing responses from the banks to evolving client's expectations and needs, meanwhile are having an impact on operational efficiency and higher-level commercial. Entering the digital era is not viable without analytical capabilities that feed off a central, accessible, strong data set.
- The banking talent pool is slowly beginning to be disconnected from existing and future requirements. New content and Technical capabilities (ecosystem banking, bots, machine learning, AI, data analytics) are not being received at the required scale now at the risk of creating a capabilities gap in the short to medium term.
- The economics of modular core banking solutions can provide an opportunity for run-cost avoidance and IT change yet are not completely understood by market players. The coming age of cloud-based pay-as-you-go core banking solutions is opening most responsive group of technology options. Such new "digital by design" operating models which promise to allow attractive less than 30% cost to income ratios merit deeper evaluation.

- The concentration on digital is still anchored in filling a short to medium-term capability gap (analytics, customer journeys, automation/ process optimisation) vs developing a five to ten-year view of the bank's future. The existing concentration is translating into the majority of efforts and investments being spent on playing catch-up instead of holistically transforming the bank to thrive in the future.

Having a look back at digital disruption, people observe such financial institutions that embrace change materially and determine a clear future state vision outperform. People can expect that the winners will be those that assess their existing digital challenger playbook and establish a proactive response. Recent experience and that of new digital players indicates that though launching a digital platform would have been extremely difficult just a few years ago, it is now possible in under 12 months and at a reasonable cost (Shermerhorn, 2018). Meanwhile the long and short-term success of challenger banks and their disruptive impact on the South African economy won't be known for at least twelve to eighteen months, it is safe to suggest that new banking models being launched can increase competitive pressures in the banking market.

Question 1.5.1



Ansoffs product/market
The strategies the 'big four' banks should adopt include market penetration strategy, according to Rao (2010) market penetration is done when the organization is considering obtaining more market share with the existing products in the existing market via greater marketing efforts. Such strategy is broadly utilized alone and in combination with some strategies.

Such strategy involves increasing publicity efforts, providing extensive promotion of sales , increasing the advertising expenditure or increasing number of salesperson(David, 2013). Market penetration may be more effective if the existing markets are not saturated with a specific service or products. Secondly if the usage rate to present to clients may be increased significantly(Hughes 2011).

Thirdly it may be implemented if the market shares of major competitors such as Tymebank, Discovery bank and Bank zero have been declining while the total industry sales are increasing(David, 2013). In addition, this is applicable when increased economies of scale offers major competitive advantage. Finally, this is applicable if correlation among marketing expenditure and rand sales historically has been high.

In markets that are mature organization are engaging in market penetration are using advertising so that they can increase their reputation and influence client's brand choice(David, 2013). In this manner advertising assists the organization to attract many clients as a result of that it takes the client away from the competitor that means increasing their market share(Hill and Jones: 2009).

For e.g. when Sasol chemicals considers to sell most of its petrol to Gauteng motorists that it is currently selling. Market development strategy is if organization is deciding to sell is existing products in a new market i.e. geographic markets that it has never participated on before(Rao, 2010).

Such strategy is depending on how the organization utilizing its strong brand name it has developed in the existing market to compete in the new market. When TymeBank decided to come to and launch in South African bank market this was a market development strategy as it took part outside its traditional market(Passenheim,2010).

According to David(2013) market development strategy can be effective if there are inexpensive, reliable , available and good quality distribution channels that are new. If an organization is very successful and strong at what it is doing. Thirdly if there are available unsaturated and untapped market. This is often applicable if the developed company from developed economies is seeking to expand in less growth and developed economies such as South America and Africa (Shermerhorn, 2018).

Additionally, market development is applicable if entity's basic industry becomes expeditiously global in scope(David, 2013). Many entities which are having excess production capacity in their home countries are normally following such strategy. Finally, if the entity is having the available human resource and capital to manage expanded operations.

Rao (2010)suggest that product development strategy is when an organization is developing new products of potential interests to its current markets like the challenger banks did. The new product can replace the existing products which the strategies that the 'big four' banks should adopt by replacing their existing products. Product development is essential when it comes to building market share and maintaining product differentiation. Many organizations are utilizing such strategy to improve and fine tune their business model such as Tymebank, discovery bank and bank zero's model(Hill et al., 2009).

