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Inhibitors of digital transformation in a multinational retail bank

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Digital Transformation Strategy, Digital Transformation, Multinational Retail Banks, Founding Bias, Strategy Formulation, Strategy Implementation, Strategy Inhibitors

ABSTRACT

This research report investigates the inhibitors of digital transformation strategy in a multinational retail bank with the case of Bank X. The study focuses on this topic from a view of a traditional bank as opposed to new entrants or digital banks as these institutions need to navigate existing operating models between Founding Organisations and Subsidiaries. The focus of this research is on the Southern African context wherein the Founding Organisation is based in South Africa and the Subsidiaries are based in Namibia, Botswana, Zambia, eSwatini, and Lesotho,

The existing theoretical framework is that multinational organisations need to leverage open resources, linkages, and integration between the Founding Organisation and the Subsidiaries to achieve successful digital transformation. Literature specifies that there needs to be open and effective communication to successfully formulate and implement digital transformation strategy in addition to the deep market understanding that must be provided to customise the strategy for each Subsidiary. The challenge that traditional banks are faced with is factors that must be considered during the strategic process to ensure that the strategy is successful in all their markets.

Qualitative research in the form of semi-structured interviews with executive and senior management that is directly involved in the development and implementation of digital transformation strategy of a multinational retail bank was conducted. The population of the study consisted of participants situated in Subsidiaries as well as participants situated in the Founding Organisation with direct involvement into the Subsidiary operations.

The study found that there is misalignment in the understanding of what digital transformation entails, and this misalignment is perpetuated by ineffective communication and adoption of strategy by the Subsidiaries. There is siloed development of strategy and implementation of strategy, resulting in nuances among the Subsidiaries not being fully incorporated. It is found that a leadership style similar to transformational leadership is necessary to empower Subsidiary leadership to own the strategy for their market. The conditions of technology regulation and availability in the market as well as organisational culture are important to consider when aiming to successfully implement digital transformation strategy in a multinational retail bank. In order to digitally transform a multinational retail bank successfully, there are recommendations that are made in this study. The recommendations are to align the transformation vision across the Founding Organisation and the Subsidiaries; leverage leadership roles and styles that benefit the transformation journey; understand the regulatory and technological landscapes of the markets that the transformation is targeting; communicate effectively among the Founding Organisation and the Subsidiaries; leverage data for enhanced decision making; decentralise development capabilities for system enhancements; and embrace national differentiation as a strategy.

KEY WORDS

Digital Transformation Strategy, Multinational Retail Banks, Founding Bias, Strategy Formulation, Strategy Implementation, Strategy Inhibitors.

PLAGIARISM DECLARATION

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Signed at **Wits Business School.**

On the **18th of February 2022.**

DEDICATION

To my wonderful partner, Dr. V.J. Da Conceicao, you have supported me in this journey of education and tolerated my frustration. You inspire me with your quest for infinite knowledge and wisdom.

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CHAPTER 1. INTRODUCTION

1.1 INTRODUCTION

The subject of digital strategy and digital transformation has become quite important to the success of organisations. Organisations in the recent history are required to embrace digital technology and adopt new ways of operating to ensure that they are not the victim of digital disruption (Osmundsen & Iden, 2018). While the topic of developing a framework for formulating and implementing digital strategy is new and the research into this field is still burgeoning, there is a gap in terms of the pragmatic translation of digital strategy among the operations of multinational organisation in the Founding Organisation and its Subsidiaries. Further to this, there is often a misunderstanding that digital strategy can be generalised within a singular organisation even if the organisation operates in different countries (Ruggie, 2018).

Digital transformation strategy must outline the digital transformation journey the organisation has to embark on in order to accommodate digitalization and ultimately reach a higher level of digital maturity, however there is a generalization that digitalization occurs at the same rate across different geographies. This generalization is incorrect, especially in the context of Southern Africa (Parry, Viviers, & Jansen van Rensburg, 2018).

To add to this complexity, digitalization within the financial services industry is highly dependent on the adoption of digital solutions provided to customer, while ensuring the digital infrastructure can support the ambitious strategy (Modiba & Kekwaletswe, 2020). This study will make use of the case of Bank X and its African subsidiaries to understand the discrepancies encountered when formulating and implementing a digital transformation strategy across a single organisation that operates in multiple countries.

This chapter will provide emphasis on the purpose of the study conducted, the context in which the study is conducted, and will outline the research questions and delimitations of the study.

1.2 PURPOSE OF THE STUDY

The purpose of this research is to understand the complexities in developing and implementing a digital transformation strategy across a multinational organisation, specifically with retail banks. This research will be rooted in the constructivist worldview, making use of a case study design to establish the phenomenon of digital transformation strategy formulation and implementation from participants of the founding organisation as well as participants from the subsidiaries of the organisation.

The research makes use of a case within one of the traditional banks in South Africa which also operates subsidiaries of the bank within Namibia, Botswana, Zambia, Lesotho and eSwatini. This study will have a dual approach, firstly to understand how digital transformation strategies are formulated and implemented in a traditional multinational retail bank. Secondly, to investigate what factors must be considered in a traditional multinational retail bank when formulating and implementing these digital transformation strategies for international subsidiaries.

1.3 CONTEXT OF THE STUDY

Digital technologies such as smartphones and the internet has caused a shift in consumer behaviour. As more consumers have adopted these new technologies, there has been a change in how consumers expect interactions with other facets of their lives. One such of these changes has created the expectations of financial services being available beyond the physical barriers that were traditionally expected i.e., location and time (Cuesta, Ruesta, Tuesta, & Urbiola, 2015). The adoption of these technologies has now started to influence the Southern African retail banking ecosystem, and as such retail banks need to adapt their operations to the digital world.

The banking ecosystem of South Africa is considered relatively advanced for the African context and is also considered to be quite high with regards to digital maturity (Kayizzi-Mungerwa, Lufumpa, Shimeles, Kamgnia, & Salami, 2015). South Africa also has higher levels of smartphone adoption and access to internet when compared to the other countries in Southern Africa. Some of the retail banks that operate throughout the Southern African region are banks that have initial operations within South Africa and have subsequently expanded their operations to neighbouring countries. As such, the banks have become multinational organisations.

In order to support the changing nature of customer expectations and in order to maintain a competitive advantage in the digital age, banks must undergo the process of digital transformation (Cuesta, Ruesta, Tuesta, & Urbiola, 2015). Digital transformation can be considered the strategic goal of an organisation, and as such a strategy must be formulated and implemented in order to achieve this goal (Armstrong & Lee, 2021). According to Armstrong & Lee (2021), the strategy that is developed in order to achieve the desired digital maturity through digital transformation is called a digital transformation strategy. Digital transformation can thus be understood as the process to achieve an increased level of digital maturity.

The digital transformation strategy and goals developed within a multinational organisation is often based on the capabilities available and market context within the country of largest operation itself, and these strategies are then extrapolated to the divisions of the organisation that operate in different countries (Buckley & Casson, 2009) .

Research into the field of digital transformation is not particularly mature, and majority of the work around digital transformation is contextualised around seminal, non-academic studies (Vaska, Massaro, Bagarotto, & Del Mas, 2021). Most academic literature in this subject, however, is still in a level of infancy; additionally, most of the research in this field does not focus on developing countries (Mantyi, 2020).

1.4 RESEARCH PROBLEM

Digital technologies pose a threat to traditional banks. As the level of digital technology availability and adoption has influenced customer expectations, there has been a rise in new entrants into the financial services market (Cuesta, Ruesta, Tuesta, & Urbiola, 2015). The threat of substitution and disruption in the form of FinTech financial service providers towards traditional banks has prompted the want for digital transformation in order to adapt the business models and operating models to compete with the lower cost and increased user experience offered (Modiba & Kekwaletswe, 2020).

The digital transformation journey, and as such the digital transformation strategy required to prevent substitution and disruption of traditional banks must align to the customer expectations and technology availability in the market. These customer expectations, organisational culture nuances, and technology infrastructure can be a result of a multitude of factors, which can differ from country to country.

*The **problem** is that the current literature does not address what factors need to be considered by a multinational organisation, specifically traditional retail banks, when formulating and implementing a digital transformation strategy across the founding organisation and subsidiaries.*

1.4.1 The main problem

As far as the researcher could uncover, no study has presented how the factors of leadership, organisational culture, or technology availability affect the digital transformation strategy formulation and implementation processes in a multinational traditional retail bank.

1.5 RESEARCH OBJECTIVES

The research objective is to investigate the aspects that can impede digital transformation strategy formulation and implementation for multinational traditional retail banks. This study also aims to explore the impact of these aspects, particularly the impact of technology and culture across subsidiaries that operate in different countries. The focus of this research report will be based within the context of the retail banking industry in Southern Africa and will use Bank X as a case study.

Once these factors have been sufficiently articulated, the importance of these factors will be explored using the insight gathered from digital strategy formulators and implementors from both the core organisation and its subsidiaries.

1.4.1 The main objective

To critically evaluate digital transformation of a multinational retail bank, and how organisational culture and technology infrastructure can inhibit the digital transformation strategy in a multinational retail bank.

1.4.2 Sub-objective 1

To evaluate the digital transformation strategy formulation and implementation process within a traditional multinational retail bank.

1.4.3 Sub-objective 2

To critically evaluate how organisational culture and technology infrastructure can inhibit digital transformation strategy formulation and implementation.

1.6 RESEARCH QUESTIONS

Based on the research objectives provided, the study will aim to provide responses to the following research questions:

1. Which aspects are fundamental for multinational banks to consider when formulating digital transformation strategies?
2. Which aspects are fundamental for multinational banks to consider when implementing digital transformation strategies?
3. How does technology availability and organizational culture affect strategy formulation and implementation of multinational retail banks?

1.7 SIGNIFICANCE OF THE STUDY

Although research into digital transformation strategies has seen a significant increase since 2018 (Reis, Amorim, Melao, & Matos, 2018), is that there is currently a gap in the research that is published regarding the matter of digital transformation strategies in multinational retail banks.

There are studies that have examined how organisations formulate and implement digital transformation strategies (Hess, Matt, Benlian, & Wiesbock, 2016); (Armstrong & Lee, 2021); (Schallmo, Williams, & Lohse, 2019); (Osmundsen & Iden, 2018); (Correani, De Massis, Frattini, Petruzzelli, & Natallcchio, 2020). There are also studies that have been done around digital transformation in the banking and financial services industry (Cuesta, Ruesta, Tuesta, & Urbiola, 2015); (Modiba & Kekwaletswe, 2020)

(Werth, Schwarzbach, Cardona, Breitner, & van der Schulenburg, 2020); (Schmidt, Drews, & Schirmer, 2017).

Most contemporary research around digital strategy adoption is concerning the formulation of digital strategy frameworks within the context of Europe, or within the context of a certain industry. The gap that exists is the understanding of how these frameworks may be affected by differing geographic locations of the operating organisation. There is also a gap in the research being conducted in this field with the Southern African context and the Southern African retail banking context.

Existing literature in the area of multinational organisations is generally focused on the traditional corporate strategy phenomena, while the researcher could uncover little studies which have been done to date that investigates the digital transformation strategies of multinational organisations with a focus on the strategy being formulated within the founding country and implemented in the subsidiaries.

The research will provide academic insight into the challenges of digital transformation strategy for multinational retail banks across countries within Southern Africa, which would be useful to organisations as they begin to expand operations into Southern Africa. Seeing as digital transformation strategy has been identified as being imperative to the success organisations, especially within the banking industry, this research will be valuable.

This research will contribute to the conversation regarding the framework that should be considered when digital strategy is adopted from a South African retail bank to its

Southern African subsidiaries. This will also contribute local findings on digital transformation strategy that could be incorporated into further research into digital strategy frameworks that have mostly been rooted in international research.

1.8 DELIMITATIONS OF THE STUDY

1. The research will look at digital transformation strategy of multinational retail banks from the view of business leadership as opposed to the view of IT. As such the approach is to understand how multinational organisations drive the business conversation around digital transformation rather than the technicalities of operating in different countries.
2. The study investigates the high-level strategy formulation and implementation process and does not postulate in-depth factors relating to the strategy formulation and implementation.
3. The research will be conducted based on the case of Bank X, which is a South African Bank with operations in Southern African countries. The research will exclude any other industries that may require digital strategy adoption between an organisation and its subsidiaries.
4. This study will only consider the impact on Retail banking digital transformation strategy. Other divisions such as Corporate, Commercial and Investment Banking (CCIB) and Insurance will be excluded.
5. The study will only focus on traditional banks and will exclude new entrants to the market such as digital banks and FinTech solution providers. Traditional retail banks have the unique challenge of adapting existing business and

operating models to the digital economy which adds complexity as compared to new entrants.

The research will only be conducted using participation from digital strategy formulation and implementation employees within the organisation and subsidiaries. The countries which will be considered will be countries in which the presence of Bank X has been sufficiently established, this includes Namibia, Botswana, Zambia, Lesotho, and eSwatini.

1.9 DEFINITION OF TERMS

A definition of terms is included in table 1.1 below.

Table 1.1: Definition of terms used within this research

TERM	DEFINITION
MULTINATIONAL ORGANISATION	An organisation with operations within at least two different countries. (Buckley & Casson, 2009) (Bartlett & Beamish, 2010)
FOUNDING ORGANISATION	The country in which the organisation was initially founded, prior to expansion of different countries.
SUBSIDIARY	A division of a multinational organisation that operates in a different country from the founding organisation. The subsidiary has the mandate to engage with customers in the country of operation.

DIGITAL STRATEGY / DIGITAL TRANSFORMATION STRATEGY	Organisational strategy that is developed with the purpose of ensuring the digitalization and digital transformation of an organisation. It is the sum-total response to technology disruption within an organisation (Armstrong & Lee, 2021).
DIGITAL TRANSFORMATION	The process whereby an organisation moves from a current level of digital maturity to desired digital maturity. (Armstrong & Lee, 2021)
DIGITAL MATURITY	A measure of an organisation's ability to achieve desired strategic and operational organisational outcomes in the presence of, and embracing, profound technological change (Armstrong & Lee, 2021)
DIGITAL STRATEGY ADOPTION	The ability of a subsidiary to adopt and implement the digital strategy proposed by the core organisation (Schallmo, Williams, & Lohse, 2019)
FOUNDING BIAS	Replicating the operations and strategic options for Subsidiaries based on the successes seen in the Founding Organisation, regardless of the market.

1.10 ASSUMPTIONS

The following assumptions are listed for the purpose of this research:

1. Participants in the research will reflect normal perspectives and experiences and share accurate insights on their experiences.

2. Contribution from participants can be extrapolated across the different Subsidiaries.
3. The level of understanding of digital strategy formulation and implementation across the participants is consistent.

1.11 OVERVIEW OF CHAPTERS

Chapter 1 of this report outlines the purpose of this study, contextualises the research, the research problems and the objectives of the research, the significance of the study and what will be omitted from the scope of this study. This chapter also outlines the assumptions made and the terms used in this study.

Chapter 2 of this report represents the literature and theoretical review. The concepts of digital transformation strategy, multinational organisations, and formulation and implementation of digital transformation strategy in retail banking is explored. The benefits and challenges of digital transformation strategy in a multinational organisation is also discussed. This chapter is concluded with the propositions made in this study.

Chapter 3 details the processes followed to conduct the research in the form of semi-structured interviews. The research approach and design as well as data collection method, population and sampling, as well as the research instrument is outlined and discussed. The collection procedure, data analysis method, the interpretation of the data, the transferability and dependability, demographics of participants, and the ethical considerations are also outlined.

Chapter 4 presents the findings of the study through the application of the data analysis method outlined in Chapter 3. Excerpts from interviews with participants are provided to substantiate findings in the results. Chapter 5 compares the findings in the results to literature and discusses the unique finding of this report. The research proposals are discussed in relation to the findings of the study.

Chapter 6 of this report outlines the conclusion regarding each proposition and final alignment between the proposals and the findings of this study. Also included in chapter 6 is the recommendations for multinational retail banks pursuing digital transformation as well as suggestions for further research and the limitations of this study.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter will present the critical evaluation of literature around digital transformation strategy in traditional retail banks, and the potential challenge of formulating and implementing digital transformation in multinational organisations. This review of the literature will provide context to the study by analysing the work in the field of digital transformation strategy and multinational organisations and extrapolating the current literature towards the context of digital transformation strategy in multinational retail banks. The chapter will conclude with a critical analysis of the literature and concluding statements.

2.2 RESEARCH THEORY – THE OLI FRAMEWORK

The OLI Framework, also known as the eclectic paradigm, is an evaluation framework that can be used to determine if it is beneficial for an organisation to target expansion of operations into different countries (Dunning, 1980). This framework makes use of three key factors, namely the ownership advantage, location advantage and internalization advantage (lending to the OLI acronym). According to Dunning (1980), the **o**wnership advantage speaks to the specific competitive advantage an organisation has, the greater the competitive advantage the higher the propensity for the organisation to engage in foreign operations. In addition to ownership advantages, an organisation will seek out **l**ocation advantages. Location advantages refers to fixed resources which favour the operation of the organisation in different countries. The last advantage postulated by Dunning (1980) is the **i**nternalization advantage, which provides a cost advantage to certain organisations that may be able to keep core competencies within the founding organisation while operations are scaled to foreign countries.

The OLI framework postulated by Dunning in 1980 needs to be modernized to accommodate the new economy and business models brought on by digitalization and globalisation. The increased generation of intangible products, rapid dissemination and access to information, advancements in digital technology infrastructure, growth of digitally enabled small multinational organisations, and increased customer power in the digital age has resulted in the traditional OLI framework to updated (Luo, 2021). Luo (2021) proposed that as the traditional OLI advantages have weakened, newer OLI advantages have come forth. These new OLI advantages are **o**pen resources advantage, which refers to multinational organisations making use of global resources; **l**inkage advantages, which refers to the advantages provided by relationships between organisations; and **i**ntegration advantages, which refers to advantages derived from increased efficiency by digital technologies.

In this research, the internalization advantage of the traditional OLI framework proposed by Dunning (1980) and the revised OLI proposed by Luo (2021) will be used to determine how the digital transformation strategy formulation and implementation processes can be understood through the lens of the OLI framework for multinational organisations.

2.3 DIGITAL TRANSFORMATION

2.3.1 Defining Digital Transformation

Due to the disruption seen in business models by new technologies, digital transformation has become one of the top priorities of business leaders in the U.S and U.K (Hess, Matt, Benlian, & Wiesbock, 2016). The concept of digital transformation has not been clearly defined, and there are numerous definitions that have been proposed with the term (Osmundsen & Iden, 2018). Before the definition of digital transformation is established, one must be certain of how digital transformation differs from digitization. Digitization can be understood as process of converting a process or information from its analogue state to its digital state (Armstrong & Lee, 2021). Digital transformation however can be thought of as the change in an organisations business model, products, processes, or organisational structure. (Hess, Matt, Benlian, & Wiesbock, 2016)

Most definitions of digital transformations postulate that digital transformation must be seen as a complex change process and as such affects all areas within an organisation (Hess, Matt, Benlian, & Wiesbock, 2016); (Osmundsen & Iden, 2018). The definition proposed by Armstrong & Less (2021) is that digital transformation is *"the sum total of all organisational change efforts in response to technological disruption. It is a marked change in the form and nature of the organisation, especially so that the organisation is improved"*. Digital transformation is therefore a complex change process whereby an organisation increases its digital maturity. Digital maturity can be defined as a measure of the organisational ability to achieve strategic outcomes in the presence of technological change, either endogenous or exogeneous (Armstrong & Lee, 2021). The factors that contribute to increased digital maturity are listed in table 2.1 below.

Table 2.1: Dimensions and factors of Digital Maturity (Adapted from (Armstrong & Lee, 2021))

DIMENSION	FACTOR
LEADERSHIP & STRATEGY	Vision & Strategy
	Organisational Culture
	Organisation & Governance
	New Value Streams & Business Models
	Innovation & Investment
	Digital Ethics
DIGITAL APPLICATION & IMPACT	Customer Orientation & Engagement
	Digital Product Innovation
	Workforce Enablement and Performance
	Core Process Digitization
	IT/IT Excellence
	Results

Thus, digital transformation is the complex change process by which an organisation seeks to improve their performance in these areas in response to technological disruption. The tipping point of digital transformation being necessary has passed, and now the focus needs to be how to leverage digital transformation to provide a competitive advantage for the organisation (Hess, Matt, Benlian, & Wiesbock, 2016).

2.3.2 Digital Transformation Theoretical Foundation

Digital transformation can be driven by response to either exogenous or endogenous technological disruption, stemming from the digital changes taking place in the industry in which organisations function (Armstrong & Lee, 2021); (Osmundsen & Iden, 2018). Most of these drivers tend to be exogenous, and thus the environment of the industry and the customer base must be considered. In order to unlock new competitive advantages or remain relevant in the market, organisations must seek to undergo digital transformation (Osmundsen & Iden, 2018).

According to Osmundsen & Iden (2018), for the complex change process of digital transformation to be successful, a supportive and agile organisation culture is needed. The organisational culture must support an environment in which IT and strategic business initiatives are allowed to flourish and the organisation must be receptive and open to change. Organisations that value learning and innovation and a culture that supports this is necessary. In addition, an organisation must also be able to properly manage change. Agile organisations that are willing to experiment and embrace constant change are essential to embrace digital transformation

Digital transformation can satisfy the need that organisations have to protect themselves from the threat of disruption of new digital technology-based entrants, reduce operating expenditure and costs by optimising processes and cost structure, respond and adapt to changing consumer behaviours towards digital technologies to remain attractive to customers (Verhoef, et al., 2021).

In order for organisations to achieve competitive advantage by leveraging digital technologies, thereby essentially improving their digital maturity, there needs to be alignment between the business model and the competitive advantage the organisation aims to achieve, however the empirical understanding of how organisations formulate and implement their digital transformation journeys is not fully explicit (Loonam, Eaves, Kumar, & Parry, 2018).

Hess et al (2016) proposed a digital transformation framework, consisting of 4 key elements which includes the use of technologies within an organisation; changes in the value creation towards value created from digital technologies; changes in organisational structure and processes to manage and make use of new technologies; and financial alignment towards digital transformation.

Regarding the academic research into the field of digital transformation, most research is within developed countries. Research within emerging countries such as China, South Africa, and the UAE is low. This contributes to a problem of generalizability with a single geographic region. The research into digital transformation is also done in either multiple industries or the manufacturing industry, while research into digital transformation into the financial services industry is around the average mark (Vaska, Massaro, Bagarotto, & Del Mas, 2021). According to Vaska et al (2021), research done within the field of digital transformation can be fragmented by the lack of specialisation by researchers into this field.

This section of literature research assists the study in defining what digital transformation is inclusive of, and where the traditional research into digital transformation has traditionally been conducted.

2.4 DIGITAL TRANSFORMATION STRATEGY

2.4.1 Defining Digital Transformation Strategy

Organisations must formulate digital transformation strategies in order to deliver to the competitive advantage of digital transformation and digital technologies (Hess, Matt, Benlian, & Wiesbock, 2016). Strategy formulation and implementation concepts have been around for many years; however, digital transformation and digital transformation strategy is still a relatively new concept (Mantyi, 2020). The proposed definition of digital strategy is the planned form of digitalization goals of organisations. The short and mid-term objectives are to produce or to maintain innovative competitive advantages (Schallmo, Williams, & Lohse, 2019).

