

UNIVERSITY OF ESWATINI
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION

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TITLE OF THE PAPER : STRATEGIC MANAGEMENT PROCESS 11
DEGREE : BACHELOR OF COMMERCE
COURSE : BUS 402, BA 441 & BA 505 (IDE)
TIME ALLOWED : THREE (3 HOURS)

Instructions:

1. THIS PAPER CONSIST OF FOUR CASE STUDY QUESTIONS
2. ALL QUESTIONS ARE COMPULSORY
3. ANSWER ALL QUESTIONS AFTER READING THE CASE

Note: You are reminded that in assessing your work, account will be given of accuracy of language and the general quality of expression, together with layout and presentation of your final answer.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED THE PERMISSION

STANDARD BANK TO CLOSE 91 BRANCHES

An article by Kabelo Khumalo on 15th March 2019 highlighted that standard bank South Africa will close 91 of its branches. The bank which is the largest in Africa by assets, said that more than 1 000 jobs were on line as the group contemplates closing down nearly 100 branches around the country. The bank said the shift in customer behaviour means its clients are using its branches less.

The standard bank spokesperson Ross Linstrom said the group had re-looked at its retail and business banking delivery model to meet customer needs. “A decision has also been taken to close 91 branches, with vast majority of these closing by June 2019. These changes will impact approximately 1 200 jobs, However the actual number of employees who will ultimately exit the employment of Standard bank SA could be lower, as new opportunities will become available in the new operating model,” Linstrom said.

As part of the support programme agreed with Sasbo, Standard bank SA will implement a comprehensive exit package which significantly exceeds the requirements as set out in Labour Relations Act. Trade Union Sasbo could not be reached for comment.

Standard bank reported a 6 percent increase in headline earnings to 27.9 billion for the year end December, with a return on equity of 18 percent, up from 17.1 percent compared to last year. The group headline earnings were below that of competitor, Nedbank, which reported 14.5 percent increase in its headline earnings earlier in the month. News of impending retrenchments at Standard Bank comes just four months after the company said restructuring of its IT division will see more than 500 workers lose their jobs.

South Africa’s big banks have been forced to change their service delivery with the entrants of tech-savvy banks, TymeBank, SA’s first fully digital- driven bank, went alive last month, while Discovery expected to unleash its banking offering this year. Bank Zero, run by the former FNB Chief Executive Michael Jordaan is expected to launch later this year. Costa Natsas, the banking and capital markets leader for PricewaterhouseCoopers Africa, said the major bank’s diversification strategies across franchises, regions and portfolios has

been central to their ability to achieve growth against difficult trading conditions.

“At the same time, we expect the banks to be acutely focused on the continued evolution of their strategies in the context of heightened competition and the exciting digital journeys they are on –all of which focus on putting the customer at the heart of their business models” Natsas said.

The deep and rapid impact that technological progress is set to have impact on the global banking industry cannot be understood.... Banks are becoming more strategically focused and technologically advanced to respond to customer expectations, while deploying defensive strategies to protect market share against traditional competitors and new entrants.” Media reports earlier this month said the restructuring process unfolding would claim as many as 827 jobs.

Source – Independent Business Report of South Africa

Required

After reading the case study answer the questions below.

Question 1

Using the Grand Strategy formulation model discuss the four strategies Standard Bank could use to save the employment of about 1200 employees and which strategy is recommended suitable for the bank? **(25 marks)**

Question 2

Change management is important for strategy implementation process. Discuss five change processes standard bank should consider before retrenching the over 1000 employees **(25 marks)**.

Question 3

Standard Bank heading earnings were below that of competitor Nedbank. Explain three value chain support activities and two primary activities the bank

could use to enhance competitive advantages and ensure that the proposed retrenchment in branches could not go ahead. (25 marks)

Question 4

Advise Standard bank on five Mckinsey GE Matrix **Industry Attractiveness-Business Strength** they consider in selecting which branches they could maintain and which one they could close. (25 marks)

Total marks 100