David(2013) suggest that product development strategy includes refining and improving the products via research and development. According to Hill et al. (2009) this type of strategy may be as brutal as a price war because it is costly and is contributing dramatically to increased cost structure. For e.g. when RBS(Regent Business School) develops a Doctor of Business Administration it targets existing Master of Business Administration learners and the ones which finished their Master of Business Administration degrees this can be called initiative of product development .

According to David(2013) the list below is beneficial when implementing the product development strategy.

When a company is having successful products, which are in maturity stage of the product life cycle.
Secondly when a company is competing in industry which is characterized by rapid technological developments.
When major competitors provide better quality products at **cheaper price.**
When a company is having especially strong research and development strategies.
When a company is competing in a high growth industry such as banking industry.

Rao (2010)suggests that differentiation strategies are attractive when consumers preference and needs are too different to be fully satisfied by sellers with similar capabilities or by a standardized product. Differentiation strategies depend on offering consumers with something that is unique or different , which is making the organization service or product distinct from its competitors. The important assumption behind differentiation strategies is that clients are eager to pay more for the product which is distinct.

Question 1.5.2

Ritson(2013) describes change management as the process of gaining the enterprise intelligence to carry out transformation planning by evaluating company's cultures and people to establish how changes in technology systems , organizational processes, structures, organizational design, and business strategies, can affect the enterprise. Change management as. Resistance to change is described as behaviors which are acted out by recipients of change so that they can terminate or slow down an intended change of the organization.

According to Hughes(2011) the resistance to change causes include lowering of status, disruption to social arrangement , psychological threats , job displacement, reduction in economic security and substantive change in job. Change is seldom if we have ever seen a simple process, particularly within a company . This means for company's change to succeed ; it must have 4 important characteristics.

1st, it is a vision? Individuals should picture what the change is going to be and understand how they will fit in to a new system. 2nd, is a motive? This is answering a question "why," to justify the need for a change. 3rd, a change should have a strategy, offering information on how, when, and where it can be implemented. The 4th and last successful characteristic for change is leadership. The people driving change in a company are named change agents. These change agents are essential in determining to how change can be accepted and be implemented in 'big four' banks.

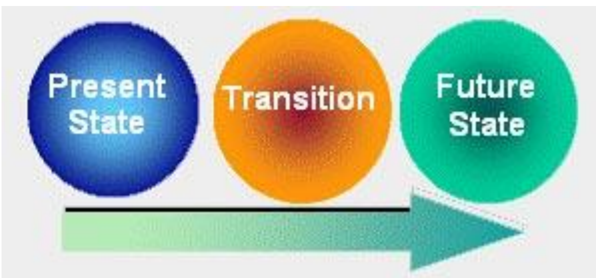
The people who are leading a charge must indicate both social and technical skills. Change agents must have a powerful social skill. Successful leaders can be able to communicate and define expectations from every person in the company in a non-threatening and non-confrontational way. In addition to social skills, change agents should also have technical front, change agents should have the knowledge regarding the specific process that is being changed, as also how it affects and interacts with some processes in the company. In reality, change agents should sell change across the company.

Change agents should be diplomatic in their interactions and require a solid understanding of some disciplines in the company and have the will to influence policy and asking tough questions wherever suitable. In addition, change agents should be thick-skinned and trustworthy enough to face resistance and criticism to change. Lastly, change agents must be effective in training, facilitating, practicing and communicating the company's improved and new way of being. 1 of the important tasks for change agents is forming a strategy for implementation of change.

This strategy development is critical when change is to succeed—normally it follows 6 steps. First step is picking something which is simple and has extensive company's support, maybe where the answer is already implemented at some other place. Second step is building momentum for the change between staff and making it a grass roots effort . Meanwhile the journey may be done on the change agent's shoulders, with no support from the entire the company this means they will not get very far. Third step identifying more potential "hot buttons" of the audience as possible.