There are differing views on the relationships between digital strategy and corporate strategy. The first view is that digital strategy is completely detached from corporate strategy, the second view is that digital strategy contains some elements of corporate strategy and is a part of corporate strategy. The third view is that digital strategy is the corporate strategy (Schallmo, Williams, & Lohse, 2019). For the purpose of this study, the context of digital strategy applied will be that digital strategy is a part of corporate strategy. This definition is supported by literature reviewed by Schallmo et al (2019).

The view that digital strategy is a subset of corporate strategy is further postulated by Armstrong & Lee (2021). Corporate strategy relates to the group strategy and influences the operating model, product strategy and service strategy of the organisation and its different business units and subsidiaries. It is primarily concerned with the positioning and competitive advantage of the organisation. Digital strategy also is integrated with the operating model, product strategy and service strategy, however digital strategy is also a driver of the IT architecture and strategy. Thus, IT system design needs to execute the digital strategy. IT strategy focuses mainly on the IT architecture and IT system strategy to deliver the digital strategy and business strategy.

Due to the layers at which corporate strategy, business strategy, and IT strategy operate and integrate, it can be proposed the IT strategy is a functional-level strategy that supports the organisations corporate strategy. Corporate strategy provides the direction and guidance in the organisation and technology is seen as the enabler (Bharadwaj, El Sawy, Pavlou, & Venkatraman, 2013). Thus, digital strategy can be postulated as the intersection of corporate strategy and IT strategy.

Due to digital transformation, and by extension digital transformation strategy, being a complex change process, there needs to be leadership support and guidance to ensure the success of this change process (Armstrong & Lee, 2021). Thus, there should be an executive level leader within the organisation that can formulate and implement the digital transformation strategy. According to the 2021 Digital Vortex report by the Global Centre for Digital Business Transformation (2021), 90% of respondents believe of executives should be concerned about digital disruption, however only 39% reported that their organisations are appropriately responding to digital disruption. Traditionally, this responsibility would fall onto the Chief Information/Technology Officer (CIO/CTO) (Horlacher & Hess, 2016). However, since research by Bharadwaj et al (2013) has indicated that technology is often the enabler of digital strategy, there should be a new role that is responsible for digital strategy and digital transformation.

According to research performed by Horlacher and Hess (2016), Chief Digital Officer (CDO) is a role that has been established to proactively drive the company's cross-functional digital transformation. CDO's take on the responsibility of firstly formulating and implementing digital transformation strategies as well as managing the change management process while CIO's attention is placed on the technical components of digital transformation.

This section, similar to section 2.3.2, aims in further defining digital transformation and the roles associated to digital transformation in an organisation. The importance of his understanding within this research is to ascertain the level of management involvement and oversight traditionally required in digital transformation of organisations.

2.4.2 Formulation and Implementation of a Digital Transformation Strategy

The research conducted by Schallmo et al (2019) aimed to develop an integrated method to digital transformation strategy formulation. The research made use of 13 interviews with specialists in digital transformation strategy from Austria and Germany across different industries in addition to in depth case study analysis. The results of the research postulated that a digital strategy is formulated by the steps outlined in table 2.2.

Table 2.2: Integrated approach to digital transformation strategy formulation (Schallmo, Williams, & Lohse, 2019)

STEP #	STEP NAME	STEP DESCRIPTION
1	**External Strategic Analysis (Market-Based Analysis)**	Analyse the influencing factors from the micro-and macro-environment. A PESTEL (Political Economic Social Technology Ecological Legal) focused on digital technologies and technology trends is the basis of the macro-environmental analysis. Porters 5 forces analysis focused on customer and competitors is the basis for the micro-environmental analysis.
2	**Strategic Forecast**	Forecast strategic possibilities based on the micro- and macro- environmental influencing factors identified in the strategic analysis, scenarios are developed to determine the relevance of these factors in the future and the priority of these factors in the future.

3	**Internal Strategic Analysis**	Analyse the digital maturity level of the organisation and its divisions or subsidiaries.
4	**Strategic Principles**	Identify future and current areas of action on the bases of the preceding steps and develop strategic principles in a digital context for the organisation.
5	**Strategic Options**	Derive the strategic options available to the organisation in response to the internal and external strategic principles in alignment to digital technologies.
6	**Strategy Formulation**	Formulate the digital strategy based on the strategic options chosen. Projects and metrics must be well-defined and alignment between corporate strategy and the strategic principles must be done.

The steps outlined by Schallmo et al (2019) for formulating a digital transformation strategy align to the common process used for corporate strategy formulation. This reinforces the ideal that digital transformation strategy is a subset of the corporate strategy. It can also be seen that the digital transformation strategy formulation steps are not only focused on the technological aspects of the strategy, and thus it can be postulated that the assertions made by Bharadwaj et al (2013) regarding IT being the enabler of the digital transformation strategy is still valid in this context.

To fully achieve the competitive advantage that an organisation aims for within the digital strategy, the strategy must be implemented. Despite formulating an appropriate digital transformation strategy, organisations often fail in implemented the strategy due to the risky and uncertain nature of dealing with disruptive change that digital technologies offer (Correani, De Massis, Frattini, Petruzzelli, & Natallcchio, 2020).

According to Correani et al (2020), the initial step to ensuring successful implementation of a digital transformation strategy is correctly formulating the strategy, which includes defining the scope of the transformation. This can be seen as an expansion of the strategic forecasting phase in the digital transformation strategy framework postulated by Schallmo et al (2019). Second to this is having access to constantly refreshed data. Properly managing both internal and external data sources is critical to support the digital transformation of the organisation, and this is often overlooked. The use of data platforms offers a way of effective data management (Correani, De Massis, Frattini, Petruzzelli, & Natallcchio, 2020). Effective data management will allow shorter feedback loops between strategy implementation (cause) and the impact on operations (effect). Shorter feedback loops are critical to ensure organisations respond rapidly but in a stable, manageable way (Armstrong & Lee, 2021).

Staffing and effective communication during the change management process to all stakeholder, which includes customers, ensures that the change proposed during the execution of the digital strategy is adopted (Correani, De Massis, Frattini, Petruzzelli, & Natallcchio, 2020). This is an important task that aligns to the responsibilities of the

CDO that is proposed by Horlacher & Hess (2016) during the execution of the digital transformation strategy.

The perceived value of the change from the perspective of a customer must be closely monitored during implementation to ensure that both existing and new customers will gain value from the change. On the factor of customer value, it is important to note that the perceived customer value must also be considered during the strategy formulation phase. Ensuring that the customer expectations are considered upon strategy formulation will ensure that the likelihood of the success of the strategy is improved.

It is important to note in this section, that the formulation of digital transformation strategy is a process that is similar to the formulation of business strategy. There are defined process that have been postulated but insufficient research into the corroboration of these processes.

2.4.3 Market-Based View of Strategy

According to Armstrong & Lee (2021), strategy forms the link among the organisation, its goals and values, its resources and capabilities, its structure and systems, and the external environment. The market-based view of strategy emphasizes the industry environment and works inwards to the organisation. Since strategy requires an assessment of the current context of the organisation in the environment both internally and externally, there must be tools employed to evaluate both the internal and external environment.

One tool employed in the strategic framework for understanding the external environment is the PESTLE analysis (Schallmo, Williams, & Lohse, 2019). The PESTLE analysis is useful to identify opportunities or threats, identify the direction of transformation within the business environment, and can assist in removing unconscious Founding Bias (Rastogi & Trivedi, 2016). The PESTLE analysis requires identification of factors influencing the external environment in the following contexts: P - Political; E - Economic; S- Social; T - Technological; L - Legal; E - Environmental. It must be noted that the different components of PESTLE may affect one another i.e., Legal may affect Technological.

Armstrong & Lee (2021) indicate that defining the industry and environment should also be necessarily narrow when defining a market. As such, a level of segmentation is required. Defining the segment in terms of narrow boundaries will ensure that the personas developed for strategy formulation can effectively inform the strategy.

Once a sufficient level of segmentation is performed, the industry is to be analysed. A tool commonly used for industry analysis is the Porter's 5-Forces Model (Schallmo, Williams, & Lohse, 2019); (Armstrong & Lee, 2021). This model identifies the five main participants in the market. These participants are the existing rivals, the customers, the suppliers, new entrants, and substitutes. In the context of digital strategy, Armstrong & Lee (2021) postulate a sixth participant, which is seen as complementors. Lastly, to identify a strategy that provides competitive advantage, it is postulated to evaluate the strategic options in terms of Porter's three sources of competitive advantage. This model suggests that the sources of competitive advantage can be either derived from doing things better (Operational Effectiveness), influencing the industry structure (Industry Shaping), and doing things differently or doing different things (Positioning).

It is important to note that the market in which a strategy is being formulated for is considered when a strategy is being formulated. This theoretical backing is important in the context of multinational organisations as there needs to be sufficient market based analysis done for strategy formulation.

2.5 DIGITAL TRANSFORMATION IN THE BANKING INDUSTRY

Financial Services are one of the industries that are at a greater extent exposed to digital disruption, and the five industries that are highly exposed to digital disruption, which includes Entertainment & Media, Retail, Telecommunications, Technology Products & Services, and Financial Services have remained unchanged since 2015 (Global Centre for Digital Business Transformation, 2021). Thus, the need for financial services, including banks, to digitally transform is high.

According to the Global Centre for Digital Business Transformation (2021), respondents in the financial services industry feel more concerned around the negative impacts that digital disruption compared to the confidence they have in the positive effects of digital disruption. The digital disruption that financial services faces can be related to either the changing way in which customers interact with technology or the customers' socio-economic factors requiring different solutions being offered to customers. As digital transformation is the context of this study, the technological changes will be the focus.

Technological change is occurring at a rapid rate and as such financial institutions are required to adapt at a rapid rate. If the adoption of a technological change by customers is rapid but the adoption of technological change by financial institutions is slower then there will be a gap in how customers want to interact with banks and what banks offer (Armstrong & Lee, 2021) .

The need for adoption of exogenous digital technology into retail banks can be condensed into three themes. The first theme is the customer demand for digital technology. The growing sense preference for digital solutions from customers places urgency on banks to adopt digital technologies into their operations. The second theme is the advances in digital technologies and capabilities. Banks develop new solutions that will drive competitive advantage and differentiation, and this is expedited by new development in digital technologies. The final theme is the risk of not implementing digital technologies. Banks view a risk in failure to accommodate changing customer preference or product preference in a timely manner (Pramanik, Kirtania, & Pani, 2019). The themes uncovered regarding the need for adoption of digital technologies by Pramanik et al (2019) were based on North American research, however these themes can be seen as pertinent to the Southern African context.

Another need for banks to adopt digital transformation is the benefit that digital transformation offers. The increased profitability, revenue, and market share of digitally mature organisations (Loonam, Eaves, Kumar, & Parry, 2018) will ensure that banks generate better financials once digitally mature. An example of this is the rapid shift in traditional physical banks to banks offering a multitude of services digitally - leading to customers still being serviced while costs being reduced on staffing and rental.

Research performed by (Cuesta, Ruesta, Tuesta, & Urbiola, 2015) indicates that traditional banks are responding to technological change by committing to digital banking. This allows traditional banks to position themselves within the changing banking ecosystem. Depending on the level of digital maturity, and thus the digital transformation needed, there are three main phases that can be seen in the trends followed by banks as indicated in table 2.3 below.

Table 2.3: Three main phases of digital transformation in traditional banks (Cuesta, Ruesta, Tuesta, & Urbiola, 2015)

PHASE #	PHASE NAME	PHASE DESCRIPTION
1	**Responding to the new Competition**	React to the new levels of supply and demand by creating digital banking products and services which changes their positioning in the competitive environment.
2	**Technological Adaptation**	Leveraging newer technologies to offer more modular and flexible infrastructure which further enables the assimilation of new technologies creating a virtuous cycle.
3	**Strategic Positioning**	Adopting digital strategies that drastically change the organisation structure and business model to reap the most reward from the technological changes

		implemented. This is seen more in more digitally mature organisations.

The 2015 study by Cuesta et al also suggested that by 2019, banks will move from a predominantly online internet banking service to an omni-channel offering that allows customers to service themselves or be serviced on mobile devices. This will include apps on smartphones or tablets that leverage off attractive customer interfaces and enhanced user experience. This enhanced user experience is driven by the expectation's customers have with other apps, such as social media. Additionally, with the new digital service channels that banks are working towards, there will be a change in the digital product offerings that banks have. Leveraging the benefits that changing channels will bring, such as ease of use of apps on smartphones, the products banks need to offer will shift as well.

Findings from the research conducted by (Werth, Schwarzbach, Cardona, Breitner, & van der Schulenburg, 2020) conclude that Banks have products that can easily be standardised and managed and more regular self-service contact with clients is likely. Based on the conclusions made by Werth et al (2020) it was also proposed that customers have a larger influence on digital transformation for banks. This can allude to banks needing to consider the customer need more than other financial services when performing their digital transformation strategy formulation.

Digital transformation strategy in traditional banks should be a high priority due to a strategic response being needed to respond to the changing behaviour in customers in response to digital technologies (Schmidt, Drews, & Schirmer, 2017). Corporate Strategy and IT strategy are weakly aligned to customer needs, and to reduce this misalignment, special focus must be placed on integrating and optimising the business and IT processes from a digital transformation perspective. Traditional banks should investigate the partnership with digital IT driven organisations, which in the Financial Services space is FinTech. This will allow banks to disrupt their traditional limitations and function in new spaces with a diversified product offering. The collaboration with FinTech's will be an important strategic issue (Schmidt, Drews, & Schirmer, 2017).

Krasonikolakis, Tsarbopolous, & Eng (2020) performed research into the outcomes of digital technologies into retail bank operations and provides drawbacks and positive approaches towards digital transformation. The research highlights that contrary to popular belief, traditional banks will still be the backbone of banking however FinTech entrants have transformed the whole sector. If traditional banks to not adapt to the transformation brought on by FinTech's, then they will become an endangered species (Krasonikolakis, Tsarbopolous, & Eng, 2020). Traditional banks must develop responses to technological change, as well as innovative approaches to respond to the management problems in digital transformation.

According to Carbo-Valverde, Cuandros-Solas, & Rodriguez-Fernandez (202) banks are increasing their spend into digital technologies, which positively increases the customer experience. Furthermore, as the level of investment into digital technology increases, customers are more likely to move from traditional physical products and services to digital offerings (Carbo-Valverde, Cuandros-Solas, & Rodriguez-

Fernandez, 2020). Thus, there is a benefit for banks to formulate and implement digital transformation strategies.

(Modiba & Kekwaletswe, 2020) conducted research into the digital transformation processes and models being applied by South African Financial Service organisations. The research notes that what is successful in other countries, more particularly developed countries, may not be successful in the context of South Africa, and thus this requires tailor made solutions to be designed by South African organisations. By extension, it can be assumed that the solutions designed and created in the South African context may not be a perfect fit for organisations in other countries. Even if there are similarities, there will be nuances that must be accounted for.

When comparing the measure of country wide digital maturity in the form of the World Economic Forum's Networked Readiness Index, Southern Africa cannot compete with the rest of the work in terms of digital maturity. When the Southern African context is expanded to look at a country-by-country comparison, South Africa can be seen as significantly more digitally mature even though there is a large digital divide in the South African society (Parry, Viviers, & Jansen van Rensburg, 2018). As the definition of digital transformation used in the context of this research relates to the process by which a higher level of digital maturity is achieved, then it can be espoused those organisations operating in different countries should have digital transformation strategies that is specific to the strategic options available in each country

Academic literature regarding the digital transformation of multinational banks is sparse, however HSBC has alluded to heavily investing into digital technology and rapidly accelerating the digitization of the organisation (Lauchlan, 2021)

2.6 MULTINATIONAL ORGANISATIONS

Multinational organisations, also known as multinational enterprises (MNE's) can be defined as organisations that own and control significant business activities in two or more countries (Buckley & Casson, 2009) (Bartlett & Beamish, 2010). Another definition of a multinational organisation is an organisation that is established in more than one country and so linked that they may coordinate their operations in various ways. While one or more of these organisations may be able to significantly influence the activities of others, their degree of autonomy within the organisation may vary (Ruggie, 2018).

To widen the scope of an organisation across different products or markets, an organisation will develop a diversification strategy (Armstrong & Lee, 2021). A diversification strategy aids an organisation to expand its business horizons and increase sales volumes. One strategic opportunity that may present itself in a diversification strategy is the growth of the organisation across different geographies. In this growth is done across the boundaries of a two or more countries, the organisation will become a multinational organisation, or multinational enterprise.

As part of the diversification strategy, a country for the organisation to enter is required. Choosing a country is one of the first challenges for the organisation as it is not easy to identify the opportunity that a country has. Another challenge that is seen in multinational organisations is how to overcome negative customer perception in a new country (Lemos, 2020). This challenge can be expanded to digital transformation as it is necessary to have a product or service that aligns to the customer need and perception from all areas, including digital technology.

According to research done by McKinsey, the overall economic impact of multinational investment into developing economies is positive and organisations are seeing substantial benefits (McKinsey Digital, 2003). The report also notes that multinational organisations are well positioned to transfer their competitive products and services but less equipped to contextualise these products and services to local markets.

The deepening of digitalisation in the world economy allows an increase in the expansion into global markets of organisations that are digitally based (Bereznoy, 2018). In the case of banking, traditional banks which relied on brick-and-mortar establishment would previously have to invest large amounts of capital into entering a new geographic region, however with the use of digital technology the reliance on physical presence is reduced. Multinational banks benefit the founding countries' banking sector by increasing competition, providing better access to capital and economies of scale, however these positive effects depend on the country circumstances and existing market structure (Enoch, Mathieu, & Mecagni, 2015).

39% of leaders of the largest multinational organisations feel that digital transformation is among the highest priorities for their organisations, however, very few of these organisations understand the magnitude of change that digitalisation can bring to the organisation (The Economist - Intelligence Unit, 2017).

Multinational organisation must be able to adapt their cross-border management practices in the digital age to accommodate the implications of new digital technologies (Ghauri, Strange, & Cooke, 2021). The factors that must be considered are the reduction in foreign labour, enhanced international income inequalities, and impact of regulation on cross-border data transfer.

The impact of multinational organisations on academics has brought complexity, especially to the fields of strategy and those concerned with how these organisations formulate and implement their strategy (Dabic, Gonzalez-Loureiro, & Furrer, 2014). Very little literature exists around the formulation and implementation of digital transformation strategies for multinational organisations.

2.6.1 Leadership Styles of Multinational Organisations

Leadership is crucial for any organisation to function effectively, and leaders are required to motivate employees as having motivated employees is critical for an organisation to achieve its goal. In the 1970's and 1980's, the concept of charismatic leadership emerged, which emphasized that a charismatic leader who motivates employees to succeed by imparting a vision and being a powerful model. Transactional leadership, which is another leadership style, is seen as a transactional process between leadership and employees that results compliance to the leaders demands.

Transactional leadership, however, does not facilitate a culture of commitment. Transformational leadership (Batista-Taran, Shuck, Guitierrez, & Baralt, 2010)

Transformational leadership involves the relationship between leaders and employees in which the leaders encourage communication and participation from employees on the organisation vision, developing common goals and shared values. Laissez-faire leadership is characterised by non-involved, indifferent, absent leadership that offers little direction and allows employees to make decisions on their own (Carasco-Saul, Kim, & Kim, 2015) (Trottier, Van Wart, & Wang, 2015)

It has been found that the transformational leadership style has significant positive influence on the level of work engagement and innovative work behaviour of employees while the transactional leadership style has a significant positive influence on employee task performance. The Laissez-faire approach to leadership has a negative relationship with task performance. Transformational leadership is considered to be the most suitable leadership style for scenarios that require employees to develop new ideas and develop innovative new ways of performing common tasks. Transformational leaders must be role models of driving the vision to challenge the status quo to inspire employees to follow suit (Gemeda & Lee, 2020).

Transformational leadership can be seen as the single most significant lever to promote employee engagement within an organisation which is undergoing a change (Mahomed, 2016). This assertion is made not only in regard to the leadership style but also to all other factors that would affect employee engagement. The definition of digital transformation made by (Armstrong & Lee, 2021) alludes to digital transformation being a complex change process. It can thus be extrapolated by the combination of the assertions of (Armstrong & Lee, 2021) and (Mahomed, 2016) that the transformational leadership style is the leadership style that is most suited to digital transformation.

There is limited research into the leadership styles that are best suited to multinational organisations. One study that has been in the context of North Africa (specifically Morocco) support the notion that transformational leadership is an essential practice in multinational organisations. In this study, it was also reported that employees in multinational organisations report a higher level of involvement and identification to the organisation vision when a transformational leadership style is used. In the context of digital transformation strategy, alignment to the organisation vision facilitates the formulation and implementation of digital transformation strategy (Palalic & Mhamed, 2020).

2.6.2 Operating Models of Multinational Organisations

It can be found that for organisations to unlock value and provide compelling customer experiences at reduced cost, there needs to be a change in their operating models that integrate digital technologies and digital technologies. To adopt this change to operating model, organisations need to implement changes to the ways they work in two ways. The first change is the movement away from siloed initiative development and implementation to an integrated enterprise-wide initiative that is centred around customer journeys. The second change is the shift away from using individual technologies in a piecemeal manner inside siloes to applying technologies in permutations in the right sequence to achieve a compounded impact (Bollard, Larrea, Singla, & Sood, 2017).

Both of these changes require an understanding of where the right avenues to pursue and the right ownership of capabilities to be in place. In the case of a multinational organisation, a clear definition outlining the capabilities that are provided by the Founding Organisation and the Subsidiaries can assist in creating transparency and facilitate collaboration (BCS Consulting, 2019)

One operating model that multinational organisations' use is a franchise model of operations. Franchising involves the sharing of business best practice, intellectual rights, and the right to operate in the name of the brand from the franchisor. In return, the franchisee provides a flow of funds back to the franchisor and provides knowledge about the local market conditions. It can be noted that the most important thing that the franchisor offers to the franchisee is the brand reputation. It should also be noted that due to the unique political and socio-economic environments of different countries, success in the Founding Organisation may not necessarily translate to international success in the Subsidiaries. It should be noted that the use of non-coercive power as a control mechanism is more effective for influencing the behaviour of the franchisees, and as such some element of autonomy is preferred (Alon, Apriliyanti, & Parodi, 2020).

If the definitions of transformational leadership and the preferred mechanism of oversight for a franchise is overlayed, it can be noted that a transformational leadership style is preferred in the large organisational change associated with digital transformation while a more transactional leadership style aligns to the operation of franchises (Alon, Apriliyanti, & Parodi, 2020). It can be postulated that a hybrid style of leadership, involving the use of driving common vision and best practice be derived from transactional and transformational leadership can be beneficial in the operation of franchises.

2.6.2 Strategy Formulation in Multinational Organisations

In multinational organisations, there is a challenge in aligning the global corporate strategy and the local strategies of subsidiaries. The global strategy offers the guiding direction to ensure that the organisation, inclusive of the subsidiaries, is working towards a common goal. The local strategy in turn should translate the global strategy to achieving corporate goals in response to the local market conditions (Garcia-Pont, Canales, & Noboa, 2009).

Research by (Baumgartner & Tippmann, 2019)) uncovered three insights regarding strategy formulation in multinationals. The first insight being that subsidiaries interpret the corporate strategy of the organisation based on their specific circumstances to provide balance between global and local strategy. The second insight is that the process of strategy formulation in subsidiaries may be peculiar to the founding organisation, and this may be a result of the variation on format and temporal structures of the strategy formulation process. The final finding is that for a successful strategy formulation process to be achieved, there must be synchronisation between the temporal structures of the founding organisation and its subsidiaries.

The three key insights of having a bespoke interpretation of global strategy to subsidiaries, implementing a strategy formulation process that is suitable to the organisation, and synchronised temporal structures can apply to the process of corporate strategy formulation as well as digital transformation strategy.

The view of Schallmo et al (2019) that digital transformation strategy is a subset of corporate strategy further iterates that the process of strategy formulation for multinational organisations can apply to both corporate and digital transformation strategy. The insights from (Baumgartner & Tippmann, 2019) are thus key to ensure that the strategy formulation process is optimised for a multinational organisation.

(Lemos, 2020) also highlights the relationship between multinational organisations and its international subsidiaries as a point of concern. The lack of accountability, transparency and confidence between the organisation and its subsidiaries lead to power struggles in an environment with shared controls. If power struggles are not addressed before the strategy formulation process is started, there can be a further disconnect between the interpretation of the global strategy to subsidiary strategy and the synchronisation of strategy formulation timing. The researcher could not find additional studies to corroborate all assertions by (Baumgartner & Tippmann, 2019) regarding digital transformation strategy formulation of multinational organisations, however studies were found to corroborate the need for a local strategy to be formulated by the Subsidiaries to satisfy local markets.

Competitive advantage can be achieved when an organisation aligns the internal strengths in resources and capabilities to an industry (Grant, 2016). Thus, an understanding of the market is essential within the context of a multinational. Furthermore, in order to achieve alignment between management and local culture there needs to be alignment between the organisation strategy and the local culture. (Grant, 2016) highlights two main multinational strategies, Global Integration and National Differentiation. Global integration relies on the use of a global strategy that sees the world as a single market while national differentiation relies on the use of strategy customised to a specific market. Figure 2.1 indicates the benefits of global integration versus national differentiation. It can be seen from figure 2.2 that retail banking, which is the context of this study, benefits far more from national differentiation than it would from global integration.

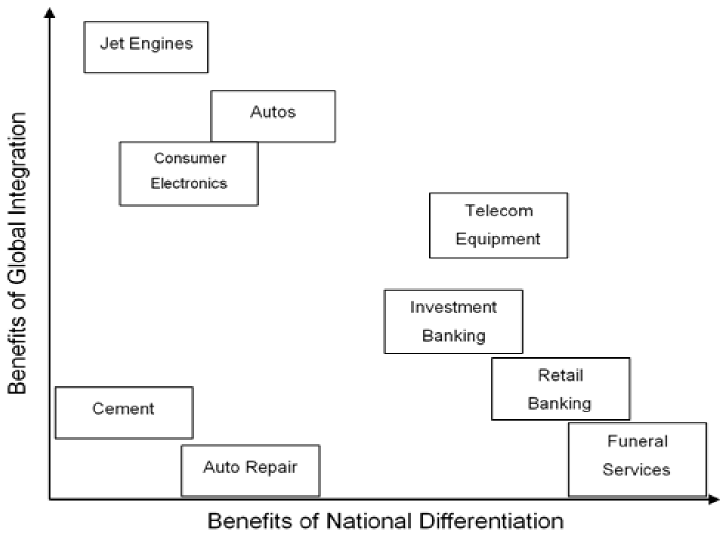

Figure 2.1: Benefit of Global Integration versus National Differentiation per industry (Adapted from (Grant, 2016))

2.6.3 Strategy Implementation in Multinational Organisation

Strategy implementation involves the breakdown of strategic options into actionable and measurable objectives (Kaplan & Norton, 2004). This can apply to any strategy, be that corporate strategy or digital transformation strategy, formulated by the founding organisation or the subsidiary. In the case of multinational organisations, the strategy must be understood properly between the founding organisation and the subsidiaries for the correct objectives to be outlined. Thus, effective communication between the subsidiaries and the founding organisation is needed.

As postulated by Horlacher & Hess (2016), the role of CDO is one that drives the communication of digital transformation strategy within an organisation, and as such can be seen as an important role within a multinational organisation to ensure correct understanding of the strategy.

The factors of effective digital strategy implementation proposed by Correani et al (2020) can be consolidated into two main themes. The first theme is supporting the implementation by means of data based decisioning, and the second is the effective communication of the implementation. This further iterates the assertion by (Kaplan & Norton, 2004) that effective communication is vital in strategy implementation in multinational organisations. One of the organisations used as a case within the study by Correani et al (2020) was Vodafone, which is a multinational organisation. Thus, it can be postulated that both these themes are valid in the context of multinational organisations

2.6.4 Factors to consider in Digital Transformation of Multinational Organisations

(Bereznoy, 2018) postulates 3 main changes to the competitive landscapes of organisations due to digitalisation. The first change is the change in customer expectations. The second change proposed is the decreasing barriers of traditional organisations. The final, and most important change is the impact that digitalisation and digital transformation will have on the redistribution of value within the organisation. Digitalisation, and by extension, digital transformation, will have an impact on the business model and operating model of the organisation. Multinational organisations will have to restructure their business. Intermediary departments within the multinational organisation will suffer as digital technologies will make it easier for subsidiaries to communicate directly.

Most digital transformation journeys at traditional multinational organisations are at an early stage but the number of multinational organisations that have managed to significantly advance through their digital transformation strategy is increasing (Perlman, 2017) The multinational organisation must have individual strategies in each country for digital transformation which must consider the degree of digitalisation achieved in the industry and in each country. It must also be noted that a significant role is played by the vision of the corporate management team to formulate and implement a digital transformation strategy (Rogers, 2016).

When the approaches to digital transformation in multinational organisations is analysed, Bereznoy (2018) concludes that there are three main approaches. The first approach is to change the interaction between the organisation and its customers. This approach is most favoured and is evident in the trend seen by multinational organisations to actively develop digital platforms. The second approach is to build a completely new digital business, and the final approach is the abandonment of the current business model for a new business model. The final approach is the most drastic and risky approach and very few multinational organisations take this approach.

Research by Furst (2020) aimed to answer the research question of "*What are the main factors that determine the successful implementation of a digital transformation strategy for Multinational Enterprises*" (Furst, 2020). The research shows that communication between the founding organisation and the subsidiaries, employee engagement, and organisational agility can be deemed as positive factors on successful digital transformation strategy implementation. The research also indicates that internal resistance to change, internal resource limitations and lack of management support are negative factors in the successful implementation of digital transformation strategy.

The factors research performed by (Furst, 2020) did not touch on the digital infrastructure and technological landscape of the subsidiaries but did provide detail into the organisational culture that is necessary for successful digital transformation. The researcher could not uncover additional literature to corroborate the assertions by Furst (2020.

2.6.4.1 Organisational Culture in Multinational Organisations

Organisational culture refers to the organisation values, norms, and shared basic assumption which constitutes and environment in which organisational activities take place (Zheng, Yang, & McLean, 2010). Many researchers have noted the importance of organisational culture in the long-term success of open communication. Researchers have also shown the positive relationship between organisation cultures emphasizing innovation and the use of open communication and knowledge sharing. Organisational culture has an impact on communication within single-and-multi-national organisation (Abdelrahman & Papamichail, 2016).

Open communication and knowledge sharing can only occur when there is willingness to share between the sender and the receiver, which further reinforces the need for an organisational culture that values transparency and honesty. Additional to the want for communication, in multinational organisations it is important to take the characteristics of the sender and receiver into consideration during the communication process. Interpersonal trust and common understanding of work-related problems can empower employees to gather new knowledge that will support decision making (Abdelrahman & Papamichail, 2016).

It must be noted that employees in multinational organisation will inevitably have different cultures and cultural differences in terms of employees, organisational culture and IT culture must all be considered. Organisational culture can facilitate the creation of a shared mission, consistency and incentives in multinational organisations which are all necessary to achieve alignment in strategy (Sales, 2006). Research into the influence of national culture on organisational culture can be summarised by Figure 2.2 below.

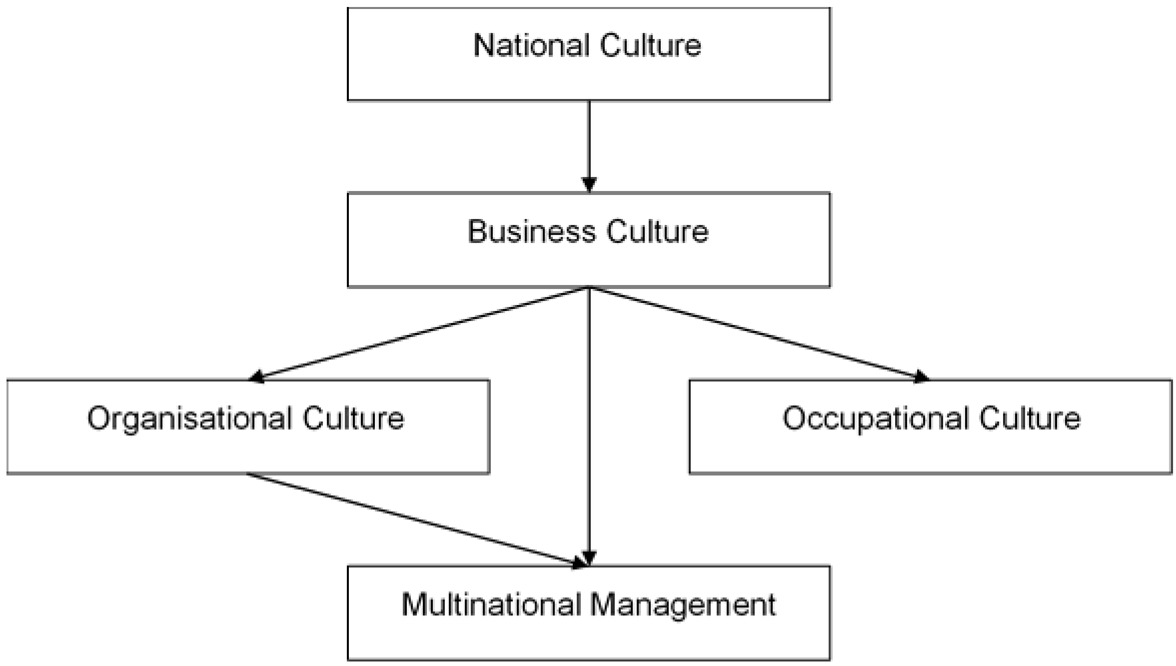

Figure 2.2: Influence of National Culture on Organisational Culture (Adapted from (Sales, 2006) (Cullen & Parboteeah, 2001)).

2.6.4.2 Legacy Systems Impact

Legacy systems can be described as systems that are old information systems that remain operational in an organisation or a system that was implemented using older technology which has since been replaced with newer technology (Mantyi, 2020). Legacy infrastructure can often be seen as inhibitors for established companies in regard to competing with new entrants and digital natives (Avedillo, Begonha, & Peyracchia, 2015)

Legacy systems can have negative impacts to the operations, both current and future, of an organisation, but the larger impact can be from an indefinite use of legacy systems. Legacy systems prevent an organisation from competing effectively with competitors that use modern systems that offer agility and flexibility which generally have a shorter time to market. Additionally, legacy systems can pose security risks; lead to dysfunctional workflow processes; present high maintenance and operational costs; cause inconsistencies in data; present integration and scalability issues; and absorb resources away from innovative developments (Georgiou, 2020).

Organisations, including multinational banks, are engaging in modernisation initiatives to replace their legacy systems with newer technology. Banks now have access to multiple platform options to include in their modernisation journeys. Core banking platforms can fit into three broad categories, being legacy platforms, service-oriented platforms, and cloud native platforms. The benefits that modernised infrastructure that can offer to banks can be observed as increased digital competitiveness; smarter use of talent; better service; improvement in business processes; readiness for future business; lowered risk; increased flexibility; lowered costs; and improved efficiency (Deloitte, 2020).

2.6.4.3 Founding Bias

Early literature around strategies and structures of multinational organisations generally sees the relationship between Founding Organisation and Subsidiaries as a hierarchy of reporting lines. This thinking has however shifted to the understanding that some Subsidiaries could play different roles and have varying degrees of importance. The modern understanding is that the Subsidiary environment heavily influences the Founding Organisations decisions on the Subsidiary itself, and the Subsidiary should be given enough freedom and autonomy to choose their own roles and strategy (Guttilla, 2019).

The Founding Organisation and Subsidiary relationship is heavily influenced by the ownership of decision making and the organisation culture. Generally, Subsidiaries can have significant autonomy while the Founding Organisation must maintain the direction and vision of the multinational organisation. It is believed that the relationship that links the Subsidiary to the Founding Organisation is significant as it influences the way the Subsidiary interprets and perceives the pressures from the Founding Organisation, and this relationship can be defined through three characteristics: dependence, trust, and identity (Kostova & Roth, 2002). Dependence can be seen as related to adoption and compliance to practices and plans set out by the Founding Organisation. Trust can be seen as whether subsidiaries trust the Founding Organisation vision has the best interests of the Subsidiary in mind. Lastly, identification is defined as the level to which the Subsidiary experiences a state of attachment to the Founding Organisation in terms of shared values and culture (Kostova & Roth, 2002).

The transfer of practices between a Founding Organisation and the Subsidiaries can be explained by three categories. The first is a market-based approach, in which practices are transferred to enhance competition through knowledge sharing. The second is the cultural approach, which states that the transfer of practices is shaped by the legacy of national culture and must consider the local landscape. The final category is the political approach, which considers the transfer of process as a means of advancing the interests of the Subsidiary (Edwards, 2004).

The term "Country-of-Origin Effect” relates to a psychological effect describing how the attitudes of consumers as well as consumer perception and purchasing decisions are influenced by products' country of origin (Johnson, Tian, & Lee, 2016). The phenomena being investigated within this study will be delving into the bias that multinational organisations may or may not have when implementing business strategy, more specifically digital transformation strategy, towards replicating the operations and strategic options for Subsidiaries based on the successes seen in the Founding Organisation, regardless of the market. This phenomenon will thus be referred to as Founding Bias in this study.

2.7 BENEFITS AND CHALLENGES OF DIGITAL TRANSFORMATION

2.7.1 Benefits of Digital Transformation

Organisations that can effectively manage digital technology, and as such have successful digital transformation programs, gain benefits in the areas of new business models or lines of business, efficient operations, and increased customer engagement and experience (Fitzgerald, Krushwitz, Bonnet, & Welch, 2014). Based on research done on 4 large North American retail banks, Pramanik et al (2019) postulated that the benefits of digital transformation are business benefits through digital technology, operational benefits, scale of growth, awards, and accolades for achievement in digital technology leadership, and delivery of corporate citizenship. In terms of quantified benefits, organisations with higher digital maturity, and as such successful digital transformation initiatives, generate 26% more profit than contemporary organisations and produce 9% more income from their asset base (Loonam, Eaves, Kumar, & Parry, 2018).

Although improving customer experience can be seen as one of the most significant benefits unlocked by digital transformation, this can be a complex change process (Fitzgerald, Krushwitz, Bonnet, & Welch, 2014). Digital transformation, in the form of online banking channels, can be used for sales, basic financial advice and most customer transactions causing the physical interaction between customers and the bank to change. The customer experience shift is that physical channels will provide the environment for advice-intensive discussions while digital channels will ensure customers can transact without being bound to physical branches. This impact on customer experience also has an impact on streamlining operations as it provides the opportunity for branch network density to be decreased by the bank and resources to be redistributed (Klaus & Nguyen, 2013).

Analytics around customer data, which is captured through the customer interactions with the digital interfaces, can be used to pre-empt customer behaviour and implement bespoke customer strategies, which can be leveraged to improve customer experience (Sahu, Deng, & Mollah, 2018). The more sophisticated the customer interaction with the digital interface, the better the information quality regarding the interaction. Thus, the optimum application of technology can lead to a virtuous benefit cycle for the organisation with regards to customer experience improvement (Pramanik, Kirtania, & Pani, 2019).

The operational and business benefits of digital transformation is linked. Simplified, more efficient processes and reduction in errors by use of automation can lead to better financial and business performance. This also links to the growth that the bank can achieve using digital technologies as digital processes are easier to scale (Pramanik, Kirtania, & Pani, 2019).

2.7.2 Challenges of Formulating and Implementing Digital Transformation Strategies

Research performed by Fitzgerald et al (2014) indicate that there are 3 main themes that impedes the digital transformation of an organisation. These themes are challenges with leadership, institutional barriers to change, and challenges during strategy execution.

The digital age requires leaders to have a blend of the right core skills seen in traditional leaders, and an agile and digitally savvy mindset to navigate new digital technologies. Leadership must be able to articulate the vision of the digital transformation needed as well as create conditions that enable digital transformation. If leadership does not effectively fulfil both sides of the coin, then the digital transformation journey is not likely to succeed (Kane, Philips, Copulsky, & Andrus, 2019). For multinational organisations, upper leadership is more often involved in the vision and strategy development and middle management is tasked with creating the environment for the vision to be realised. This can cause a disconnect (Bartlett & Beamish, 2010).

Another challenge that arises during digital transformation strategy formulation and implementation is the confusion between digital transformation and business process reengineering (Schallmo, Williams, & Boardman, 2017). Business process reengineering is focussed on automating rule-based processes, while digital transformation is concerned with creating new processes, business models, products, and services to adapt to technological change.

In addition to the challenges faced by standard digital transformation strategies, the challenges of multinational retail banks must also be considered. Countries in Southern Africa are at different levels of development regarding their financial services sector regulation. South Africa, when compared to the other countries in Southern Africa, has a higher level of regulation facilitating digital transformation in the banking sector compared to countries such as Namibia, eSwatini and Lesotho, which form part of the common monetary area (Enoch, Mathieu, & Mecagni, 2015). The digital transformation initiatives for the organisation must be within what regulation allows, and this can cause some delay in the digital transformation strategy being fully implemented.

A key challenge that arises from digital transformation in the retail banking industry is the balance between managing digital banking channels, which is unavoidable in the digital economy, and physical banking channels. These channels must supplement each other to provide the best experience holistically to the customer to maintain an organisation wide competitive advantage (Klaus & Maklan, 2013)

The final challenge that needs to be considered for this research is the challenge of differing digital maturities in different Southern African countries. The Network Readiness Indicator, which is a metric of digital maturity on a country level, indicates that South Africa ranks second in Africa in terms of digital maturity. This higher score is related to the high levels of governance around digital technologies and strong adoption of future technologies. By comparison, other countries in Southern Africa are not as digitally mature (Portulans Institute, 2020). Due to definition of digital transformation used within this study, the digital transformation strategy must accommodate the differences in digital maturity at a country level.

2.8 IMPACT OF TECHNOLOGY INFRASTRUCTURE AND CULTURE ON DIGITAL TRANSFORMATION STRATEGY

The definition of digital transformation used for this study is the total change efforts in response to technological disruption (Armstrong & Lee, 2021). Based on that definition, and the context of the study being done with regards to multinational organisations, it is important to understand how technological change affects the digital transformation strategy formulation and implementation processes. It is also imperative to understand how the technological disruption in a country can affect digital strategy formulation and implementation.

When digital technologies enter organisations, there are changes that occur in the organisational and managerial characteristics; The organisational and managerial characteristics are entrenched in and relate to country traits such as regulatory frameworks, industry characteristics, and consumer characteristics (Hanelt, Bohnsack, Marz, & Marante, 2020). Additional country characteristics, such as level of investment and usage of ICT (Information and Communication Technology) infrastructure by businesses and individuals have been observed to be a driver at country level of market expansion on technology. Conversely, other country characteristics such as household internet access has shown no positive impact on technological market expansion (Jafari-Sadeghi, Garcia-Perez, Candelo, & Couturier, 2021).

Apart from the reliance on technological changes that facilitate digital transformation, leadership of the organisation must be geared towards digital transformation as well. New approaches to management in the digital age suggest leaders must combine high levels of humility, adaptiveness, vision, and engagement. These characteristics of leadership is shown to be extremely important when traditional organisations aim to compete with disruptive organisations in the digital world and contribute being an Agile Leader (Neubauer, Tarling, & Wade, 2019).

The organisational culture characteristic of flexibility is linked to the characteristics needed in leadership. Flexibility and agility were found to be essential for an organisation to successfully formulate and implement digital transformation strategies. An organisation that values change and fosters a mindset that seeks change is more likely to successfully achieve digital transformation (Hartl & Hess, 2017).

2.9 SUMMARY OF THE LITERATURE REVIEW

The assessment on literature available indicates that formulating a digital transformation strategy is not enough to ensure the success of digital transformation. Organisations must be able to implement the strategies that are formulated to gain the competitive advantage needed to avoid disruption by new technologies. The research also indicates that implementing the digital transformation strategy is tough for organisations due to the complexities involved in the implementation.

Although the research on strategy formulation and implementation across multinational organisations is limited, the research does uncover the strategy formulation and implementation frameworks that are available to organisations in general. The complexity in sustaining the formulated strategy and implementing said strategy will be the focus of this research, with emphasis on digital transformation strategy. The literature does link the fact that the strategy must be considerate of the nuances of each organisation and industry the organisation is in, and by extension this can be the country in which the organisation operates. These nuances are in the form of technological maturity of the country and degree of digitalisation achieved in the industry in each country.

The literature does not address the emphasis anticipated on successful strategy formulation and implementation, and by extension successful increase in digital maturity with regards to the customer expectation. For an organisation to remain competitive, it must satisfy customer expectations, and customer expectations differ in different countries. The research will aim to indicate that the different customer expectations and technology availability in subsidiaries of multinational organisations will be the nuances that all strategy must account for – with emphasis put onto digital transformation strategy.

Due to the complex change nature of digital transformation, the management structure of the multinational organisation must be adapted to include the new role of CDO. The CDO and CIO must work together to ensure that the strategy is formulated in accordance with the infrastructure and customer expectations in each country, and the implementation of the strategy is managed from a change management and technological management perspective. Agility and flexibility are characteristics that the CDO needs to have and needs to exploit during the digital transformation process.

The challenges faced during digital transformation strategy formulation and implementation in multinational organisations can arise from differing view of the digital maturity that the strategy is being formulated for. To minimise the misalignment between subsidiaries and founding organisation strategy formulation, there should be efficient communication regarding the timing structures and engagement structures during the formulation process. The alignment between the subsidiaries and the founding organisation should be managed by the CDO or a role with a similar mandate. To ensure that implementation of the digital transformation is successful, the organisation must maintain open and efficient communication between the founding organisation and the subsidiaries and must effectively reduce resistance to change in the organisation. The organisation should also invest in initiatives to increase their organisational agility and innovation both in the founding organisation as well as the subsidiaries.

There must be sufficient oversight and alignment between the leadership team on the institutional and country specific barriers to change to ensure that these challenges are minimised, and the strategy can be correctly formulated and subsequently implemented.

Digital Maturity is different in each division of a multinational and digital strategy is dependent on digital maturity, therefore the digital strategy should be different. The generic digital transformation strategy for a traditional retail bank may be standard across the different subsidiaries, but specific targets must be catered for each subsidiary based on the levels of digitalisation experienced in each country.

The new definition of the OLI framework can be applied as a theoretical foundation to this research more so than the old definition of the OLI framework. The open resource advantage that the new OLI provides can be applied to multinational organisations in strategy formulation in the form of open communication between the founding organisation and the subsidiaries. The open resources collaboration will allow the strategy to be customised to consider nuances applicable to the customers of the subsidiaries which might not have previously been done. If the open resource advantage is not utilised, there can be failure in the digital transformation strategy formulated for the subsidiaries. The linkage advantage of the new OLI framework can be linked to collaboration between the subsidiaries and the founding organisation to achieve a successfully formulated and implemented digital transformation strategy.