Fourth step is translating the answer so that it is reflecting how the change is satisfying each of their requirements, particularly the ones regarding speed, service, quality, and cost. Fifth step , when possible, choose the suitable time for the change to occur ; maybe if there is production down-time . Lastly, when the agent, is taking part in the himself. An individual implementing company's change should be wearing number of different hats.

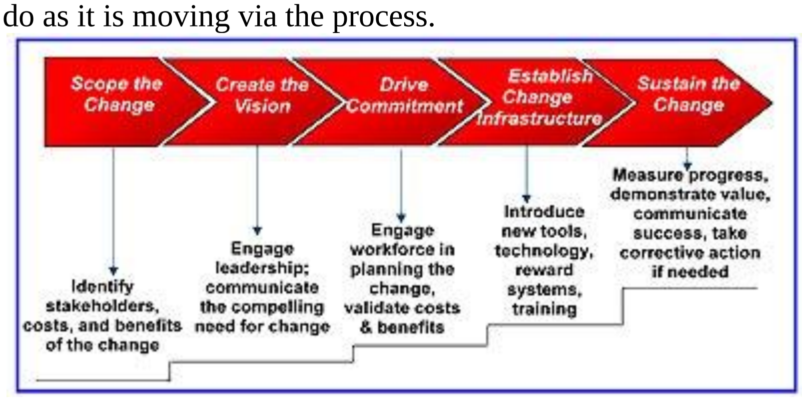
Successful change agents indicate remarkable ability to adapt within a wide skill set. Transformation planning is a process of creating a strategic plan for changing company's business processes via the modification of processes, procedures, and policies to driving the company from an "as is" state to a "to be" state (Ritson, 2013). The 'big four' banks employees should acknowledge the social processes and other factors (for example., competencies, strategy, structure, culture, leadership, and psychological contracts) which are having an impact on the successful transformation of a complex organizational system.



Organizational Transition Model

As indicated on diagram above , the discipline of OCM(organizational change management) is aiming to assist in moving company's technology, processes and people from the existing "as is" state to the desired future "to be" state. To guarantee sustainable, long-term, and effective outcomes , there should be a transition throughout where the needed changes are accepted, understood, introduced, and tested . (Shermerhorn, 2018)).

Navigating the Change Process: The employees need to evaluate change as a process and work in partnership with the other company's employees to develop recommendations and appraisals to resolve and identify complex organizational issues. The change process illustrated is created in helping to evaluate where the company is in the change process and establish what it requires to do as it is moving via the process.



An Organizational Change Process

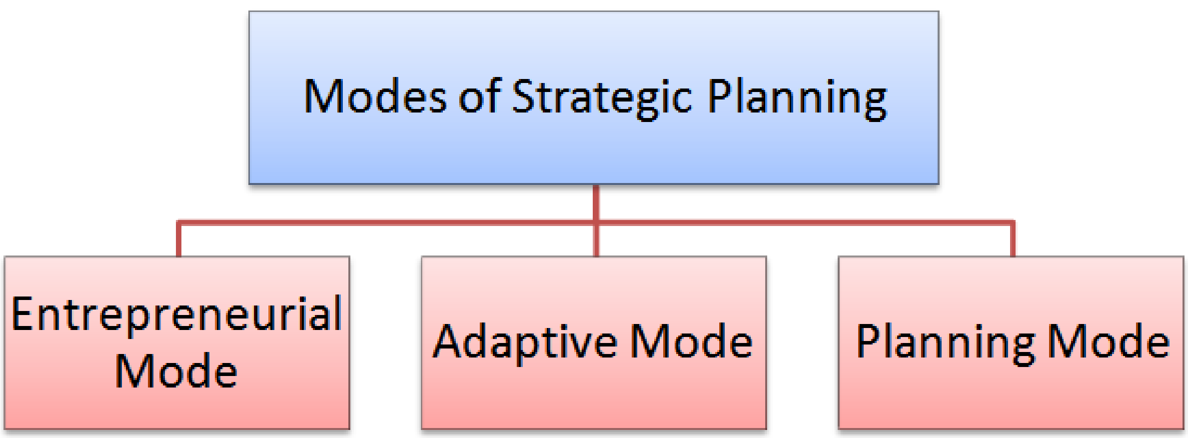
By completing and defining a change process, a company can be able to document and define the activities which should be managed throughout the transition phase. Moving via such stages assists in ensuring sustainable, long-term, and effective outcomes. Such stages unfold as a company is moving via the transition phase where the needed transformational changes are accepted, understood, tested, and introduced in a way which allows people to let go of their current behaviors and create new skills required to sustain desired outcomes of the business(Passenheim,2010).