The internalization advantage of the old OLI framework can be a slight disadvantage to successful formulation and implementation of digital transformation strategy as centralised decision making with regards to strategy does not lead to success in multinational organisations.

2.9.1 Proposition 1

Multinational banks must have effective communication processes in place to ensure that digital transformation strategies are formulated in a synchronised manner.

2.9.2 Proposition 2

Digital transformation strategy implementation in a multinational bank is dependent on the technology availability in the subsidiary and the corporate culture of the subsidiary.

2.9.3. Proposition 3

Technology availability and organizational culture will affect the strategic options and the targets applicable to digital transformation strategies in subsidiaries of multinational banks.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

This section provides and framework of the research methodology followed to address the propositions made from section 2. This chapter will provide information about the research approach used, the research design adopted, and the sampling method used for this research. The chapter will additionally include the research instrument used to address the specific issues in this study, ethical considerations, research limitations, the transferability and dependability, and the data analysis methods used.

This chapter will also focus on the methodology used to examine the processes of digital transformation strategy formulation and implementation within traditional retail banks that have subsidiaries in countries other than the country of first operation. The rationale for the selected empirical methods and approach used to address the research objectives will also be highlighted.

3.2 RESEARCH APPROACH

This research made use of semi-structured interviews to collect primary data and thus will be a qualitative research approach. This research sought to understand the factors that affect the processes of formulation and implementation digital transformation strategy in multinational retail banks, and as such relied on the perspectives of the experts that are involved in these processes. A qualitative research approach is deemed effective in gaining detailed insights about the behaviours and sentiments of populations (Mack, Woodsong, MacQueen, Guest, & Namey, 2005) and thus, is appropriate for addressing the research questions of this study. Additionally, since this research tackled the research questions from a management perspective, qualitative methods are deemed appropriate as it will deliver detailed accounts of how participants experience the research propositions (Mack, Woodsong, MacQueen, Guest, & Namey, 2005) outlined in section 2.9 of the literature review.

Table 3.1 summarises the advantages and disadvantages or qualitative research in the context of this study.

Table 3.1: Advantages and Disadvantages of qualitative research pertaining to this study.

ADVANTAGES	DISADVANTAGES
Produces comprehensive account of the experiences and opinions of participants' which is subject to interpretation of the meanings of their actions (Denzin & Lincoln, The Landscape of Qualitative Research: Theories and Issues, 1998).	Oversight of contextual sensitivities while focusing on meanings and experiences o participants (Silverman, 2010).
Holistically understands the human experience in specific situations (Denzin & Lincoln, The Qualitative Inquiry Reader, 2002).	Lower sample size may affect the generalizability of the study (Harry & Lipsky, 2014).

Researchers interact with the participants directly in semi-structured interviews (Cohen, Manion, & Morrison, 2011). This allows researchers to identify and consider the context from which the responses are derived.	Analysis of the interviews and data can take a considerable amount of time (Flick, 2011).
Participants can determine which context is consistent for them (Flick, 2011)	

3.2 RESEARCH DESIGN

This research will be rooted in the constructivist worldview which is typically used as an approach in qualitative studies (Creswell & Creswell, 2018), making use of a case study design to establish the phenomenon of digital strategy formulation and implementation from participants of the core organisation as well as participants from the subsidiaries of the organisation. The constructivist worldview suggests that knowledge is shaped by the subject and constructed from experiences of the participants. This research will heavily rely on the experiences of the participants and the expertise of the researcher in the field to deliver research findings.

In performing research into the topic of digital transformation strategy in a multinational retail bank, the case study approach is preferred as the researcher develops an in-depth analysis of the process of one or more individuals (Creswell & Creswell, 2018).

This research follows an inductive data analysis method to theory development, Factors around digital transformation strategy formulation and implementation for multinational retail banks will be based on themes arising from organising the data collected (Creswell & Creswell, 2018). Using this approach, the existing theory and literature questions was reviewed to provide a basis for crafting the research questions.

3.3 DATA COLLECTION METHODS

Semi-structured interviews were the method of primary data collection for this study. The target participants of these interviews are the Digital Heads and Chief Operating Officers of the Bank X Founding Organisation and of the Subsidiaries. The interviews were conducted using the interview guide attached as Appendix A. Some of the questions in the interview guide were adapted to align to the research problem, and most of the questions were self-formulated. Consultation with the academic supervisor was conducted to ensure that the questions were valid and relevant to the study. A focus group with individuals in the organisation was conducted to ensure that the questions were understandable to the audience.

Keeping in line with the research approach of qualitative interviews, the interview questions provided a guideline to the interview process and the individual circumstances around a participant's case and experience informed amendments to the questions during the interview process. It was expected that the back-and-forth nature of the interview allowed for clarification of certain questions as well as probing for more information around a certain question. The interview guide was circulated with prospective participants before the interviews.

Semi-structured interviews can have advantages and limitations, which with regards to this study can be listed in table 3.2.

Table 3.2: Advantages and Limitations of Semi-Structured Interviews (Adapted from Creswell & Creswell (2018))

ADVANTAGES	LIMITATIONS
Beneficial when participant behaviours cannot be observed directly.	Provides indirect accounts of historical happenings that are in part dependent on the participants' views.
Participants can provide an account of past events.	Researcher's presence may provide bias.
Allows researcher to have control over the line of questioning.	Not all participants are equally articulate and perceptive.

Due to the constraints around international travel and COVID-19, interviews were conducted using Microsoft Teams and as such were not conducted face-to-face. The use of Microsoft Teams will allow for the audio and visual to be recorded for transcription of the interview.

Video conferencing will provide the following benefits which will be advantageous in this study as indicated in table 3.3 below.

Table 3.3: Advantages of using Video Conferencing for conducting interviews in Qualitative Research. (Adapted from (Irani, 2019))

ADVANTAGE #	ADVANTAGE DESCRIPTION
1	Reduction in the geographical constraints associated with face-to-face interviews and allows researchers the opportunity to reach participants that are dispersed geographically.
2	Reduction in time and finances spent on travel, however there is a caveat that the enabling IT facilities must be available to both the participant and researcher, which can require additional cost and time.
3	Video conferencing offers flexibility to both the research and interviewer in terms of scheduling.
4	Video conferencing provides an environment that is comfortable to both the researcher and the participant, which will ensure that both parties are relaxed, and responses are not the result of stressed situations.

3.4 POPULATION AND SAMPLE

3.4.1 Population

The population of the research will comprise of employees of Bank X. Bank X consists of the Founding Organisation Head Office which directly interacts with Subsidiary staff, which is situated in South Africa, and Subsidiaries which is situated in Namibia, Botswana, Zambia, Lesotho, and eSwatini. The study will be done on the digital transformation of the Retail banking division of Bank X and thus participants were selected that are involved in formulation and implementation of digital transformation strategy in the retail division only. Participants from both the Founding Organisation Head Officer as well as the Subsidiaries were selected, however, there was a preference for participants that are employed in the Subsidiaries of Bank X.

3.4.2 Sample and Sampling Method

The method for sampling used in this research was a non-probability sampling method in the form of purposeful sampling. This sampling method is employed due to the convenience as the researcher is an employee of Bank X with access to participants in both the Founding Organisation and the Subsidiaries, thus participants that are most consistent with the research design were used. Additionally, time constraints placed on the research favoured the use of a purposive sampling method.

Participants were selected in both the Founding Organisation and the Subsidiaries based on their seniority and their functional role. Employees that have functional roles with high levels of seniority as well as experience in digital transformation strategy formulation and implementation in Bank X across the Subsidiaries and the Founding Organisation were approached.

The sample size consisted of 14 participants in total. 5 participants are from the Founding Organisation, while there were 2 participants in each Subsidiary (except Lesotho where there was only 1 participant). Table 3.4 reflects the sample of the study.

Table 3.4: Profile of participants according to their country of employment at Bank X and their functional role

COUNTRY	NUMBER	FUNCTIONAL ROLE
South Africa (Founding Organisation)	5	Chief Operating Officer Chief Executive Officer of Retail Banking Head of Business Solutions Product Head (Retail Banking) Chief Information Officer
Namibia (Subsidiary)	2	Head of Digital Transformation Head of Digital Banking
Botswana (Subsidiary)	2	Director of Banking Channels Head of Digital Banking
Zambia (Subsidiary)	2	Chief Operating Officer Head of Digital Banking
Lesotho (Subsidiary)	1	Head of Digital Banking
eSwatini (Subsidiary)	2	Chief Operating Officer Head of Digital Banking (Retail)

3.5 RESEARCH INSTRUMENT

The research instrument that was used for this study is semi-structured interviews conducted with the use of Microsoft Teams for video conferencing. The interview guide in Appendix A served as an outline for the interview.

The interview was semi-structured to allow additional information to be probed for, and for further clarity to be provided on their answers to the interview questions. To manage the expectations of the requirements of the interview, the list of questions was shared prior to the interview and the structure of the interview will be explained before the interview commences.

3.6 PROCEDURE FOR DATA COLLECTION

Prior to the interview being conducted, a meeting was scheduled with the participant. The information on the meeting invitation included a link to the Microsoft Teams virtual meeting as well as the interview guide and consent forms (attached in Appendix B). The consent form will need to be signed (physically or digitally) to confirm the participants willingness to participate in the study and their willingness to have the interaction recorded.

At the start of the interview, the context of the study was outlined to the participant and an opportunity for clarity will be given to the participant regarding any of the questions. The steps indicated in table 3.5 will be used to collect the data.

Table 3.5: Steps used for data collection in this study

STEP #	STEP DESCRIPTION
1	The potential participants were identified based on the criteria reflected in the sampling and sampling method section of this chapter.
2	Emails were sent to prospective participants to request their participation in the study. The email included the interview guide (Appendix A) and the participant consent form (Appendix B)
3	Once participation was confirmed by means of signed participant consent form, a Microsoft Teams virtual meeting was scheduled. The meeting was scheduled for 90 minutes to allow sufficient time for clarification of the study prior to commencement of the interview.
4	The Microsoft Teams meeting was recorded, and participants will be urged to verbally consent to the meeting being recorded and their participation in the study. Recordings were done using the recording function on Microsoft Teams.
5	Microsoft Teams transcribed the meeting in real time. The recordings were then used to cross check the transcription of the meeting. The transcript will allow data analysis and interpretation to be done.

3.7 DATA ANALYSIS AND INTERPRETATION

Data analysis in a qualitative study can be thought of as the process whereby order and structure is provided to a mass of collected data (Hilal & Alabri, 2013), thus, the relationship and themes of data is required to be analysed to gain an understanding of the phenomena being studied.

Thematic analysis is an applicable method of data analysis that can be employed to generate an understanding of qualitative data (Braun & Clarke, 2006) (Kiger & Varpio, 2020).

The most widely used method of thematic analysis was postulated by Braun & Clarke (2006) and consists of the steps outlined in Figure 3.1.

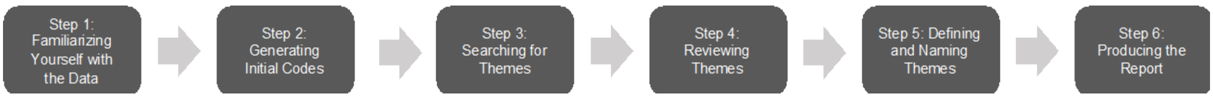

Figure 3.1: Thematic Analysis Process (Braun & Clarke, 2006) (Kiger & Varpio, 2020)

Thematic analysis was used for this study due to advantages it has. These advantages as well as the limitations pertaining to this study are summarised in table 3.6.

Table 3.6: Advantages and Limitations of Thematic Analysis. (Adapted from Kiger & Varpio (2020))

ADVANTAGES	LIMITATIONS
Simply to apply by less experienced researchers.	Can be perceived to be a less rigorous analysis method.
Allows researchers to summarize and interpret a wide range of data sets.	Prone to inconsistencies when compared to other methods.
Applicable to a variety of research questions, data types, data volumes, and analysis approaches.	

The steps indicated in table 3.7 will be used to analyse the data as per Thematic Analysis.

Table 3.7: Steps used for data analysis in this study

STEP #	STEP NAME	STEP DESCRIPTION
1	**Familiarizing yourself with the data**	Microsoft Teams has a built-in tool for transcription of the voice meeting. This tool was employed to generate the transcript of the interview proceedings. The voice recordings of the interviews were checked against the transcript to avoid any errors in transcription.
2	**Generating initial codes**	ATLAS.ti software was used to generate the initial codes of the transcripts. Due to an inductive approach being favoured, the codes will emerge from the data set (Kiger & Varpio, 2020).

3	**Searching for themes**	The coded and collated data sets were examined for themes of significance. Similar to the codes, the themes were derived from the coded data in an inductive analysis (Kiger & Varpio, 2020).
4	**Reviewing themes**	The themes were refined and relationships between the themes were created. A thematic map was generated and refined until the themes are coherent and additional refinements are not yielding substantial changes (Braun & Clarke, 2006).
5	**Defining and naming themes**	The importance of each theme to the research questions was created and data extracts that can be presented in the final report to illustrate key characteristics of the theme were selected (Kiger & Varpio, 2020).
6	**Producing the report**	A report which includes a clear narrative of how and why the themes were selected and how the data was interpreted was produced. This report should fully answer the research questions (Braun & Clarke, 2006).

Thematic analysis in this study is used to refine the vast amount of qualitative information into common themes and trends that can be extracted from the data. The views of participants would be articulated somewhat uniquely to each participant, however the researcher will have the ability to link common themes using thematic analysis and determine the prevalence of these themes within the study.

3.8 LIMITATIONS OF THE STUDY

The study has the following limitations:

1. The study lacks external validity due to the study being performed in only one traditional bank. The study does not represent any other traditional banks apart from Bank X.
2. The context of Bank X might not be replicable to other banks or industries.
3. The sample used in the study consists of only management level employees and does not reflect the views of lower-level employees.
4. The sample used in the study only consists of employees that participate in the strategy formulation and implementation in the Founding Organisation and the Subsidiaries, the perspectives of employees dealing only with one component of the organisation will not be included.

3.9 TRANSFERABILITY AND DEPENDABILITY

3.9.1 Transferability

To maintain transferability in a qualitative study, the researcher must focus on two key considerations – how closely the participants are connected to the setting of the study, and the contextual borders of the findings (Jensen, Transferability, 2008). Purposeful sampling will be used in this study to maintain transferability.

3.9.2 Credibility

Credibility depends on the researcher selecting appropriate participants, using an appropriate data collection method, and ensuring responses from participants are open, complete, and honest (Jensen, Credibility, 2008). To ensure credibility, the study made use of participants from both the Founding Organisation as well as the Subsidiaries, the use of semi-structured interviews ensured that the context is defined by the participants, and the use of anonymity in the interviews promoted honest participation.

3.9.3 Dependability

The dependability of a study is influenced by the ability of other researchers to replicate the research (Jensen, Dependability, 2008). The thematic analysis method can be applied by researchers to recreate this study. However, it must be noted that the research context is open to variation, which will have an impact on the replication of this research.

3.10 DEMOGRAPHIC PROFILE OF PARTICIPANTS

Employees that have functional roles with high levels of seniority as well as experience in digital transformation strategy formulation and implementation in Bank X across the Subsidiaries and the Founding Organisation were approached. This ensured that the correct level of leadership is studied during this research. Consideration was taken to ensure that correct representation was present around participants from the Founding Organisation Head Office (South Africa) and the Subsidiaries (Namibia, Botswana, Zambia, Lesotho, and eSwatini).

3.11 ETHICAL CONSIDERATIONS

The following actions were taken to ensure that the study maintains ethical standards.

1. Participation consent forms were used to obtain consent for participating in the study. Consent was obtained for the recording of the interview.
2. Participants names and functional role were not disclosed to maintain anonymity of participants.
3. The name of the organisation was not disclosed, and the organisation was referred to as Bank X.
4. Research permission letters were completed and signed by the organisation in line with requirements of The University of the Witwatersrand Business School.
5. A plagiarism declaration was signed and a similarity comparison from Turnitin will be provided to show that no plagiarism has taken place.

CHAPTER 4: RESULTS

4.1 INTRODUCTION

In this chapter, the findings from the qualitative research that was conducted are analysed in line with the analysis method outlined in Chapter 3. This chapter begins with a presentation of the background of the organisation in which the research was conducted and the participants of the study. To maintain anonymity, the organisation was referred to as "Bank X" and the names of the participants was omitted. The findings presented in this section reflect the emerging themes from the sentiments shared by the participants. The analysis was conducted using the thematic analysis approach for qualitative research as discussed in section 3.7 of this report. The findings are outlined using this analysis method relative to the propositions outlined in Chapter 2.

4.2 BACKGROUND INFORMATION

4.2.1 Background on Bank X

The research was conducted within the constructs of a specific company as a case. The case company is one of the five major banks in South Africa. Bank X is a traditional banking institution in the sense of having an established traditional banking channel presence (Branches and ATMs), but Bank X has also established digital banking channels (Banking App, Online Banking, Cell phone Banking) in the Southern African Market.

Bank X was established in South Arica, but has subsidiaries in Botswana, eSwatini, Ghana, Guernsey, India, Lesotho, Mozambique, Namibia, Zambia, and Tanzania. Bank X is listed on the Johannesburg Stock Exchange, the Namibian Stock Exchange, and the Botswana Stock Exchange. Bank X is a full-service bank in all the locations of operations, but for the purpose of this study the focus is on the Retail Banking divisions of Botswana, eSwatini, Lesotho, Namibia, Zambia, and eSwatini.

The Retail banking division is selected as it services the mass market, and customers are often likely to interact with the products and services in the subsidiaries. The subsidiaries are selected as these subsidiaries have mature retail banking operations of Bank X.

A high-level depiction of the Bank X business structure is presented in Figure 4.1.

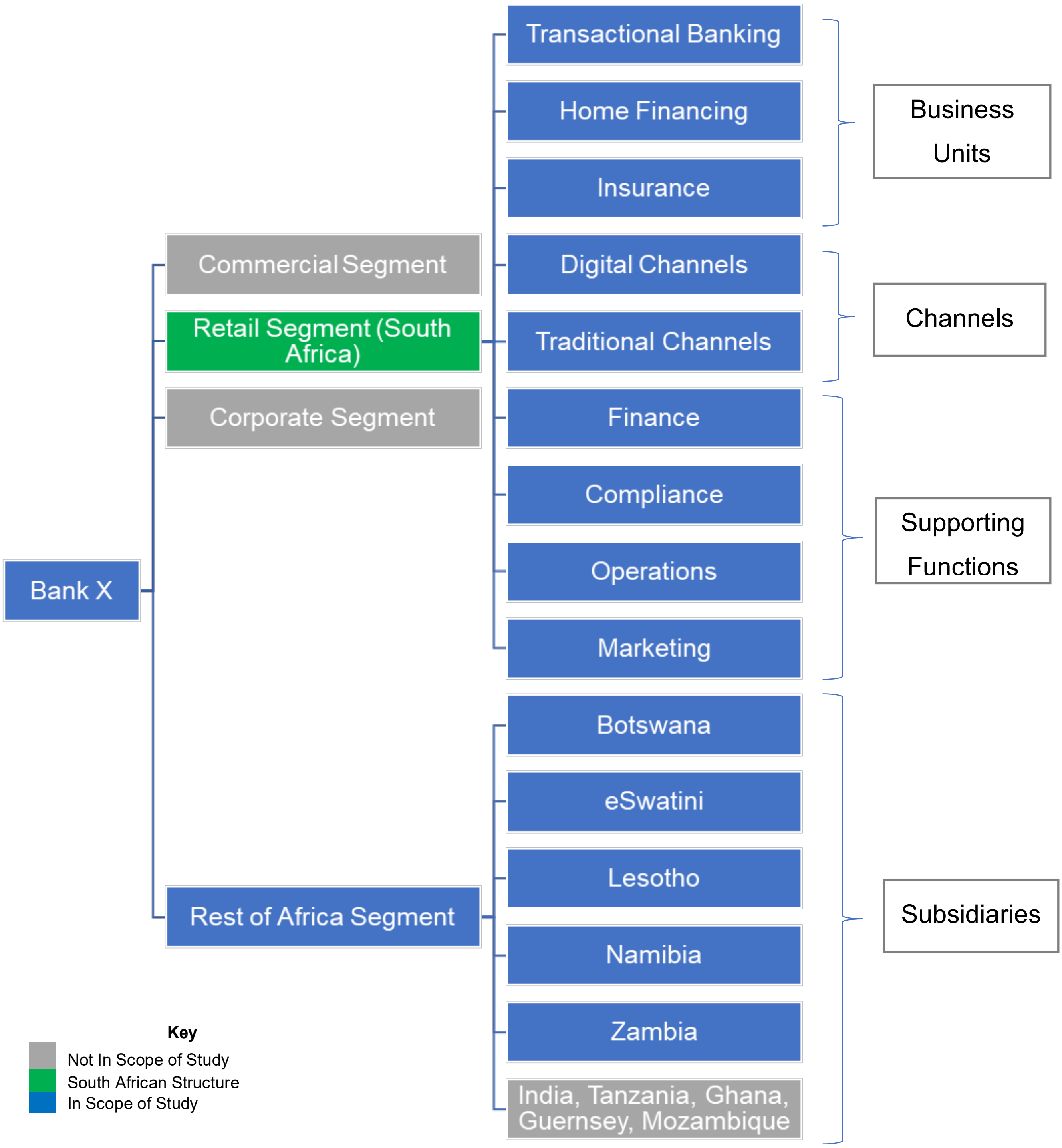

Figure 4.1: High-Level Bank X Organisational Structure

In each of the subsidiaries of operation, a similar structure of the Retail Segment (South Africa) is followed. Each subsidiary has their own CEO, CIO, COO, Compliance, and Change Management teams.

4.2.2 Background on the Participants

This section provides background information on the participants of the study within the context of the case organisation. As outlined in Chapter 3, participants were selected in line with purposive sampling, and all participants are employees of Bank X. Due to the geographic spread of participants as well as COVID-19 protocols and policies within Bank X, all interviews were conducted via Microsoft Teams. Employees that are employed within the subsidiaries of Bank X in Namibia, Botswana, eSwatini, Lesotho, and Zambia; as well as employees that deal directly with the Subsidiaries from a South African head-office perspective were selected as participants.

To ensure confidentiality of the participants and the case organisation, the participants will be referred to as Participant 1, Participant 2, Participant 3 etc.

Table 4.1 below reflects demographic information on the participants of the study. It can be observed that all participants are in executive or managing roles within the organisation, which should have some involvement into strategy formulation and implementation. It can be noted that there is a mix of representation of racial groups in management level employees, however executive level employees are mostly represented by White employees. The average age of the participants is 41 years old, and the average tenure of the participants at Bank X is 7 years. This can be an indication of a younger workforce at Bank X. Eight out of the fourteen participants are in management level roles and the remaining six participants are in executive level roles.

Table 4.1: Participant Information

IDENTIFIER	ROLE	AGE	RACE	GENDER	JOB LEVEL	SUBSIDIARY	TENURE (YEARS)
P1	Head of Digital Banking	43	Black	Female	Management	eSwatini	3
P2	Chief Information Officer	54	White	Male	Executive	Head Office	15
P3	Head of Digital Banking	45	Mixed	Female	Management	Namibia	3
P4	Head of Digital Transformation	40	White	Male	Executive	Namibia	5
P5	Head of Digital Banking	51	Black	Male	Management	Botswana	4
P6	Channel Management Head	36	Indian	Female	Management	Head Office	12
P7	Chief Operations Officer	39	Indian	Male	Executive	Head Office	4
P8	Head of Digital Banking	36	Black	Male	Management	Lesotho	5
P9	CEO of Retail Banking	36	Black	Female	Executive	eSwatini	3
P10	Product Head	38	Mixed	Female	Management	Head Office	7
P11	Head of Digital Banking	48	Black	Female	Management	Zambia	12
P12	Chief Operations Officer	37	Black	Male	Executive	Zambia	7
P13	Head of Transactional Banking	35	Black	Female	Management	Botswana	8
P14	CEO of Retail Banking	34	White	Female	Executive	Head Office	11

Figures 4.2 and 4.3 illustrate the distribution on gender and subsidiary that each participant is employed by respectively.

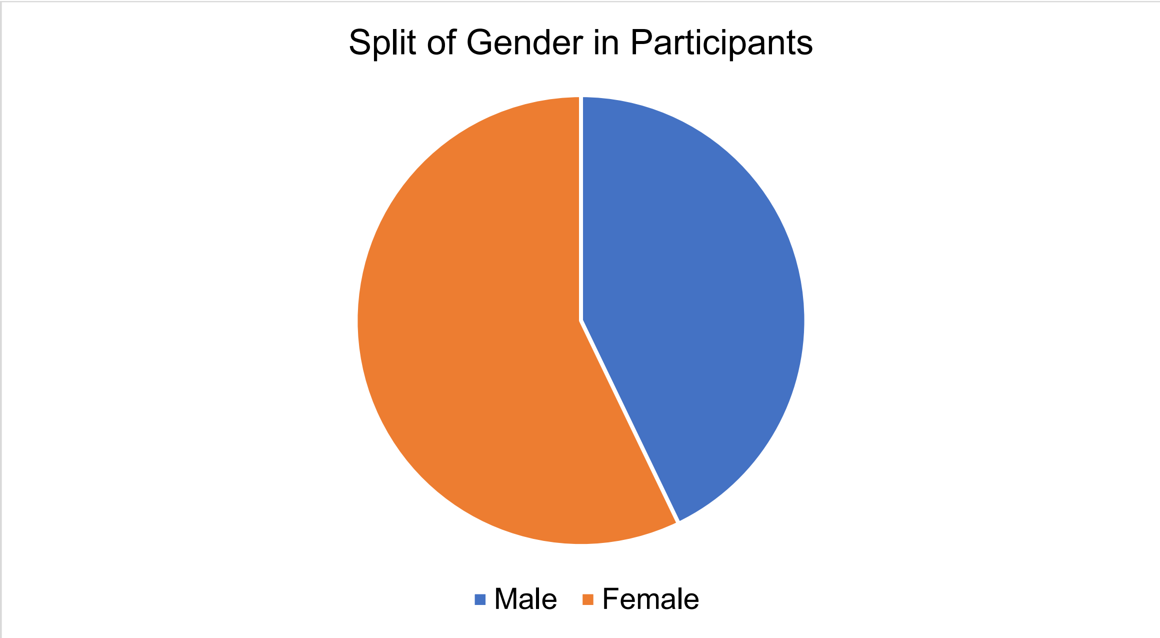

Figure 4.2: Split of Gender in Participants

It can be seen from Figure 4.2 that there is a good representation of both males and females in participants in management and executive level roles within this study.

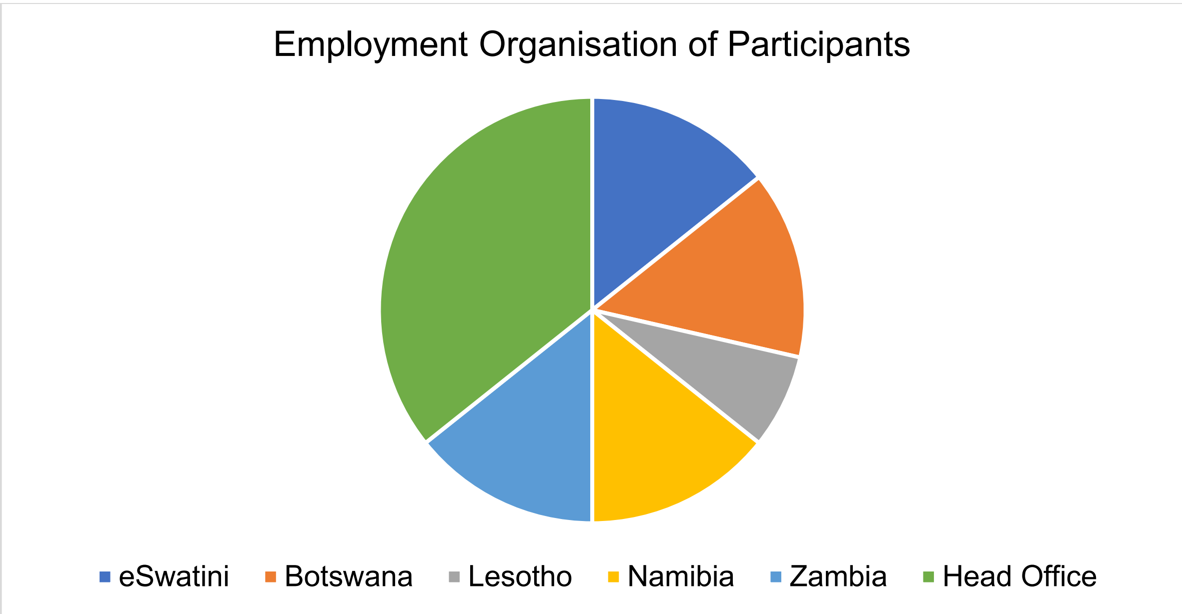

Figure 4.3: Employment Organisation of Participants

From Figure 4.3, majority of the participants are from the Subsidiaries of Bank X. The participants that are part of the Head Office engage directly with participants in the Subsidiaries and thus have a Founding Organisation perspective of strategy formulation and implementation in a multinational organisation.

4.3 RESEARCH QUESTIONS

The research objective is to investigate the aspects that can impeded digital transformation strategy formulation and implementation for a multinational traditional retail bank. This objective was then decomposed to formulate 3 research questions as follows:

1. Which aspects are fundamental for multinational banks to consider when formulating digital transformation strategies?
2. Which aspects are fundamental for multinational banks to consider when implementing digital transformation strategies?
3. How does technology availability and organizational culture affect strategy formulation and implementation of multinational retail banks?

4.4 RESEARCH PROPOSITIONS

Propositions to the research questions were made based on the literature consulted in Chapter 2. These propositions are as follows:

1. Multinational banks must have effective communication processes in place to ensure that digital transformation strategies are formulated in a synchronised manner.

2. Digital transformation strategy implementation in a multinational bank is dependent on the technology infrastructure in the subsidiary and the corporate culture of the subsidiary.
3. Technology availability and organisational culture will affect the strategic options and the targets applicable to the digital transformation strategies in subsidiaries in multinational banks.

4.5 ANALYSIS USING THEMATIC ANALYSIS PROCEDURE

As discussed in Chapter 3 of this study, thematic analysis was used due to the advantages this method provides. The process for thematic analysis is illustrated in Figure 4.4 below.

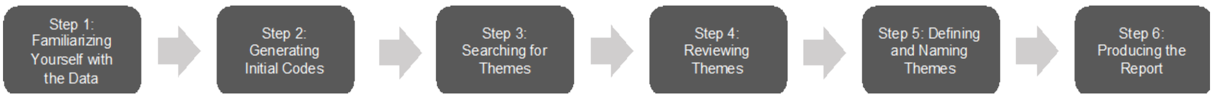

Figure 4.4: Thematic Analysis Process (Braun & Clarke, 2006) (Kiger & Varpio, 2020)

4.5.1 Step 1: Familiarizing Yourself with the Data

The interview tool used, Microsoft Teams, has a built-in tool for transcriptions of the interviews conducted. This allowed the interviews to be prepared into a text format which thus allowed analysis to be performed. Once the text format of the interviews was obtained and validated against the voice recordings, initial impressions on the data were uncovered in line with each of the research questions and have been summarised as below.

1. Initial Impressions: Which aspects are fundamental for multinational banks to consider when formulating digital transformation strategies?

The vision for Bank X is standard amongst the Founding Organisation and the Subsidiaries, however there is variation in the digital maturity and digital readiness of the customers in the Subsidiaries itself. To ensure that strategy can be formulated and accepted for a multinational organisation, there needs to be understanding and acceptance of the vision on which the strategy is set. The vision of Bank X is heavily entrenched in digital transformation as trends in the banking industry globally is shifting towards leveraging digital technologies as a competitive advantage. Within the context of digital transformation strategy, this vision must share a common understanding of what digital transformation encompasses.

Bank X currently lacks a clear understanding on the vastness of digital transformation. Participants from the Head Office understand the impact that digital technologies have on the entire value chain of Bank X, however that understanding is not relayed to leadership within the Subsidiaries. The leadership and management teams in the Subsidiaries see digital transformation as the drive of customers from traditional banking channels to digital banking channels.

Additional to the disconnect between shared understanding, Bank X has an element of temporal misalignment and communication breakdown during the strategy formulation process. Insufficient or delayed communication between the Founding

Organisation and the Subsidiaries during the formulation process further compounds the disparate understanding of digital transformation and the strategic options that are available to achieve digital transformation. This communication issue does not solely exist between the Founding Organisation and the Subsidiaries, as there is evidence of communication breakdown within the Founding Organisation itself and the Subsidiaries themselves. Subsidiary representation into the strategy formulation process exists but is not done upfront and thus buy-in on the strategic options is difficult to obtain.

2. Initial Impressions: Which aspects are fundamental for multinational banks to consider when implementing digital transformation strategies?

There is a close link between research questions 1 and 2, and this is further evident upon initial analysis of the interviews. Since digital transformation strategy is formulated with seemingly limited input from the Subsidiary leadership, there is a disconnect between the strategic objectives defined and the implementation feasibility of these options in the Subsidiaries. Strategy implementation is the responsibility of the Subsidiary as a business unit; however, the monitoring of the implementation is done by the Head Office. The custodians of the strategy do not communicate sufficiently with the implementors of the strategy and the role of Chief Digital Officer, which would facilitate the communication, is not appointed at Bank X.

Furthermore, the lack of buy-in on the formulated strategy is compounded by the complexities that are experienced during implementation on strategic options in different countries due to the nuances experienced in technology infrastructure and customer preference. Knowledge and representation into certain capabilities within digital transformation exists solely in the Founding Organisation, which can inhibit the speed at which implementation can occur.

The operation of the Subsidiaries of Bank X are more cost sensitive than the Founding Organisation, and as such the implementation of certain strategic options are not completely in control of the Subsidiaries. Assertions made by participants indicate that if there was temporal alignment during the formulation of strategy, the adoption and budgeting for all strategic options would be easier to achieve which would result in higher rates of implementation.

3. Initial Impressions: How does technology availability and organizational culture affect strategy formulation and implementation of multinational retail banks?

Bank X has a somewhat flat hierarchical structure, which allows the element of communication between leadership and employees to seem free, however the organisational structure still exhibits elements of siloed working. Specifically, with regards to strategy formulation, there are elements of Founding Bias, due to the vision and strategy being crafted for the largest market, which is the Founding Organisation. Co-creation of strategy is an emerging theme within the formulation process; however, the organisational culture has not fully accepted this formulation process. The diversity of experience and understanding that subsidiary leadership has should be exploited to ensure that there is sufficient understanding of the different customer personas in each subsidiary.

The technology availability in each market is a large inhibitor as the technology availability, regulation, and customer understanding of the technology varies largely per geography. Shifting organisational culture will ensure that there is sufficient representation, knowledge, and trust placed in the Subsidiary leadership to formulate and implement digital transformation strategies that tie into the vision of the entire organisation while considering market constraints.

4.5.2 Step 2: Generating Initial Codes

The initial codes were generated using the research questions and the propositions as a guideline. Due to the research following an inductive approach to theory development, open coding was applied as there were no pre-identified codes. The process of coding was done using the ATLAS.ti software, in which the text format transcripts were analysed. ATLAS.ti allowed the groundedness, which is a measure of how many times the code is applied to the dataset (Friese, 2021) , to be captured and used during the analysis.

Table 4.2 reflects all codes that were initially generated as part of the analysis for research question 1. In total, there were 95 unique codes generated for research question 1 and the groundedness ranges from 1 to 24 with an average of approximately 6.

Table 4.2: Main Codes and Initial Codes relating to research question 1.

Main Codes and Initial Code	Groundedness
Challenges (1)	
Challenge KPI's	1

Push-Back on Strategy	8
Subsidiary Leadership Challenge Founding Leadership	4
Communication	
Comforting Communication	3
Open Communication	19
Communication Drives Vision	16
Communication Breakdown (External)	10
Communication Breakdown (Internal)	9
Engagement Buy-In	3
Communication Frequency	13
Multiple Communication Channels	15
Pockets of Engagement	1
Pockets of Participation	1
Upfront Subsidiary Involvement	9
Sufficient Engagement	2
Understanding Based Buy-In	2
Competitive Advantage	
Subsidiary Market Based Competitive Advantage	17
Competitive Advantage Founding Bias	6
Customer Insight	
Customer Adoption Strategy Metric	8
Customer Focus	3
Customer Satisfaction Measurement	1
Local Environment	5
Subsidiary-Customer Understanding	24

Local Context Value Propositions	1
Data	
Data Analytics Capabilities	1
Data Based Performance Monitoring	4
Data Based Strategy Formulation	15
Leverage Platform Data	1
Data Availability	7
Emergent Strategy	
Agile Strategy Changes	4
Bottom-Up Feed	9
Emergent Strategy Need	9
Emergent Strategy Readiness	4
Valuable Employee Feedback	3
Formulation Process	
Top-Down Formulation Approach	20
50/50 Commonality	1
70/30 Commonality	3
80/20 Commonality	10
Corporate Strategy Setting	3
Corporate Strategy Output	17
Formulate Unique Strategy	4
Incorporate Nuances During Formulation	13
Basis for Improvement	5
Founding Influence	16
Founding Maturity	8

Functional Management Formulation Feedback	13
Timeline Alignment	1
Leadership Goal Setting	6
Local Strategy Customization	4
Long Term Strategy	5
Collaborative Subsidiary Strategy Formulation	1
Negotiation in Strategy	3
Reconciliation in Subsidiary	1
Open Collaboration	2
Produce Commonality	8
Revenue Streams Drive Strategy	1
Business Area Strategy Formulation	1
Founding Organisation First	5
Subsidiary Contribution to Formulation	7
Strategy Formulation Ownership by Subsidiary	2
Knowledge & Representation	
CDO	2
Counterparts	2
Empowerment of Subsidiary Leadership	22
Subsidiary Trust	12
Subsidiary Based Metrics	2
Subsidiary Representation	3
Technophobia in Leadership	1
Oversight (1)	
Provide Assurance and Performance Monitoring	11

Founding Vision, Subsidiary Strategy	2
Monitoring Frequency	2
Target Based Accountability	7
Founding Organisation Reliance	5
Platform	
Platform Consumer Satisfaction	3
Platform Strategy Formulation	4
Platform Consumer Enhancement	3
Subsidiaries as Platform Consumers	2
Strategy Alignment	
Adaptation of Strategy	7
Clash of Strategy	9
Prioritization in Strategy	5
Resource Based View of Strategy	2
Adaptation of Strategic Themes	9
Strategy Links to Entire Organisation	2
Subsidiary Strategy Ownership	2
Market Based View of Strategy	14
Structure of Management (1)	
Collaboration in Formulation	3
Collaborative Strategy Evaluation	6
EXCO Communication	4
EXCO Strategy Formulation	15
EXCO Provides Steer	8
Highlight Benefit of Strategy	4

Technology Landscape	
IT Strategy Input	17
Technology Landscape Consideration	2
Technology Consideration	1
Understanding of Local Landscape	2
Strategy to Overcome Technology Gaps	1

Table 4.3 reflects all codes that were initially generated as part of the analysis for research question 2. In total, there were 67 unique codes generated for research question 2 and the groundedness ranges from 1 to 19 with an average of approximately 5.

Table 4.3: Main Codes and Initial Codes relating to research question 2.

Main Code and Initial Code	Groundedness
Brand Reputation	
Brand Reputation	2
Capabilities	
External Party Engagement	1
Insufficient Representation	3
Resource Constraints	1
Skill Gap	2
Subsidiary Representation per Capability	8
Change Management	
Change Management	11

Re-skill On Developments	2
Re-skill	7
Customer Experience	
Customer Education	4
Customer Expectations	6
Customer Experience	3
Customer Experience	3
Customer Feedback	
Customer Benefit	1
Customer Adoption	7
Customer Experience Feedback	1
Customer Feedback	3
Digitalization Responsibility	
Involvement at All Levels	14
Digital Banking Channels Focus	3
Digitalization	1
Duplicated Efforts	1
Leadership Digitalization Focus	8
Digital Transformation Understanding	2
Implementation Costs	
Implementation Cost vs Adoption Benefit	6
Nuance Impact on Cost	6
Technology Cost	10
Implementation Monitoring	
Implementation Monitoring	10

Nuanced Implementation	5
Functional Management Feedback	5
Unique KPI's	1
Implementation Ownership	
Subsidiary Implementation Ownership	11
Implementation Guidance	8
Implementation Communication	4
Subsidiary Implementation Ownership	11
Implementor Alignment	1
Accountability	2
Subsidiary Risk Appetite	1
Subsidiary Reporting Ownership	1
Subsidiary as Implementor	2
Subsidiary Implementation Ownership	11
Subsidiary Leadership Influence Implementors	1
Implementation Plan	
Cross-Functional Implementation	17
Implementation Plan Feedback	6
Project Implementation	4
Deliverables	5
Plan Socialisation	2
Communication and Speed of Implementation	1
Leadership Involvement	
Leadership Influence on Culture	11
Leadership Influence on Implementation	2

Functional Management Focus on Implementation	13
Support Subsidiary Leadership	4
Operationalize Strategy	
Alignment of Options	4
Cross-Subsidiary Engagement	2
Oversight (2)	
Implementation Oversight	19
Buy-In Impact	2
Ownership Drives Accountability	6
Local Ownership	5
Symbiotic Relationship	2
Performance Management	
Global Trends	1
Performance Monitoring Co-Creation	1
Performance Contracting	9
Performance Landscape Alignment	3
Success Management	
Strategy Performance Calibration	3
Process Re-Engineering	4
Unreal Expectations	1
Third-Party Engagement	
Third-Party Regulation Allowance	1
Third-Party Availability	2

Table 4.4 reflects all codes that were initially generated as part of the analysis for research question 3. In total, there were 105 unique codes generated for research question 3 and the groundedness ranges from 1 to 38 with an average of approximately 6.

Table 4.4: Main Codes and Initial Codes relating to research question 3.

Main Code and Initial Code	Groundedness
Co-Creation of Strategy	
Strategy Co-Creation	10
Standard Design Not Feasible	3
Standard Design Bias	1
Tangible Change	1
Culture	
Country Culture	2
Culture-Strategy Relationship	8
Country Culture Impact on Technology	3
Diversity	
Generic Communication	1
Diversity	9
Founding Bias	
Founding Bias	2
Imposition	2
Market Variation	4
Founding Organisation Regulation Blueprint	5

Founding Bias	2
Franchise	
Understanding of Vision	5
Model Franchise	11
Franchise Model	7
Franchise Mentality	12
Customer Context of Model Bank	1
Government	
Government Collaboration	1
Government Vision	3
Government Technology Control	3
Hierarchy Structure	
Executive Representation	3
Disconnect in Organisation	2
Flat Hierarchy	1
Leadership	
Leadership	2
Legacy Systems	
Legacy Implementation Cost	2
Legacy Innovation Impact	5
Legacy Lag	14
Legacy Inter-subsidiary Dependence	5
Legacy Agility	15
Macro-Economics	
Macro-Economics	11

Macro-Economic Impact on Technology	2
Macro-Economic Impact on Strategic Options	2
Nuances	
Challenge Nuances	2
Importance of Customer Nuance	38
Design Considers Nuances	9
Nuanced Operations	1
Measurement of Nuances	1
Nuances Inform KPI's	1
Subsidiary Nuances	23
Retrofit of Nuances	3
Nuance Risk	1
Subsidiary Solves Nuances	1
Variation between Subsidiaries	1
Organisational Understanding & Digital Transformation	
Ad/Hoc Revision	6
Implementor Sets Metrics	2
Implementation Metrics	2
Structured Nuance Understanding	3
Organisation Shapes Market	4
Project & Strategy Alignment	1
Regulation Opportunity	
Regulation Forces Innovation	1
Regulation Inhibitor	
Regulation Risk to Strategy	5

Regulation Change	9
Regulation Impact on Strategic Options	13
Unregulated FinTech's	1
Regulation Cost Impact	4
Regulation Agility Impact	12
Regulation Adoption Impact	13
Regulation Implementation Impact	22
Regulation Technology Impact	10
Regulation Inhibitors	1
Regulation Nuance	18
Regulation Market Impact	7
Regulation Variation	12
Subsidiary-Regulator Relationship	15
Resistance	
Resistance Management	2
Resistance Risk	1
Resistance Understanding Gap	1
Subsidiary Resistance Ownership	4
Skills	
Employee Technology Adoption	2
Standard Strategy	
Standard Design Impacts Innovation	2
Standard Strategic Themes	4
Standard Terminology	1
Standard User Experience	3

Strategy for All Complication	4
Structure of Management (2)	
Bimodal Formulation	1
Localise Capabilities	14
Leadership Collaboration	5
Common Vision	2
Subsidiary Guidance	24
Technology Availability to Customer	
Nuanced Customer Journey in Standard User Experience	15
Physical Customer Touchpoint	2
Pro-active Customer Solutions	2
Reactive Customer Solutions	2
Customer Technology Adoption	8
Technology Cost	
Complexity and Cost to Fix	4
Technology Cost to Customer	19
Technology Infrastructure of Subsidiary Country	
Technology Infrastructure	2
Technology Inhibitor	
Technology Infrastructure Challenge	15
Technology Infrastructure Impact on Implementation	10
Technology Infrastructure Impact on Formulation	7
Technology Stipulates Regulation	2
Technology Supports Digital Strategy	1

Technology Landscape (2)	
Digital Maturity	1
Local Technologies	2
Tech Infrastructure Re-Strategize	6
Market Readiness for Technology	2
Upfront Involvement	
Upfront Subsidiary Involvement	9
Upfront Involvement Ensures Buy-In	34
Upfront Involvement Mitigates Unforeseen Cost	3
Upfront Involvement Identifies Unique Priorities	9
Views of Strategy	
Market Stimulation by Open Regulation	1

In total, 266 open codes emerged, and this includes some repetition and similarities, and the average groundedness of these codes is approximately 6.2. The codes were then classified into main codes or categories and sub-codes, where the open codes formed the sub-codes.

Table 4.5 summarises the 54 categories that emerged and the specific research questions to which these main codes are linked.