Question 2.1

Shermerhorn (2018) state that strategy is determining the scope and direction of a company over a long-term period, they suggest that it must establish how resources must be configured to meet needs of the stakeholders and markets. Simultaneously Passenheim (2010) describes strategy as designed, crafted response to an important and specific challenge.

The effectiveness of the growth of strategy is assessed via organization increasing assets, revenue and profits. The company's growth of strategy must be effective and must satisfy the major efficiency measures of effective growth that are growing assets, revenue and strategy. The annual results must show more percentage growth in revenue.

The strategy-making process consists of 3 basic modes: the entrepreneurial mode, in which decisions that are bold are taken by decision-maker who is powerful; the adaptive mode, in which coalition of decision-makers are reacting to environmental pressures with disjointed and small steps; and planning mode, in which analysts are integrating strategic decisions to systematic plans.



During entrepreneurial mode, strategic plan is made by a single person. That person is taking the full accountability to plan for production department. This means, that person is doing production planning on behalf of the production department. A company must have entrepreneurial skills. Which is person who is good in motivating, organizing, planning, etc. In addition, that person is a bold and strong leader.

During adaptive mode, the production manager goes on modifying his plans depending on the changes in the environment. This person is 1st making a huge plan, therefore she is breaking it into small plans. It is made to adapt with a dynamic environment. Therefore, she tries to integrate all the plans to do a strategic production plan. In such technique, the production manager is not at peace(Ehlers and Lazenby,2015).

During planning mode, the production manager is making a plan after analyzing the resources and objectives of the company . She cautiously takes into consideration each factor prior making a plan. In such technique , her approach is rational. She is giving prime importance to management science. Then , her planning is logical. Company's modes of strategy making is to plan mode of strategy. The management's blueprint for offering a valuable services or product to clients in a way which can make revenue sufficient to cover the cost and produce attractive profit (Hoisington and Vanesswaran,2015). An organization is muddling via rapidly changing and complex environment with smaller steps. Utilizing the plan mode as starting point on proactive searching for reactive and new opportunities solution of current challenges. Such mode supported by company is normally utilized by big companies that are having enough resources to carry out detailed analysis.

With regards to company's internal system to reach agreement on major goals/ decision in best approach to succeed strategically in an environment which is changing fast. It is operating in an environment which is having enough stability to allow the implementation and formulation of carefully conceived strategies. FNB's mode is efficient, brief and fast and backed by resource availability (Capital, Skilled, workers experience, New Technology etc.).

FNB operating business units in their portfolio that has being independently managed with its own teams, structure and with suitable planning and budgeting back up. Abandoning control of operations is the best mode of strategy which FNB operated with. The company believed that individuals can act in their best interest and by extension in the company's best interest when complete freedom is offered to employees. Company's mode of strategy which was supported strongly to oppose reining employees , informing them how to think, and what to do which is becoming stagnant, bureactic and inflexible.

Nevertheless, applying force to change is the greatest surest manner to frustrate change. He highlighted on fulfillment at work, FNB is having endless array of wise initiatives and practices geared in increasing individual autonomy. FNB can decide to treat people maturely, by not spoon feeding them: an environment in which people live to go in the morning, he had a believe strongly in giving up control. He did not believe in directing each detail since control is the proposition where management is based, abandoning control is harder than it seems. This is resulting to fearlessly, continually, asking why. FNB apparently makes success and money by letting it happen. FNB believes in competitive advantage, FNB is clear regarding why it does what it does.