Table 4.5: Categories linked to research questions

QUESTION NUMBER	QUESTION 1	QUESTION 2	QUESTION 3
CATEGORIES	Challenges (1)	Brand Reputation	Co-Creation of Strategy
	Communication	Capabilities	Culture
	Competitive Advantage	Change Management	Diversity
	Customer Insight	Customer Experience	Founding Bias
	Data	Customer Feedback	Franchise
	Emergent Strategy	Digitalization Responsibility	Government
	Formulation Process	Implementation Costs	Hierarchy Structure
	Knowledge & Representation	Implementation Monitoring	Leadership
	Oversight (1)	Implementation Ownership	Legacy Systems
	Platform	Implementation Plan	Macro-Economics
	Strategy Alignment	Leadership Involvement	Nuances

	Structure of Management (1)	Operationalize Strategy	Organisational Understanding & Digital Transformation
	Technology Landscape (1)	Oversight (2)	Regulation Opportunity
		Performance Management	Regulation Inhibitor
		Success Management	Resistance
		Third-Party Engagement	Skills
			Standard Strategy
			Structure of Management (2)
			Technology Availability to Customer
			Technology Cost
			Technology Infrastructure of Subsidiary Country
			Technology Inhibitor
			Technology Landscape (2)

	Upfront Involvement
	Views of Strategy

4.5.3 Step 3: Searching for Themes

Once the initial and main codes were identified, it was evident that there were patterns that emerged between the categories. These patterns were then used to group categories into themes. The identified themes were linked back to the three main research questions.

Table 4.6 summarises the themes that emerged from the categories identified relating to research question 1. The theme that has the highest level of groundedness, and thus the highest level of reiteration within the interviews is that of Digital Strategy, specifically with regards to the formulation process.

Table 4.6: Themes emerging from categories linked to research question 1

THEME	**CATEGORY**	**CUMULATIVE GROUNDEDNESS**
DIGITAL STRATEGY (TOTAL GROUNDEDNESS OF 325)	Competitive Advantage	23
	Data	28
	Emergent Strategy	29
	Formulation Process	160
	Platform	12
	Strategy Alignment	50

	Technology Landscape (1)	23
LEADERSHIP (TOTAL GROUNDEDNESS OF 97)	Challenges (1)	13
	Knowledge & Representation	44
	Structure of Management (1)	40
OPERATING MODEL (TOTAL GROUNDEDNESS OF 172)	Communication	103
	Customer Insight	42
	Oversight (1)	27

Table 4.7 summarises the themes that emerged from the categories identified relating to research question 2. The theme that has the highest level of groundedness, and thus the highest level of reiteration within the interviews is once again that of Digital Strategy, specifically with regards to implementation ownership by the subsidiaries.

Table 4.7: Themes emerging from categories linked to research question 2

THEME	CATEGORY	CUMULATIVE GROUNDEDNESS
CULTURE	Brand Reputation	2

(TOTAL GROUNDEDNESS OF 2)		
CUSTOMER EXPERIENCE (TOTAL GROUNDEDNESS OF 28)	Customer Experience	16
	Customer Feedback	12
DIGITAL STRATEGY (TOTAL GROUNDEDNESS OF 131)	Implementation Costs	22
	Implementation Monitoring	21
	Implementation Ownership	53
	Implementation Plan	35
LEADERSHIP (TOTAL GROUNDEDNESS OF 135)	Leadership Involvement	30
	Digitalization Responsibility	29
	Change Management	20
	Oversight (2)	34
	Performance Management	14
	Success Management	8
OPERATING MODEL (TOTAL GROUNDEDNESS OF 9)	Third-Party Engagement	3
	Operationalize Strategy	6

SKILLS (TOTAL GROUNDEDNESS OF 15)	Capabilities	15

Table 4.8 summarises the themes that emerged from the categories identified relating to research question 3. The theme that has the highest level of groundedness, and thus the highest level of reiteration within the interviews is Market Focus, specifically with regards to the varied regulation of technology in the different subsidiaries.

Table 4.8: Themes emerging from categories linked to research question 3

THEME	CATEGORY	CUMULATIVE GROUNDEDNESS
ARCHITECTURE (TOTAL GROUNDEDNESS OF 41)	Legacy Systems	41
CULTURE (TOTAL GROUNDEDNESS OF 148)	Co-Creation of Strategy	15
	Culture	13
	Diversity	10
	Government	7
	Skills	2
	Structure of Management (2)	46
	Upfront Involvement	55

FOUNDING BIAS (TOTAL GROUNDEDNESS OF 73)	Founding Bias	15
	Franchise	36
	Hierarchy Structure	6
	Leadership	2
	Standard Strategy	14
MARKET FOCUS (TOTAL GROUNDEDNESS OF 366)	Macro-Economics	15
	Nuances	81
	Organisational Understanding & Digital Transformation	18
	Regulation Opportunity	1
	Regulation Inhibitor	142
	Resistance	8
	Technology Availability to Customer	29
	Technology Cost	23
	Technology Infrastructure of Subsidiary Country	2
	Technology Inhibitor	35
	Technology Landscape (2)	11
	Views of Strategy	1

4.5.4 Step 4 & Step 5: Reviewing Themes & Defining and Naming Themes

The themes were reviewed in line with the research questions of this study, and some themes overlap between research questions. The total number of themes that emerged are represented in table 4.9 as well as the total groundedness for the themes.

Table 4.9: Identified themes and total groundedness for the study

THEME	TOTAL GROUNDEDNESS
Architecture	41
Culture	150
Founding Bias	73
Market Focus	366
Customer Experience	28
Digital Strategy	456
Leadership	232
Operating Model	181
Skills	15

Based on the prevalence and relationship that the themes have, some of the themes were collapsed into final themes. The final themes that were identified are (1) Culture, (2) Digital Strategy, (3) Founding Bias, (4) Leadership, (5) Market Focus, (6) Operating Model. These 6 main themes are presented in table 4.10.

Table 4.10: Final themes and total groundedness for the study

THEME	TOTAL GROUNDEDNESS
Culture	150
Digital Strategy	497
Founding Bias	73
Leadership	232
Market Focus	394
Operating Model	196

A thematic map reflecting the relationships between the identified themes is reflected in Figure 4.4

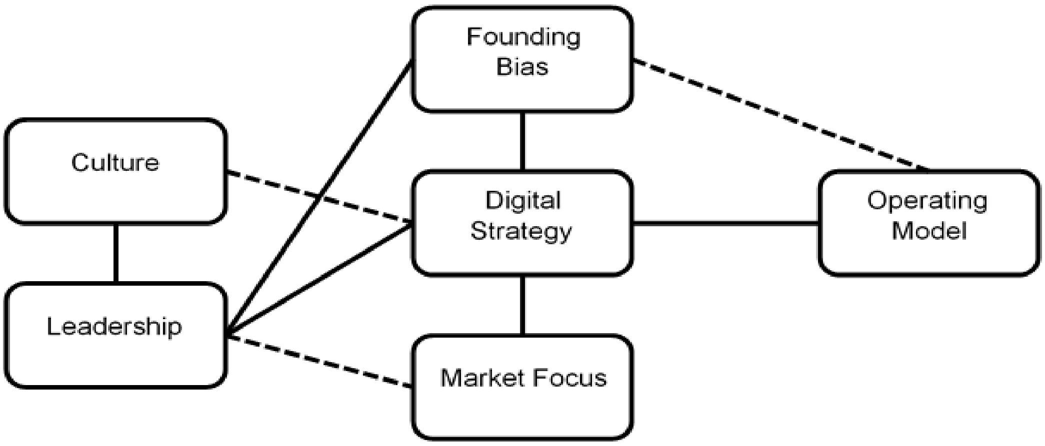

Figure 4.4: Thematic Map

4.6 RESULTS PERTAINING TO RESEARCH PROPOSITIONS

To test the propositions made in Chapter 2 of this study, the findings from the interviews were analysed using the thematic analysis process in line with the research instrument introduced in Chapter 3. Testing of the propositions is done in line with the themes that emerged from the data analysis and supporting quotes from participants is used to highlight the propositions.

4.6.1 Results pertaining to Proposition 1:

Multinational banks must have effective communication processes in place to ensure that digital transformation strategies are formulated in a synchronised manner.

4.6.1.1 Leadership

The research tool did not explicitly test for the leadership style between the Founding Organisation and the Subsidiaries, but an understanding of the leadership and oversight style can be found in the responses provided by participants. In terms of strategy formulation, there are multiple responses that highlight the disconnect in mandate at which Subsidiary leadership can operate. The strategy is generally set by the Founding Organisation with consultation with Subsidiary leadership.

"I think that the formulation of the strategy does happen at a group level mainly and then the subsidiaries fit into the direction that has been formulated by the group." – Participant 12

There is agreement that there is sufficient representation from the Subsidiary leadership in the formulation process, however there is a need for Subsidiary leadership to challenge the Founding Organisation strategy and ensure that the strategic options being presented are in line with the Subsidiary boundaries.

“We have some kind of representation and so you would have our COO specifically sitting in those sessions just to understand how we can fit in. And if we can apply it in our in our environment.” – Participant 11

Leadership in the Subsidiaries have the experience with their markets and the expertise to understand what will work best for their customers. This expertise is not being leveraged in the correct manner. Instead of upfront involvement during strategy formulation, Subsidiary leadership representation is brought on at a later stage and thus provides push-back on the strategic options being tabled by the Founding Organisation.

“They are definitely instancing where we push back because we've been through the same or similar example in it didn't work.” – Participant 3

“Basically, for my business unit I need to think around and debate with my team and then we come up with our own strategy and based on where we are, what takes priority over general themes that are being discussed group-wide.” – Participant 9

An opportunity to remove this disconnect between Subsidiary and Founding Organisation leadership is to have a central role that deals with the handling of Digital Transformation Strategy formulation, communication, and tracking. This role has been identified in literature as the Chief Digital Officer. This role currently only exists in the

Founding Organisation at Bank X and the current leadership structure in the Head Office and the Subsidiaries have some components of that role delegated amongst all. This has contributed to confusion between who is the correct person to reach out to for discussion around concerns in the specific area.

“So, I guess for me there's no one person that plays that role. I think it's a role everybody needs to play, but there's a coordination role to make sure that all of us are aligned in the how and when and how we speak to our customers to actually do it.” – Participant 14

The most prevalent theme that is raised regarding leadership is that a multinational organisation should have a Founding Organisation leadership team that empowers and trusts the Subsidiary leadership team. The benefit of this type of leadership style is highlighted by participants to aid in successful adoption and implementation of the strategy. Enabling the Subsidiary leadership to have some level of autonomy in the strategy formulation, while maintaining open communication between Founding Organisation leadership to discuss strategic decisions is the preferred leadership style when formulating digital transformation strategy for a Multinational, based on the responses from participants. Founding Organisation leadership may have more experience due to their involvement into numerous operations and subsidiaries, however Subsidiary leadership has the deeper understanding of their market.

“We’re selling a brand to these countries, but the countries must be empowered to run.” – Participant 2

“Autonomy should be given to the leadership within country B, the subsidiaries in country B needs to take ownership, so they need to develop their own business strategy, their own transformation strategy and IT strategy. There should be the symbiotic relationship.” – Participant 4

“Aggression from the leaders in the founding organization to drive those philosophies and put in, I don't know if I can call it policy, but directives that that that push everyone to implement things you know via this digital transformation, which is largely based on platform.” – Participant 12

4.6.1.2 Operating Model

The current model of operation of Bank X with regards to their Subsidiaries is that the Founding Organisation acts as the vision owner and the owner of most of the technology. Since most development work is done by the Founding Organisation in South Africa, there can be a bias towards satisfying the needs of the largest market (South Africa) first.

“The look and feel of our app as you know as an example, we have our app built I think for South Africans.” – Participant 14

The reliance that the Subsidiaries have on the Founding Organisation can hinder the progress that the Subsidiary may achieve due to the different ownership of strategies and capabilities. The nuanced approach to strategy formulation that can be applied to digital transformation strategy should ultimately inform the IT strategy that should be pursued, however since the Subsidiaries have no control over the development capabilities, there can be a discrepancy between the digital transformation and IT strategies. Responses from participants indicate that if there are certain development capabilities that are introduced into the Subsidiary there would be a change in the strategic options targeted due to the reduced reliance on the Founding Organisation.

"Let's take an example of what happens with OCEP now that we have the ability in country to develop, the discussion is totally different in a few years ago we just accept it. Now we say no, we don't want this now. We wanted later we were. This is our priority for now, you know." – Participant 3

"And if I think about a group versus subsidiaries, it's a tricky one because our IT strategy sits in South Africa. Our business strategy, I would say a combination between centre and countries. Digital transformation I would say actually so it's very closely in the country, so I guess there's a group digital transformation strategy, but it's something that they've taken up very actively and actually put people on, but I wouldn't say there's an integration in country on these three things because they don't have that IT leg." – Participant 14

In the context of a multinational retail bank, as in the case of Bank X, although there may be benefit in standardised strategy to capture customers at some level, there must be some customisation for the market. If the operating model is too rigid, then there will be less flexibility to deliver what is desired by local customers of the Subsidiaries. There needs to be some level of Emergent Strategy practised between the Founding Organisation and the Subsidiaries to ensure that the overall organisation vision is maintained while there is customisation to fit a local market and local customer needs.

"There is a tendency to want to run the country from SA, yet the teams on the ground and actually understand a bit more they know what they're doing." – Participant 9

"Unfortunately, if you are a South African. No matter how exposed you are, you lack context of little nuances that make up the mind of a customer and mind change shift of our Botswana customer." – Participant 13

The operating model should not be devoid of communication between the Founding Organisation and the Subsidiaries. The communication needs to encompass the market nuances from a Subsidiary and the future vision from the Founding Organisation to ensure that the organisation as a whole is moving to the right direction.

"And I think that needs to become more entrenched in the countries they need to become actively involved in the loop, so it has to be a closed loop effect there. It's currently a one-way situation, but it almost as good looking at it who's interpreting it?" – Participant 6

Responses from the participants of this study indicate that Bank X is targeting a Franchise model of operation in which there is standardisation of the brand, but the products and services are tailored to what is suitable for the local context. Ultimately the brand should be aligned to a standard customer expectation and any customer should be able to have a clear expectation from the organisation in any country of operation. Bank X uses the Founding Organisation operations as a model bank but there is still some understanding that is required in terms of what a model bank can contribute as a strategic basis before customisation is required.

“Yeah, so I think the big thing we trying to get right as concept of model bank.” – Participant 2

“Then that's us achieving that that concept of walking into a McDonald's franchise, 'cause ultimately, that's what we want to be. If you look at that McDonald's example or use that as an analogy, is that if I walk into McDonald's in China versus South Africa, you know what you're going into get.” – Participant 6

“A payment rail is not a payment rail is not a payment rail. We have different payment regulations, you guys have PASA, we don't. We've got local nuances in terms of how people choose to pay, whereas available one is not available. There's how people choose to make payments and how people have comfort, how they build trust, where the payment platform because of the society experience with payments.” – Participant 13

“There's multiple layers to it, but it all needs to align through the same look and feel, especially if we're targeting that franchise way of operating.” – Participant 14

Communication on the operation model and the strategy is not seen to be lacking in Bank X. Communication is necessary to ensure that there is a common understanding of the strategy between the Founding Organisation and the Subsidiaries. If a model bank or franchise model of operation is to be successful, the communication must enable buy-in and a transfer of ownership of the strategy. This can be from a formulation or implementation perspective. What seems to be lacking in the context of Bank X is the ownership by the Subsidiaries on the strategy. The Founding Organisation displays behaviour of control on the strategy and development of strategic options, however there is a lack of ownership and buy-in of the strategy from a Subsidiary perspective. This theme links to the leadership theme which indicated that Founding Organisation has not relinquished ownership of the strategy to a level which provides empowerment to the Subsidiary leadership as yet.

“To some degree we do receive you know enhancements or suggestions or feedback from our proposals from our counterparts in the Father Company or what we used to call it the Big Brother.” – Participant 3

“South Africa is formulating it but getting the subsidiaries to start owning it. So there needs to be a crossing of jaws between governance and formulating their respective strategy.” – Participant 7

“The communication is very streamlined. Uh, it's quite open. I must say I don't really think there's a there's a huge hinderance there.” – Participant 8

“Leadership must understand the overall strategy and how they take it down to the entire organization and just making sure your environment is driving the correct strategy.” – Participant 11

4.6.1.3 Digital Strategy

The study did not test explicitly for the definition of digital transformation or digital transformation strategy, however the understanding that emerged from the interview process due to the various examples provided by the participants in their answers. It can be noted that disparate views exist in Bank X regarding what digital transformation encompasses. The commonality between these disparities is that participants from the Founding Organisation understand the broad nature of digital transformation, while participants from the Subsidiaries understand digital transformation as the adoption of digital banking channels.

"I find in where I am in Botswana, People think digital transformation is about a digital migration migrating your customers to digital." – Participant 5

The understanding that digital transformation strategy is a subset of corporate strategy and informs IT strategy emerges from the responses in this study. It is also noted that at Bank X, no clear digital transformation strategy is defined, thus there is a disconnect between the corporate strategy and IT strategy with regards to enablement of digital transformation.

"These strategies must be feeding into each other. All leading up to their corporate business strategy. But the way, it is now. It says if there are siloed. There is a business strategy, yes, and digital transformation is part of that strategy, but there isn't a specific digital transformation strategy." – Participant 5

A common theme that contributes to the misunderstanding of the depth of digital transformation, as well as the digital transformation strategy needed to support this movement is communication issues. Communication on the strategic options is generally from the Founding Organisation down to the Subsidiaries. There are both positive and negative sentiments towards this type of communication of strategy.

"I need to mention that most of the decisions around digital transformation at done at group level and then cascaded down to the subsidiaries." – Participant 8

"I think the crafting of the solutions was not so much an open conversation with the subsidiaries." – Participant 9

"I think there's a level of dictation from the group that is good in most aspects in that we create the alignment that's needed." – Participant 10

In alignment to the negative sentiments of the top-down strategy formulation method applied, another theme that arises is the need for incorporating a bottom-up approach of strategy formulation. This theme positively notes that taking guidance from the Subsidiary as the customer owner and customer expert, as well as front-line staff from the Subsidiaries will allow Bank X to develop a strategy that satisfies customer needs.

"Because there's a top-down digital transformation strategy approach, I think we lose out on actually building the digital transformation strategy on the client need from each country's perspective as well." – Participant 14

"It would be ideal for us too then communicate or fit into that strategy based on the local environment so that whatever strategies formulated it will be able to solve local problems as well." – Participant 1

The theme of emergent strategy incorporation into the strategy formulation process is noticed in the study. There is a common understanding that Bank X needs to align the strategy formulation process between the Founding Organisation and the Subsidiaries, and it is also noted that there must be attention paid to the differing customer needs in each environment. However, there might not be supporting processes in place yet to fully implement the practice of emergent strategy. This theme also links to the temporal alignment needed between the Founding Organisation and the Subsidiaries. There is a reliance on data that is used to substantiate the strategic options.

"Yeah, so it is a mixture about hybrid sort of approach, so we started involving more of the business teams and customer facing teams to help us in the design phase." – Participant 7

"Yeah, that's a tough one. So, I think you always have to be wary about and even with customer research yourself to be wary about the responses that you receive and from an employee engagement perspective. There are very valid opinions that should be considered, but it needs to be structured in a manner that can be constructive." – Participant 10

"We need to have structured data to help us interpret what we need to solve for right now." – Participant 6

A common theme is the influence that the Founding Organisation has on the strategy formulation process and the strategic options, but a counter to this theme is that the strategies set out for the organisation should leverage a market-based view of strategy to create a competitive advantage. This market-based view of strategy is reliant on a deep understanding of the market in each Subsidiary but can be driven from a visionary perspective from the Founding Organisation.

"I worry that because we continuously trying to land design for all and follow the principles of the group and wait for centre to roll out before each country achieves something. That puts us at a massive disadvantage per country and eventually changes the perception of the customer that we're not as competitive and they would prefer to be elsewhere." – Participant 10

"I think their competitors in the country don't really recognize the goldmine there sitting within their platforms." – Participant 9

There will be clashes between the strategies followed by the Founding Organisation and what is expected from the Subsidiaries when there is no adaptation for a local context. There can be alignment between the core themes, but deviation between the specific strategic options followed.

"Subsidiaries cannot simply follow the overarching company strategy without taking into account its local context." – Participant 4

"I do think that we need to agree on the on the broad themes and allow country nuances." – Participant 9

It can be noticed from the responses in the study, that it is preferred for the Founding Organisation to create a strategy that encompasses some level of generalization between the markets but allow the Subsidiaries to customise or build a strategy for the nuances that are experienced in their environment. This method of strategy formulation will remove the complexity of the Founding Organisation needing to fully understand all the markets and also empower the Subsidiary leadership to own their strategy. Responses in the study indicate that there is a lack of consensus on what the ideal split between generalised strategy and specific strategy must be. While some of participants feel that the split should be approximately 80/20 to Founding Organisation and Subsidiary respectively, there are also some participants that believe the split should be 50/50.

"Coming up with a strategy that will meet those two differing environments must be quite challenging." – Participant 5

"I guess what we're trying to do is find that sweet spot where we build what's common to all countries as part of platform." – Participant 2

"Maybe it's 30/70 and the reason for that is yeah Big Brother can do 70 but there are certain Subsidiaries which are mature, and they should be considered. One cannot use a blanket approach for all the subsidiaries' the dynamics is just different. 80% is

really high, maybe a 70% and then with the customization of the in-country teams for the rest of the 30%." – Participant 3

"So, we do sort of, you know, the 80/20 principle. We build for what we think is sort of needed. And sometimes that's not the right stuff for the country." – Participant 14

4.6.1.4 Conclusion on Proposition 1

The formulation of Digital Transformation Strategy needs to be a process that is aligned between the Founding Organisation and all subsidiaries in a multinational organisation. This alignment must allow the Subsidiary leadership to be involved upfront during the initial discussions up to strategy finalisation. Leadership of the Founding Organisation needs to empower and trust Subsidiary leadership to define strategic options that are in line with the main themes of the entire organisation. A market-based view of strategy formulation requires a deep understanding of the market to be had, which should be the responsibility of the Subsidiary leadership. A successful Digital Transformation Strategy should be formulated and supported by Founding Organisation leadership that us empowering and trusting of Subsidiary leadership, an operating model that leverages central resources while enabling agility, and a culture that appreciates the nuances in customer and country landscapes.

Clear, deliberate communication early in the formulation process will ensure that there are no misalignments in strategic options and will ensure that the strategy can be achieved. The Founding Organisation is mandated to provide a vision while the Subsidiaries should own how they achieve that vision. Communication is also imperative to ensure that the vision and the journey of the strategy is understood and adopted.

4.6.2 Results pertaining to Proposition 2:

Digital transformation strategy implementation in a multinational bank is dependent on the technology infrastructure in the subsidiary and the corporate culture of the subsidiary.

4.6.2.1 Culture

Digital transformation has an impact on the culture of the organisation as a whole, both in the Founding Organisation and the Subsidiaries. This impact can be internal or external. The external culture can be reflected in the reputation that the brand has. In a multinational organisation, the brand needs to be standard across the different geographies to ensure that customers have a standard user experience. With digital transformation, the brand of the organisation can be affected by the implementation or lack of implementation of new technology which is in line with the transformation. If a multinational organisation cannot uphold the implementation in line with the brand, it can be seen that there will be an impact to the customer expectations.

"If you talk about this topic in the countries and you ask them what is FNB known for? Right up to West Africa and Ghana, people say being a very good digital bank, even though it's not always true, and I enablement, and they don't have everything we have in South Africa, it's still a belief that the employees and the market has of us." – Participant 14

4.6.2.2 Market Focus with Sub-Theme of Customer Experience

A theme that emerged in this study is that for a multinational organisation, the strategy for digital transformation may include a standard strategic option for both the Founding Organisation and the Subsidiaries, however the implementation of that strategic option must consider the customer experience that customers expect in a specific geography. The processes whereby customers interact with a specific task in Bank X may be different in the different subsidiaries, and the implementation of this must consider that customer experience to be successful. Conversely, the customer experience that a certain customer base is used to may impact the technological constraints of the implementation of a strategic option. It is important to understand how the implementation of the technology will be accepted by customers and how the customer experience can be catered to a specific country.

"So, I think that's a core factor in accepting that there's a process, but the process itself might differ per country. I think that we need to start catering for each customer base because each customer base is different so if the account opening process in one subsidiary works because it's step 1234, but it doesn't work as 1234 in country B maybe we need to switch it around to be 1243." – Participant 10

"If you design something, so let's just say all of your customers only use feature phones and you designed a tool that allows them to use app. You know that won't work, so I think it's very important to understand the capability and then the tool to unlock those capabilities." – Participant 7

Customer experience can impact the implementation, but successful leveraging of customer preferences can also influence the strategy formulation. This is not solely applicable to digital transformation strategy, but strategy in its entirety.

"I think we're solving a through CX, so the CX capability that's being formed. Hopefully will impact our digital transformation strategy client up." – Participant 14

Bank X has the capabilities to communicate with customers on their experiences and can tailor the implementation of their strategy based on the preferences of customers. The theme of customer feedback being incorporated into the strategy can be seen from responses in participants. For an organisation, the competitive advantage should always be maximised to benefit the customer to ensure that the value propositions entice customers.

*"They are actively communicating with countries they're looking at using our functionality, like the **** system to get feedback from the kinds from their customers. They're unpacking what the customers are saying, so it's no use just looking at complaints or compliments."* – Participant 6

"As an example, Center has been working on a self-employed strategy and to be honest probably for six years. The nature of the African continent is that it is entrepreneurs who are employed by a company and at the same time they are running side businesses. We should have solved for an entrepreneurship VP years ago." – Participant 10

"*It's not just us pushing onto them, it's about alignment to what is that digital transformation strategies that will bring most benefit to your customer."* – Participant 6

4.6.2.3 Digital Strategy

A common theme that relates Proposition 1 and Proposition 2 in terms of strategy formulation and strategy implementation, is that the Subsidiaries are heavily involved in the implementation while feeling somewhat less involved in the formulation of the strategy.

"Making sure that the countries understand the strategy because we see the execution leg of the strategy sitting in countries." – Participant 14

The theme of building an implementation plan emerged from the responses provided by participants. This is done to ensure that there is alignment between the implementation and the strategy that was formulated. The Subsidiaries are responsible for outlining the activities that will be done to achieve the strategic option, and this is commonly done by means of project plans. The Founding Organisation provides support into the implementation by guiding the projects with the impacted development capabilities, which do reside in the Founding Organisation. It can thus be observed that there is a back-and-forth relationship between the Founding Organisation and Subsidiaries, whereby the Subsidiaries specify how they would like to implement a given initiative, and then the Founding Organisation plays gatekeeper to the development capabilities.

“And then from a bottom-up perspective, each country would then need to provide input into how we're going to achieve that strategy.” – Participant 10

“80% of the time we get suggestions of what we need to implement in order to execute our strategy.” – Participant 3

“Our bank X PMO also reports to the degree of analysis are ensuring that we can secure capacity and implementation for them. Also leveraging off what has been done.” – Participant 6

“I think requirements should be a push from the subsidiary and not essentially a pull, because inevitably you then find but because those requirements are not being pushed done, that capability is not mature enough, people are not really articulating.” – Participant 12

Implementation plans are constructed with a collaborative approach to ensure that there is an end-to-end implementation with all possibilities considered upfront. The functional management team is responsible for coordinating the different areas into the implementation plan, and it can be noted that this sometimes results in a siloed approach to ownership. Collaboration between business and functional teams is noted to be imperative to ensure that there is delivery that is in line with the business requirement. Within the collaboration theme that links Proposition 1 and Proposition 2 is the use of emergent strategy. Bank X notes that there is a need for the use of emergent strategy but currently does not use client feedback into implementation.

"It's a collective effort in order to make sure that we get digital transformation to the level where we want to be." – Participant 3

"We still operating in a very siloed and this should be borne by every ambassador of the organization. But we rely on a select few to run with and I think it needs to be more entrenched between every uh participant in the value chain." – Participant 7

"There's a collaboration that needs to happen between the business teams and their technical teams. In understanding what business is thinking and then being able to serve like interpreted that from a technical perspective." – Participant 9

"We don't do client feedback into that process at all, from subsidiaries into SA Tech enablement." – Participant 14

Another theme that links Proposition 1 and Proposition 2 is the costs of digital transformation in respect to planning for the costs. The operating model of Bank X is such that there is a monetary charge for the technical development produced in the Founding Organisation to the Subsidiaries. In cases such as this there can be unanticipated costs that are seen when there is an imposition to implement. Upfront involvement with regards to strategy formulation will mitigate the risk of unanticipated implementation costs. It can also be noted that the costs of digital transformation may outweigh the benefits when observed from the perspective of a different market. Subsidiary leadership do understand the necessary nature of investment into digital transformation; however, the sentiment is around the involvement of necessary decision makers earlier in the process to make the necessary budgetary provisions.

“At the beginning of every financial year when we do our budgets and everything, we do prioritize even the project that we need.” – Participant 8

“I think it's always being resistance around costs, so the countries are very cost sensitive, and it also plays to the fact that these builds are not cheap, and I think what we've tried to manage or how we managing resistance is trying to get to help the countries understand every business case.”– Participant 6

“I think that one is also a work in progress and something to always keep an eye on because without that investment, that huge investment in technology or more investment, let me say in technology Infrastructure, there could be a competitive disadvantage we end up with. We just need sight of it early enough.” – Participant 12

The market-based view of strategy formulation highlighted in responses around Proposition 1 indicate that there are nuances that must be accounted for in strategy formulation. Apart from the formulation, it can also be noted that there are nuances that must be considered during implementation as well. Participants indicate that the implementation is devoid of the necessary accounting of nuances even though the intent is present.

“I think the intent is there, but it's not working. It's working for the centre, but not for the rest.” – Participant 10

“Then, like I said prior, is devoid of in country context 'cause you listen to that no, we're going to as you know we already connected to the national identity database, and then we're going to do this from a payment perspective to in line to the PASA rules, to the FICA and what have you and all of those things are not applicable to any other country except South Africa, Botswana government is not ready to integrate.” – Participant 13.

4.6.2.4 Leadership

It can be noted that leadership in the Subsidiaries plays a significant role in influencing the implementation of the digital transformation strategy. The leadership roles that are seen to impact the implementation is the CEO, COO and CIO. It is also evident that digital transformation is a topic that has been communicated from top leadership down to front-line employees, however, there is some responses that indicate that since the ownership of the transformation sits in the Operations space it is often seen as solely an Operations responsibility.

“I think it's a combination across the value chain.” – Participant 7

“You find that when you talk digital transformation that people who look away, IT is expected to answer the questions and OPS because their jobs are more apparent when they are devoid of it; however, we all have to be engaged 100%.” – Participant 13

The ability of Subsidiary leadership to convince their management and subsequent teams on the importance of accepting and implementing digital transformation initiatives can be linked to the buy-in that Subsidiary leadership has into digital transformation itself. Linking to assertions from responses around Proposition 1, if the Subsidiaries owned their digital transformation strategy, there would be more emphasis placed onto the implementing teams in the Subsidiaries.

“CEO COO IT and of course digital. I think they play a big role in the success of the digital transformation. But it's the beginning which is a bit tough making people understand that you worked for a digital bank and the expectation is that you operate in this manner.”– Participant 11

Subsidiary leadership has the responsibility to create opportunities within the operating model to unlock new capabilities within their own teams that can facilitate digital transformation. Digital transformation will require the identification of new processes and methods to achieve output, and this creates an opportunity for front-line employees to provide constructive emergent strategy input. It can be noted that the understanding of automating re-engineered processes to enhance digital transformation is known at Bank X, however responses do not indicate a change to operating models in the Subsidiary to exploit the knowledge that staff have to re-engineer these processes.

“First of all, you have to then say how do we make this process efficient? 'cause you don't want to automate an already inefficient process, it's going to be cumbersome to the customer because now that means the customer has to sit at that desk for longer performing both the duties of the branch person and themselves, that is more annoying, so you find if you automate already bogus process, you get poor customer experience because in that moment there is it.” – Participant 13

Additional to the theme of leveraging emergent strategy, it can be seen that reskilling is also something that leadership needs to include in the implementation culture of the organisation. The fear that is associated to the unknown can influence the adoption that staff have towards a newly implemented digital transformation initiatives. By communicating upfront with staff and building a transparent culture there will be a reduction in apprehension and ultimately a greater adoption. The culture of facilitating staff through the transformation journey with change management to alleviate their concerns is something that Bank X has been successful with in a Founding Organisation perspective.

"You know from a work planning perspective, we start to become ready for and that's how the resistance is managed, early conversations to allow people to voice their concerns, but also, what plan do you actually have for people who may have that fear that all these transformation means bad things for me." – Participant 12

"*Biggest concern around digital transformation is the risk of becoming obsolete*." – Participant 4

"I think Bank X is also being very good in terms of soft retrenchment and not having done any in the last couple of years retrenchments and really helping people to get on the digital transformation journey. And demonstrating that it won't impact jobs." – Participant 14

Change management within Bank X is handled by a central team within HR; however, responses indicate that this culture needs to evolve to ensure that change management is a part of any team managing a change initiative. This is similar to the culture shift that needs to. It can be noted from responses regarding change management, the depth of the understanding of digital transformation impacts the understanding of how necessary a culture that embraces transformation is. Responses from Founding Organisation leadership (Participant 7) reiterates that digital transformation is not purely technological change, while responses from Subsidiary leadership do not offer similar insight.

"We often see change management as the HR function, but you know we need to start seeing this as a transformation and business transformation in terms of moving customers from traditional, you know ways into the new operating model. We often don't appreciate the end to end, sort of technology deployment, which often hinders or prevents the unlocking of full value." – Participant 7

"And you might actually find with a lot of people in the executive they understand it to a certain degree but not fully, because they can't contextualize it in in their own world so. I do think that from an implementation perspective." – Participant 12

It can be seen from the responses in the study that corporate culture needs to facilitate the adoption of digital transformation for the strategy to be implemented successfully. It is also evident that the corporate culture will differ in each country, and this must be accommodated for in the message that is communicated around the transformation.

Leadership plays the role of constant communication in line with the culture and the transformation.

"The organizational culture is influenced by the leader." – Participant 5

"The right message that rolls down to their respective teams depends on the leadership in place. Ensuring that the label of relationships is managed well with each country's leadership and each country has a different culture, and that needs to be appreciated in in the organizational message that is rolled down." – Participant 10

Responses from participants reiterate that ownership of the strategy has a positive impact on the implementation of the strategy. In order to fully realise the implementation of the strategy up to successful adoption of the change the key is to obtain buy-in during formulation. This sentiment links back to findings around Proposition 1 which indicate that temporal alignment in formulation and sufficient empowerment of the Subsidiary leadership will achieve buy-in. Once there is buy-in on the strategy from Subsidiary leadership there will be easier communication and adoption by functional teams. The Founding Organisation should facilitate that empowerment of the Subsidiary leadership within a framework to allow the internal capabilities to be built, thus facilitating a change to the culture and the operating model.

"Better implementation because we definitely once I have been part of that process and I see exactly where in my understanding of my business I can plug it on better." – Participant 9

"Leadership must understand the overall strategy and how they take it down to the entire organization and just making sure your environment is driving the correct strategy." – Participant 11

"Within the founding organization and what I think should be done is there should be a focus on how they create that independence within obviously a governance framework that then allows the people in the subsidiaries to build those platform capabilities." – Participant 12

4.6.2.5 Operating Model with Sub-Theme of Skills

The operating model of Bank X facilitates the sharing of information between the different Subsidiaries. This cross-sharing ensures that the learnings from implementations can be shared and ideas for improvement during the implementation can also be shared. Granted there is mention that there are nuances between the Founding Organisation and the Subsidiaries, there is also some nuance between Subsidiaries themselves. These nuances are generally not as wide as the gap between Founding Organisation and Subsidiary.

"Meetings where other subsidiaries share their experiences and that is where we learn some learnings on what now Namibia for instance or Ghana has done." – Participant 1

"*They're starting to be more amenable to adopt after having seen what is happening in the markets, and I'm not sure if it's also as a result of our failure in ******, where we* *saw that we couldn't really pick up because mobile money be so dominant there.”* – Participant 8

The idea of cross-Subsidiary sharing can be further enhanced if there were greater representation of the Subsidiaries in the development capabilities, or the creation of these capabilities in the Subsidiaries themselves. The input from Subsidiaries is critical to ensure that the design of technology encompasses the Subsidiary nuances, however responses indicate that there is insufficient representation from the Subsidiaries themselves in the capabilities but there is collaboration with relevant resources in the Subsidiary to achieve consensus.

“We've obviously got a view with our capability leads and our structure of what should sit on platform, but we need that input early with the subsidiaries of what they believe should do is critical. So, at this stage there's a lot of collaboration that happens between the two as we build this thing up.” – Participant 2

“The Subsidiaries should be introduced by the even if it's just one member per subsidiary, who is in charge of digital transformation in that particular sample?” – Participant 8

“They might not be the same skill sets that's available so that that's why it's so important that the local jurisdiction actually takes ownership for its business strategy.” – Participant 4

4.2.6.6 Conclusion to Proposition 2

Successful implementation of any strategy is dependent on successful buy-in of the strategy. To ensure that digital transformation strategy in a multinational organisation is successfully implemented, the formulation step must include the empowerment and trust of Subsidiary leadership to provide insight into the viability of the strategy. This viability comes in the form of the technology available for implementation but is more influenced by the culture of the organisation.

Leadership of the Subsidiaries must strive to facilitate the adoption of the transformation by being advocates of the change and by communicating the change to impacted areas. This will provide sufficient time for the impacted areas to prepare for the change, for change management teams to develop change management plans, and for skills and capabilities to be developed internally in anticipation of the change.

4.6.3 Results pertaining to Proposition 3:

Technology availability and organisational culture will affect the strategic options and the targets applicable to the digital transformation strategies in subsidiaries in multinational banks.

4.6.3.1 Digital Strategy with Sub-Theme of Architecture

Bank X operates with a multitude of different systems, some of which are common across the Founding Organisations and Subsidiaries, and some which are not common. These systems range from the core banking systems and other ancillary systems which were deployed as part of the digital transformation journey. These systems are owned and managed by the Founding Organisation and all development must be funnelled into the pipeline of the South African development teams. Bank X is also on a journey to implement a new, in-house built banking platform to modernise the architecture.

It can be noted from responses that it is commonly understood how complex moving from legacy infrastructure to new infrastructure can be, and the current operation on legacy systems exhibits a phenomenon called legacy lag.

"The challenge with legacy systems is that they require a lot of work arounds to create an efficiency and modernization. It's because of your legacy lag." – Participant 4

This phenomenon of legacy lag exacerbates the problem of lack of implementation ownership, as Subsidiaries are reliant on external development teams (within the Founding Organisation) which were not designed to cater for the nuances that the Subsidiaries have. Subsidiaries are required to compete in the market with infrastructure that cannot provide the desired competitive advantage, and the time to market for changes is too long to maintain a competitive advantage.

"So, you have to compete with organisations such as mobile networks that are that are running off very current systems where implementing a change is as quick as a couple of clicks on an admin platform where we have to make changes in a very manual way where we have to develop to make any changes on our platforms and these guys just it's a couple of clicks on their platforms and they've made the changes" – Participant 5

"The biggest hindrance here is that we can't go to market quicker than what we want to." – Participant 6

"Untangling the architecture, it does take time, so that's probably one of the biggest hindrances as it's time." – Participant 12

It should also be noted that legacy infrastructure in a multinational organisation can offer an opportunity to Subsidiaries that were previously not included in modernisation attempts. The use of the Subsidiary as a proof of concept for new technology could see the Subsidiary infrastructure leap-frogging the Founding Organisation infrastructure. This is, however, reliant on the technological infrastructure, regulation, and customer culture of the Subsidiary country. What can be observed is that Bank X tends to focus the modernisation efforts on more mature portions of the business. This could see the Founding Organisation being the main focus of modernisation efforts but also more mature Subsidiaries being the target for transformation. This creates misalignment in what is offered in the entire organisation, inhibiting the franchise model of operation.

"Maybe there's better ways to link in in our organization we probably you know who have an older tech stack, so it might mean you know 10 more steps in the process. We if we had a more modern platform, we could easily adapt to some of these changes." – Participant 7

"So even though we are focused on this platform, building new capabilities, new architecture, we still hindered by governance, by capacity, by understanding and knowledge in each country." – Participant 10

"I do understand from a prioritization when you have to then prioritise from a Subsidiary perspective, it's expected to say if we start with country X, this is the quick and revenue rate is expected or the impact and probably break even or be a quicker process but that then leaves the smaller Subsidiaries behind." – Participant 9

It can also be noted that the legacy architecture, coupled with the operating model of Bank X limits the agility and ability to innovate from a Subsidiary perspective. The reputation that Bank X has in terms of being a digital forward, innovative bank is being eroded due to the slow implementation of technology-based transformation.

"Where we become unstuck is we may not enable the customer experience as intended to because of our legacy architecture." – Participant 7

"We are slowly but surely starting to lose the edge on their channel transformation in the markets and I'm worried about that. We are slow to respond, and we are slow to enable, and the costs are exuberant to actually enable this stuff." – Participant 14

4.6.3.2 Culture

A common theme that emerged in results pertaining Proposition 1 and 2, which is also observed in results pertaining Proposition 3 is the need for upfront involvement of Subsidiary representation for digital transformation strategy success. Many participants noted that a culture that supports open communication and upfront involvement is imperative for successfully implemented strategy. Bank X exhibits behaviour of not completely involving Subsidiary leadership and management at inception of the strategy, and this has the negative impact of reducing the buy-in achieved. This sentiment is shared by both participants from the Founding Organisation as well as the Subsidiaries. It can be observed that Bank X operates with a technology solution already in mind and works backwards to retrofit that into the strategy. Responses indicate that if sufficient representation is had earlier on in the process, there would be a harmonized delivery of the strategy.

"Everything is about buy in and digital transformation can only happen if the leadership have bought into the idea of digital transformation and if they have a full understanding of what digital transformation is important for the organization, the founding organization to take the leadership in the different subsidiaries through an engagement." – Participant 5

"We could work with them closer at analysis stage and help them understand what the capability is, giving their appreciation for it and not just at a point where we know it's going to be implemented and then drop in the other supporting area." – Participant 6

"Yeah, I think we first need to understand and start off with the high-level problem statement and unpacked that and then get to a point of how we often, you know start off with the tech and then drive back to front. I would rather you know ask to appreciate all the factors in terms of are we solving for regularity? The positive is once we have

the right people in the room across the value chain between business enablers and change, uh, we've got a bit of harmonized sort of outcome.” – Participant 7

There is an overarching theme that Subsidiary leadership and management understands the cultural, political, regulatory, and technological landscape of the Subsidiary that the Founding Organisation lacks, and due to the gatekeeping in place the Subsidiary needs to justify any deviation to the Founding Organisation which affects the agility of the Organisation.

“So that's why I'm saying if I want something, I need to take you through my political landscape, social, like it's exhausting. Imagine I all I want to do it is to make a small enhancement on app, but for me to get prioritization. I need to jump through hoops. Because essentially means that at every conversation we are having a complete conversation. We’re not having a conversation then we make advancements and then we have, uh, cognitive dissonance to say. Let's make this fantastic idea fit in everywhere. Yes, it's fantastic because it was fantastic looking at a specific context and not the entire context.” – Participant 13

Bank X has put measure in place to mitigate the risk of delivering something that does not satisfy the needs of the Subsidiary, but there is a cultural change needed to ensure that the practice is sustained. The perception is that the role of the Founding Organisation is to provide the guidance and empowerment in alignment with the franchise operating model due to the higher skills and experience that the Founding Organisation may have in digital transformation as compared to the Subsidiary. The responses from some participants hint towards co-creation of strategy within a multinational organisation being the preferred method of formulation and an organisational culture change is necessary to ensure that this is put into practice.

"I think if as the centre we leave it to just play out, we're going to be in the same scenario. I think our strategy now has changed about this. We actively involved in way that the dev and scope and design is happening as much as possible. The culture is very important, so if the culture is one of dictation or that everybody needs to do what the group says then there's no flexibility within the within the organizational culture. And then it becomes very hard because then you will get stuff that doesn't work in countries, whereas I think if the culture actually is that you know this scope to have different views and different countries. I think we just not properly either set up or enabled to actually do that" – Participant 14

"It's to give the guidance and the coaching and the help to the country on how to manage a franchise and what they need to be doing." – Participant 2

"Strong guidance and decisions. I think it's more that certain decisions are made at that group level and will be rolled down to enable the digital transformation." – Participant 10

Apart from the organisational culture that needs to accommodate the transformation journey, it can be noted that country culture has an impact on the transformation as well. There are nuances observed between countries on the preferred method of interaction that customers have and the preferred mechanisms of banking that customers have. These differences must be considered as this will affect the feasibility of strategic options. The culture of the country of operation also has an impact on the technology landscape and vice versa.

"*So, for instance, if you compare South Africa versus Zambia. In Zambia, cheques are still being accepted. I think in South Africa nobody uses cheques there*." – Participant 11

4.6.3.3 Founding Bias

As mentioned in the results pertaining to Proposition 1, the goal of Bank X with regards to operating model shift for Subsidiaries is to have a franchise model of operations. This operating model is dependent on Bank X enabling similar customer experiences along unique customer journeys that are bespoke to each Subsidiary. The Founding Organisation is used as a basis for this franchise or model bank, and as such a phenomenon emerges that can be named Founding Bias.

In scenarios such as Bank X where a multinational organisation is established first in a more developed environment and then establishes Subsidiaries on less developed environments, it can be observed that the requirements for development of transformation is generally based on the Founding Organisation, which may not always be suitable for the Subsidiaries. This can be proposed as a definition of Founding Bias. In scenarios where Founding Bias is evident, it is imperative to provide the necessary empowerment to Subsidiary leadership to perform enough market research to identify disparities and propose alternatives. Bank X currently does not fully support this culture, and the reason for the non-support has not been uncovered in this research.

"But what does that look like in jurisdiction A compared to jurisdiction B. In jurisdiction A the requirements might be lot higher because they might be more advanced than jurisdiction B or vice versa. I mean, I'm sure you get instances where. The Founding Organization might be for example in a developing economy but planting in a developed economy I don't know how often that happens, but I guess it could go both ways. But because of the development in the customer space and in the level of services and technological development and business strategies are very different in different jurisdictions." – Participant 4

"But what's lacking is that market research and market analysis you are sitting in country A, you have all that power within your means to understand what's actually happening." – Participant 6

It can be noted that defining a strategy from a central perspective that fully incorporates all nuances and requirements of subsidiaries may not be feasible depending on the number of subsidiaries that are operational. The more Subsidiaries the less feasible it becomes. It can also be noted that the Founding Organisation should thus ultimately drive the vision of the organisation with the Subsidiaries by tracking common themes, but the strategy should be formulated and implemented within the constraints of country specific nuances which the Subsidiaries are experts on.