Question 2.2

An organizational structure describe how activities like supervision, coordination, and task allocation are directed toward the achievement of organizational aims. Organizational structure has an impact on organizational action and offers the base on which standard operating routines and procedures rest. Organizational structure establishes which individuals are taking part in which decision-making processes, and there to what extent individual views shape the actions of the organizations.

In addition, organizational structure may be considered as the perspective or viewing glass via which individuals view their company and its environment. A company may be structured in number of different ways, based on its goals. The structure of a company can establishes the modes where it performs and operates. Organizational structure enables expressed allocation of responsibilities for various processes and functions to various entities like the individual, workgroup, department and the branch.

Organizations must be caring, innovative, flexible and efficient so that it can accomplish a sustainable competitive advantage. The organizational structure establishes how the company operates or performs . organizational structure term is referring to how individuals in a company are organized and to whom they are reporting to. 1 traditional way of arranging people is by function. Other general functions in a company involve accounting, human resources, marketing, and production.

This arranging of specialization is leading to operational efficiency, where workers are becoming specialists in their own realm of expertise. Simultaneously , the many typical issues with functional organizational structure is that communication in the organization may be instead of rigid, making the company inflexible and slow . Thus, lateral communication among functions is very essential , in order for information to be disseminated not just vertically, also horizontally in the company .

Communication in a company with functional organizational structures may be rigid reason being the high degree of formalization and the standardized manners of operation . 1 of the latest organizational structures created in the twentieth century is team and team building, or the related concept of team development. In businesses that are small, the structure of the team may describe the entire organization(Hoisington and Vanesswaran,2015).

The organizational structure which is created might not coexist with the facts, that evolve in operational action. This divergence lowers performance, if growing as an incorrect organizational structure can obstruct cooperation and therefore hamper the completion of orders in due time and within limits of budgets and resources. Organizational structures must adaptive when it comes to processing requirements, focusing on optimizing the input to output and ratio of effort .Managers must design a suitable reward systems and organizational structures.

Organizational culture contains behaviors and values which is contributing to the unique psychological and social environment of a business . The organizational culture impacts the way people interact. When a company is not possessing a healthy culture or needs other type organizational culture change, changing process maybe daunting. Organizational culture may slow down change efforts, particularly where workers know their roles and expectations which they must play in a company.

It is corroborated by Shermerhorn(2018) who suggests that seventy percent of all change efforts are failing reason being the culture of company's employees. 1 important reason this type of change is complex is that the organizational structures and organizational cultures where they are embedded, are frequently reflecting the "imprint" of previous periods in a persistent manner and show remarkable inertia levels (Schein, 1990).

Question 3

CSR is a kind of international private business self-regulation meanwhile when it was practicable to define describe corporate social responsibility as a corporate ethic strategy or internal organizational policy or, that time is gone as different international laws were created and different organizations have utilized their authority to drive it beyond industry-wide or even individual even initiatives. Meanwhile it was taken into consideration as a part of corporate self-regulation for a while, over the past ten years or so it moved greatly from decisions of voluntary at individual organizations level , to mandatory schemes at international, national ,and regional levels.

Considered at the organizational level, corporate social responsibility is normally perceived as a policy of private firm. With other models, a company's implementation of corporate social responsibility is going beyond agreement with requirements that are regulatory, and it is engaging in "actions that come into sight to further other social good, beyond the firm's interests and which is required by law". The choices of 'going beyond', failing to comply, and 'complying' with the law, are 3 distinct strategic choices of an organization.

Meanwhile in some areas like labor or environmental regulations, workers might decide to comply with the law, or move beyond the law, some companies can decide to flout the law. Such companies take on plain legal risks. The nature of the legal risk, nevertheless, is changing if awareness is focusing on soft law. Soft law can cause legal liability especially if businesses is making claims that are misleading regarding some practices, ethical credentials or their sustainability .

Generally, businesses can decide to engage in corporate social responsibility for ethical or strategic purposes. From a strategic point of view , the objective is increasing shareholder trust and long-term profits via high ethical standards and positive public relations to lower legal and business risk by taking accountability for actions of the corporate. Strategies of corporate social responsibility motivate the organization to create a positive impact on the stakeholders and environment which include communities, investors, employees, consumers and others.

From an ethical point of view, other businesses can accept corporate social responsibility practices and policies because of senior management ethical beliefs . For e.g., a Chief Executive Officer can believe that a harm which caused to the environment is ethically objectionable. Proponents suggest that companies are increasing long-term profits by operating with a perspective of corporate social responsibility, meanwhile critics suggest that corporate social responsibility is distracting from businesses' economic role.

Corporate social responsibility is having a neutral effect on financial outcomes. Critics were questioning "unrealistic expectations" and other times the "lofty" in corporate social responsibility or that Corporate social responsibility is just an attempt, or window-dressing to pre-empt the government's role to monitor powerful multinational corporations. Ehlers and Lazenby(2015) suggest that Corporate social responsibility is titled to support a company's mission and also serving as a guide to what the organization is representing for its clients.

Business ethics is the applied ethics part which is examining ethical , moral problems or ethical principles which may arise in an environment of the business. CSR and its resulting efforts and reports must be verified by the buyer of goods and services. The reporting , auditing , accounting, resources offer the basis for consumers to verify that the products are socially sustainable. Because of an increased awareness of the requirement for corporate social responsibility, most industries created their own verification resources. The growth of ethics training within companies, part of it required by regulation of government, has assisted with the spreading Corporate social responsibility. The purpose of this training is to assist workers to make ethical decisions if the answers are not clear. The more direct advantage is lowering the possibility of damaged reputations, fines, and "dirty hands" for breaking moral norms or the laws . Companies get increased workers pride and loyalty in the company .

Community involvement: it may involve to raise money for engaging in fair trade practices, supporting local economic growth, employing local workers, sponsoring local events, providing volunteers, local charities, etc. Common Corporate social responsibility actions involve:
Ethical marketing: Organizations which ethically market to buyers place more value on their clients and respect them as individuals who are ends in themselves.

It is essential for organizations which are trying to be viewed as ethical. Environmental sustainability: this may include 'greener' supply chains, reusable materials, renewable energy, water management, waste management, recycling, supporting. Other national governments are promoting environmentally and socially accountable corporate practices. The heightened government roles in corporate social responsibility has facilitated the creation of many corporate social responsibility policies and programs.

Hughes (2011) report indicated that sixty six percent of buyers can spend more on products which come from brands that are sustainable. The other eighty one percent are expecting their preferred corporate institutions to disclose in public their statements regarding corporate citizenship.Since the nineteen sixties , CSR drew awareness from a group of stakeholders and businesses . A government official can view it as voluntary regulation, an NGO activist may see it as 'greenwash' , while a businessperson can define corporate social responsibility as a business strategy. "

Additionally, disagreement regarding definition can arise from the disciplinary approach." CSR is defined by David (2013) as "international private business self-regulation." Meanwhile Ritson (2013) did not define corporate social responsibility, yet easily arguing for classification of activities, David (2013) created a definition different after the science philosophy the philosophy branch of utilized it for defining phenomena.

Porter et al. (1974) discovered that not all activities of corporate social responsibility are attracting consumers. They suggested that retailers are concentrating on 1 activity. Becker (1960) discovered that when social initiative is made by the organization, it is not positioned with some organization goals it can result in a negative impact. Additionally, Mohr and Spekman(2014) emphasize the significance of reaching the consumer.

Other commentators identified a difference among the Anglo-Saxon, the Continental European And the Canadian approaches to corporate social responsibility. It is said that in in South Africa it is making a positive contribution to social needs like education and health care; for Germans it offers secure employment; and for Chinese consumers, a socially responsible company is making high-quality, safe products.

Corporate social initiatives :corporate social responsibility involves different kinds of corporate social initiatives: Organizations are not having a profit motive if they take part in in community volunteering and corporate philanthropy. A CSR team or individual plans the objectives and goals of the company. Like any other company's activity, a defined budget is demonstrating scales and commitment of program's relative importance(Hoisington and Vanesswaran,2015).

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