"I can imagine it must be difficult to come up with a strategy that satisfies the whole market." – Participant 5

"Generally, the key themes are the same, but the application in country is different based on the understanding of the country nuances." – Participant 6

4.6.3.4 Market Focus

It can be seen from the responses in this study that there is emphasis placed in understanding the different markets in which Bank X operates. It is imperative that each Subsidiary be treated as separate, and the nuances be understood for each country of operation. Bank X typically exhibits behaviour of understanding that there are nuances that must be accounted for between the Founding Organisation and the Subsidiaries but can also be seen as expecting the Subsidiaries to have very little nuance between them. Bank X also has challenges in practically finding a solution that accounts for nuances.

From responses in the study, it must be noted that nuances in customer expectation and technology landscape impact the strategic options available and if these nuances are not accounted for there can be failure once the strategy has been implemented. This once again links to the common theme of communication and engagement occurring at an early stage to co-create or customise the strategic options while maintaining a standard vision.

"Bank X will take the subsidiaries as one country, and yet they are very different." – Participant 1

"Each country has their own uniqueness with when it comes to regulations, risk, legal and compliance requirements, and that's been a huge challenge for us." – Participant 6

"My customer requirements in Lesotho would be different from the customer requirement in SA, primarily because the banking landscape in SA is more mature than Lesotho. Therefore, we cannot be speaking on the same requirements." – Participant 8

"Because our environments have certain nuances in it would be beneficial to have some sort of input at the start of the journey." – Participant 12

A major nuance that is mentioned by participants is the disparity between smartphone adoption of customers in South Africa and the rest of the countries of operation. This reinforces two observations in this study. The first being that digital transformation is predominantly understood as the use of digital banking channels by Subsidiaries in Bank X. Secondly, that digital transformation strategies are designed with a Founding Bias.

"In Namibia we don't only have customers that do have smartphones. We mostly have customers with "Tamagotchi" or the older phone and the people with a smartphone as well. This impacts the strategy that we have to ensure all customers have the Bank X App that has already been successful in SA." – Participant 3

“We are driving App usage and we've said that certain segments we should make sure that the channel of choice is the app so it's non-negotiable.” – Participant 11

The underlying issue that is observed is that a market-based view of strategy must be applied to the strategy formulation process to ensure that sufficient insight has been gathered around the right fit for the market. There needs to be a shift from how banks traditionally deliver products, which is to offer stock standard product, but to now focus on customer centric products. To do this there should be a standard customer experience that is expected from customers, but the customer journey and interactions should be catered to a near individual level. Bank X is leveraging a Customer Experience capability to solve for this new way of product development; however, the capability will sit centrally and could risk falling subject to Founding Bias.

“I mean in a perfect world we should have all started with customer research first to inform our strategy. I think that's a core factor in accepting that there's a process, but the process itself might differ per country” – Participant 10

“I think that's where we need a lot more focus needs to happen at a customer level and not just looking at it at the bank functionality level.” – Participant 6

“I think we're solving a through CX, so the CX capability that's being formed. Hopefully will impact our digital transformation strategy client up.” – Participant 14

Additional to the customer level nuances that are observed in this study, participants also mention the impact that other macro-economic factors have on the feasibility of strategy. These factors range from the political landscape, the local environment, local technologies, and the local economy. All of these factors are featured in the PESTLE Analysis for strategy development. This reiterates the need that Bank X has to perform a proper market-based analysis when formulating their digital transformation strategy. It must also be noted that the macro-economic factors heavily referenced in responses from participants can influence the technological landscape of the country of operation.

"And I think it's definitely a journey and other key nuances come into play when you look at it from a macro-economic climate perspective." – Participant 6

"It's absolutely critical to understand the technology infrastructure and overlay your digital transformation strategy and look at it at a regional aspect as well and then looking forward in terms of the government's plans on how they are improving their technology infrastructure to ensure that your strategy will be enabled through that infrastructure." – Participant 10

Technology infrastructure and the other PESTLE component of "Political" features heavily in the responses from participants. Due to the mostly technology-based changes that Bank X is targeting during their digital transformation journey, it is imperative that the local technology landscape is understood and accounted for during the strategy formulation and implementation.

"The infrastructure has to be accounted for in your digital transformation journey, and then your strategy has to find ways to work around it or help develop that infrastructure

within needs. Also, it is something that I think can be a hindrance but has to be accounted for, but very critical." – Participant 4

"You need to understand the infrastructure and the planned technology infrastructure per country to ensure that your customer base will be enabled." – Participant 10

The technology landscape of the subsidiaries can cause hinderances to the desired digital transformation vision of the organisation as a whole. If there are strategic goals that are reliant on a certain type of technology which is not as widely adopted in the Subsidiaries as they are in the Founding Organisation, there could be a derailment of the strategic vision.

"I think it can be in an inhibitor, if USSD is the predominant tool, deploying App because there's no richness of data on USSD, the strategy will fail, so the infrastructure is very, you know, clear in terms of guiding some of the capabilities. Like for example you can't put POS down if there's no comms to interact with that because you're going to diminish all the efforts in terms of cash to card migration, so infrastructure is definitely key." – Participant 7

"I think some of the challenges would be things like infrastructure or lack of infrastructure." – Participant 11

In line with the technology availability in a specific country of operation, there also needs to be considerations made around the target market of the organisation and the cost of the technology that the organisation is expecting customers to leverage. With the new development of banking platforms by Bank X, it is expected that customers will naturally migrate to the new technologies but there are costs involved that the customer must incur to migrate onto the new technologies. This is where the technology nuances and the macro-economic nuances of the Subsidiary must be understood, and the strategic goals aligned with customer adoption limitations. There may be changes to the implementation plan to facilitate nuances that were not considered previously. There are, however, limitations to what can be done to facilitate the adoption of the new technologies by customers. It can be noted that Bank X does understand the constraints and do understand how to pivot their strategy when there is a technological landscape blocker.

"Data is expensive from a country perspective and the expectation is if you want me to use your platform, so how about you meet me halfway during onboarding. I'm sure I'll be able to find it because I can see that value, but that initial conversation is important that we set up ourselves by making branch Wi-Fi available for our customers." – Participant 9

"I don't think all of us are Elon Musk and Facebook that can put balloons up. And you know, impact those things I don't think. We're good, but we're not that good, so you need to also move with what is available. And I think we don't always do that like we hammer on about our app where USSD is so important." – Participant 14

From the responses from participants, it can be noted that regulation forms an inhibitor of digital strategy within a multinational organisation. Regulation is different in every country and even though there may be similarities, subtle differences may cause deviations in what is allowable in certain jurisdiction. This is commonly understood by Bank X, but what is also observed is that the Founding Organisation, by virtue of being located in a more developed country, has more stringent regulation and as such more sophisticated government means to abide by the regulation. This can contribute to Founding Bias when digital transformation initiatives are formulated to incorporate the complex regulatory landscape of the Founding Organisation.

"I think yeah regulation should be considered as it varies from country to country." – Participant 1

"Regulation is important, but in my mind, it needs to be as part of the digital transformation journey and their strategy and implementation that needs to be accounted for up front." – Participant 4

"The regulator may not be as open minded and adventurous (sic as South Africa) and therefore can stifle growth." – Participant 13

From the responses in this study, it is evident that Bank X understands the implications of different regulation of technology and understands that there is an impact to the strategic options available based on the regulation. There is once again a link to the temporal alignment and upfront involvement needed during strategy formulation to ensure that the regulatory blockers are identified upfront and accounted for in the strategy. It must also be noted that apart from having the capability to understand current regulation and limitations it provides, there must also a future-looking capability that unpacks forthcoming changes to regulation that will also impact the digital transformation journey.

“What is your environment in terms of regulation? What is possible? What's not possible? That is a huge thing that we need to be looking at and understanding what it in terms of regulation is what is possible in one country.” – Participant 5

“For example, a statutory instrument comes through, and it says you must localize, our whole digital transformation journey might actually come to a halt because when we think about things like innovation, when you think about things like cloud technology, having open architecture, partnering, and integrating the question is how does regulation like that then not impede on those capabilities.” – Participant 12

Regulation can also be observed to impact the agility and innovation within a specific country of operation. When regulation is not defined to a granular level it can be affect the speed at which strategic goals are delivered. Conversely to this, when regulation too tightly defines the constructs of what is allowable there is opportunity that can be found for innovative solutions. Bank X has leveraged this as part of their digital transformation journey to facilitate common customer experiences within a customer journey that is customised due to the differing technological and regulatory landscapes.

“You can have challenges from a regulatory perspective in trying to transform and innovate, challenges around legacy architecture may affect your ability to move as quickly as you'd like to.” – Participant 12

“No, I think look, regulation and innovation can work together. I mean, I think the reason why Africa is so good with innovation is we are forced to innovate so I guess difficult environments force innovation, so it's also not that I'm saying that regulation, you know, deterred from it. It's just, I think sometimes it's stuff that you know is keeping us busy that shouldn't.” – Participant 14

Responses from participants in this study see regulation as a larger inhibitor to the digital transformation journey than the technology landscapes of the countries of operation. It can be seen that the common understanding is that regulation limits what is available in the technology landscape, and regulation change is necessary before new technologies can be adopted for widespread use.

“In my mind it will be regulation because for me it says if the if regulation opens up, then the technology side starts to make sense to whoever is supplying the technology.” – Participant 5

“I feel the bigger inhibitor is regulation. Because I'll tell you why, even though Crypto and Blockchain is rolling out everywhere, regulation will eventually catch up and define what you can and cannot provide to your customer base.” – Participant 10

Participants in this study present the idea that one of the responsibilities of Subsidiary leadership is to engage and challenge regulators to align to the digital transformation aspirations of the organisation when there is not regulation governing the proposed solutions. The rapid rate of implementation of new technologies requires regulation to adapt at the same rate, and by leveraging the relationships that organisations have with regulators there can be favourable changes made to regulation in line with the digital transformation strategy of the organisation.

"The regulations are very slow to change. We don't see the regulations changing as fast as one would expect, and that's wrong, even the legislations are also an issue." – Participant 8

"If the regulator is against it like cloud technology that exists everywhere but is the regulator wants to localize some of their activity? Cloud infrastructure will not you know, support. You need to almost work hand in hand with the regulator and help influence some of those conversations." – Participant 7

"I need to go and lobby the regulators to change something which I believe will be fundamental to achieving my strategy." – Participant 4

"There's a need to for the country itself to look at these regulations and see how these regulations are hindering digital transformation and stopping organisations from going all out with digital transformation." – Participant 5

4.6.3.5 Conclusion on Proposition 3

The challenges presented between the digital transformation journeys of the Founding Organisation and the Subsidiaries indicate that there is more that influences the strategic options than just the technology availability and the organisational culture of the organisation. While the technology landscape of a Subsidiary does influence the strategic options available, a wider market-based view of strategy is required to fully develop an achievable digital transformation strategy. The organisational culture of the organisation is imperative to ensure that this market analysis is conducted. The organisational culture is also necessary to facilitate upfront communication between the Founding Organisation and the Subsidiary to obtain buy-in from the subsidiaries. Legacy infrastructure and the operating model of Bank X forms an inhibitor to the implementation of the digital transformation strategy for the Subsidiaries, and thus some elements of resource-based strategy are also required for successful implementation.

The phenomenon of Founding Bias can result in rigid strategies that can disregard the flexibility required when operating a multinational organisation. Founding Bias should be avoided, and this can once again be done by temporal alignment of strategy formulation and an organisational culture that empowers local decision making and open communication.

Regulation of technology and technology availability can both be inhibitors of digital transformation strategy, but they can also become opportunities that are leveraged to create avenues of innovation. Technology availability might not be directly in control of the Subsidiary leadership, but sufficient involvement can mitigate the risk of Founding Bias within technology dependant transformation efforts. Regulation can be in some control of Subsidiary leadership and the relationships with regulators should be exploited to align regulatory changes to the desired digital transformation strategies of the organisation.

4.7 SUMMARY OF RESULTS

The fundamental themes that emerged from the results of this study is that digital transformation is not solely dependent on technology changes although technology is a key enabler of digital transformation. Like all transformation initiatives, digital transformation and digital transformation strategy must be spearheaded by leadership and underpinned by a supportive culture that values upfront communication.

In the case of a multinational organisation, Founding Organisation leadership must understand and observe the boundaries that they have with respect to understanding the customer landscape for which they want to solve. Subsidiary leadership needs to be empowered and trusted to have a seat at the table when formulating a digital transformation strategy. The Subsidiary leadership is entrenched in the customer base and their insights must be used to formulate a bespoke digital transformation strategy that aligns to the Founding Organisation vision. The implementation of the digital transformation strategy is reliant on adoption of the strategy, and this is achieved when there is a culture of ownership and trust in place.

Multinational Organisations must be careful of Founding Bias as this can derail the implementation of a digital transformation strategy. The nuances of every Subsidiary must be carefully considered and assessed in line with the organisation vision. The need for Subsidiary leadership to own the strategy becomes more important as the organisation branches out into operations in more countries. It becomes increasingly difficult for the Founding Organisation to devote enough time to creating digital transformation strategies geared to the market when there are more markets to evaluate.

Provided the correct level of Subsidiary leadership empowerment and a culture that promoted ownership, there should be a higher focus on the markets into which the digital transformation strategies are being deployed. Analysing the market and developing a digital transformation strategy that is in line with the market will ensure an easier implementation and mitigates the risk of failed strategies.

The legacy architecture of Bank X does impact the agility and innovation of the digital transformation strategy that can be implemented. The operating model and reliance on the Founding Organisation for technological development can also be a hinderance to the agility and speed of implementation of the strategy. Due to these considerations, a resource-based view of strategy is also required to corroborate what is able to be implemented in the digital transformation strategy. Digital transformation strategy for a multinational organisation must combine the market-based view of strategy formulation in the local context and the resource-based view of strategy for implementation when leveraging Founding Organisation resources.

CHAPTER 5: DISCUSSION

5.1 INTRODUCTION

This chapter serves as a comparison between the observed research results presented in Chapter 4 and the literature consulted in Chapter 2. From the analysis conducted, Table 5.1 reiterates the themes that were formulated during this research relative to the research questions and propositions used in this study.

Table 5.1: Research questions, propositions, and final themes of this study.

RESEARCH QUESTION	PROPOSITION	THEMES
Which aspects are fundamental for multinational banks to consider when formulating digital transformation strategies?	Multinational banks must have effective communication processes in place to ensure that digital transformation strategies are formulated in a synchronised manner.	Leadership Operating Model Digital Strategy
Which aspects are fundamental for multinational banks to consider when implementing digital transformation strategies?	Digital transformation strategy implementation in a multinational bank is dependent on the technology availability in the subsidiary	Culture Market Focus with Sub-Theme of Customer Experience Digital Strategy Leadership

	and the corporate culture of the subsidiary.	
How does technology availability and organisational culture affect strategy formulation and implementation of multinational retail banks?	Technology availability and organizational culture will affect the strategic options and the targets applicable to digital transformation strategies in subsidiaries of multinational banks.	Digital Strategy with the Sub-Theme of Architecture Culture Founding Bias Market Focus

5.2 DISCUSSION PERTAINING TO PROPOSITION 1

Multinational banks must have effective communication processes in place to ensure that digital transformation strategies are formulated in a synchronised manner.

This section will provide the discussion around themes that were observed that relate to proposition 1 and the theoretical backing observed in previous literature.

5.2.1 Leadership

The research instrument did not explicitly test for the leadership style used in Bank X, nor did it test for the preferred leadership style of Multinational Organisations. Responses from participants indicate that the perception that Subsidiaries have of the

Founding Organisation is one of giving instructions when it comes to strategy formulation. Some Subsidiaries indicate that the preferred method of strategy formulation would be a hand-off between the Founding Organisation and the Subsidiary at vision setting for the strategic options to be formulated by the Subsidiary in consultation with the Founding Organisation.

The current strategy formulation process indicates that there is a higher level of control from the Founding Organisation than Subsidiary leadership would like. It is evident that the participants in this study believe that Subsidiary leadership should be empowered and motivated to make strategic decisions in line with the Bank X strategy. By definition of digital transformation as a change process, and the desired leadership style required by the participants, a transformational leadership style is preferred by multinational organisations undergoing digital transformation (Alon, Apriliyanti, & Parodi, 2020). It can be seen that Bank X exhibits behaviour of transactional leadership with very little elements of transformational leadership and Bank X does not exhibit behaviour of Laissez-faire leadership.

(Horlacher & Hess, 2016) highlight the importance of a Chief Digital Officer with regards to spearheading digital transformation and being the central point of contact for digital transformation within an organisation. Bank X has a Chief Digital Officer for the group, but there is no Chief Digital Officers within the Subsidiaries or within the liaising business unit of the Founding Organisation within the business unit. Responses from participants imply that the responsibilities of digital transformation are spread amongst all the employees of the Subsidiaries and the Founding Organisation.

This can be linked to the lack of ownership that is seen in the digital transformation strategy.

Should there be an executive level role that is appointed to co-ordinate the digital transformation strategy of Bank X within the subsidiaries, it is likely to have two positive impacts. The first impact would be an increase in the knowledge that the Subsidiaries have regarding digital transformation compared to the current misconception that digital transformation is the use of digital banking channels. This increased knowledge can further empower the leadership and staff in the Subsidiaries to leverage their market knowledge into more bespoke strategies in line with national differentiation (Grant, 2016). The second impact would be sustained focus that the CDO would place on digital transformation (Horlacher & Hess, 2016). With the spread of responsibilities on other executives there is a dilution of focus which can cause splintering of the digital transformation strategy into components that are not cohesive.

Additionally, the role of CDO in Bank X will ensure that the digital strategy is aligned to the corporate strategy set out by the other executives and will work to ensure that the IT strategy set out by the CIO is supporting the digital strategy (Horlacher & Hess, 2016). Responses imply that in principle the digital strategy is informed by the corporate strategy and informs the IT strategy, but the role of CDO is lacking to fully entrench this behaviour.

5.2.2 Operating Model

Research performed by (Bollard, Larrea, Singla, & Sood, 2017) indicated that the operating models of Multinationals in the age of digital transformation needs to shift into a manner that removes silos and applies technology to have a compound impact. The responses from participants indicate that Bank X has a strategy formulation approach that currently exacerbates the issue of silos. Participants indicate that the removal of silos will be a beneficial change to the operating model and will ensure that when strategy is being developed there is proper representation to account for nuances in the Subsidiary markets. The change away siloed approach to operating models will also ensure that communication is free flowing, which would facilitate the synchronisation of the strategy formulation process which (Baumgartner & Tippmann, 2019) indicate as being important for successful strategy formulation.

Furthermore, the siloed nature of Bank X creates power struggles between Founding Organisation and Subsidiary leadership. This can be noted in reference to participants feeling like there is a lack of ownership from the Subsidiaries and an over-stepping of the Founding Organisation, which can cause a disconnect between interpretation of the global strategy and the temporal alignment of strategy formulation (Lemos, 2020)

Bank X is targeting a Franchise-like model of operations in which the Founding Organisation outlines the Brand and customer experience parameters while the Subsidiaries customise the strategy and the customer experience to local market conditions. This is in line with the definition of franchise-based operating models outlined by (Alon, Apriliyanti, & Parodi, 2020). Additionally, the franchise-based operating model that Bank X is targeting needs to be supported by a change in leadership from the current transactional leadership style experienced to a transformational leadership style.

From the responses provided by participants it is evident that there are communication issues within Bank X. The communication issues is in multiple aspects: the first issue with communication is that Founding Organisation leadership does not communicate effectively on the digital transformation strategy to the Head Quarter Leadership (effectively employed by the Founding Organisation) that liaise with Subsidiary leadership; the second is that Subsidiary functional management feels that the Subsidiary leadership does not communicate top-down; the final communication issue is that Subsidiary leadership feels left out of strategic discussions by Head Quarter leadership.

Correani et al (2020) indicate that when there is a breakdown in communication, the adoption of a strategy is not achieved. What can be understood from the responses in this study is that communication in the context of a multinational is vital to ensure that the strategy that is formulated does satisfy the needs of the market. The communication must be from a Founding Organisation to the Subsidiary to drive the vision and aid in setting the groundwork for transformational leadership, and the communication must be from the Subsidiary to the Founding Organisation to ensure there is alignment of the strategies and understanding of the local market.

5.2.3 Digital Strategy

The research instrument did not test for the definition of digital transformation or digital transformation strategy. What does emerge from responses to the research instrument is, however, an understanding of the fragmented nature of the understanding of digital transformation. The responses imply that some employees understand digital transformation as the migration of traditional banking transactions to digital banking channels. Other responses imply that there is understanding that digital transformation is a larger change programme that includes changes to customer experience and operating models in response to technological disruption. This disconnect reiterates the findings from (Osmundsen & Iden, 2018) that indicated there are multiple definitions of digital transformation and that digital transformation is not uniformly understood.

The definition of digital transformation in Bank X being linked to digital banking channels can also be linked to research performed by (Cuesta, Ruesta, Tuesta, & Urbiola, 2015) which indicates that this is the predominant form of digital transformation being targeted by traditional banks, which Bank X is. The disconnect between the definitions, however, implies a larger issue in the form of communication. In order for the digital transformation strategy to be formulated and subsequently implemented effectively there needs to alignment of the organisation vision amongst the Founding Organisation and the Subsidiaries (Palalic & Mhamed, 2020)

Research performed by (Baumgartner & Tippmann, 2019), as well as assertions from (Grant, 2016) indicate the need for Subsidiaries of multinational organisations to provide the market-level insight into strategy formulation. Responses from participants in this study indicate that front-line staff generally have a greater understanding of customer needs and customer insights due to their direct interaction’s customers on a day-to-day basis. The front-line staff thus can provide insight into the digital transformation strategy. This type of strategy refinement can be labelled as Emergent strategy as outlined by (Armstrong & Lee, 2021). Participants in the study also note that the use of feedback from front-line staff must be funnelled into a structured manner, which is the opposite of how emergent strategy should be implemented.

5.2.4 Summary of Discussion of Proposition 1

The proposition made is that effective communication is required by multinational banks to ensure that digital transformation strategy is formulated in a synchronised manner between the Founding Organisation and the Subsidiaries. This study does prove this proposition; however, it must be noted that effective communication is not the only means to obtain alignment in digital strategy.

Literature as well as findings from this study indicate that effective leadership is the means to drive the correct communication. With the correct leadership style and an executive level leader solely driving digital transformation there will be the effective communication needed to align the digital transformation strategies among the Founding Organisation and the Subsidiaries. That leadership role should the Chief Digital Officer, which is present in the Head Officer that engages with the Subsidiaries as well as the Subsidiaries themselves. Additionally, effective communication must include the alignment of the organisation vision and the definition of what digital transformation will include.

In answering the research question, an organisational culture that facilitates open communication, a leadership style aligned to transformational leadership with a Chief Digital Officer in each Subsidiary, and upfront involvement is fundamental when formulating a digital transformation strategy in a multinational bank.

5.3 DISCUSSION PERTAINING TO PROPOSITION 2

5.3.1 Culture

By targeting a Franchise-model of operation, Bank X needs to ensure that the brand of the organisation is maintained across the Founding Organisation and the Subsidiaries. Implementation of strategic options must ensure that the overall brand reputation should be preserved in the different geographies while allowing for nuances in the customer experience to be accommodated. Bank X is leveraging a centralised Customer Experience capability to ensure that there is alignment and Bank X is also using sleeker customer feedback processes to constantly refine the implementation.

5.3.2 Market Focus with Sub-Theme of Customer Experience

Provided the customer experience is maintained in line with the Franchise model of operations, it must also be noted that the implemented processes during the digital transformation journey must accommodate unique customer journeys. These customer journeys are dependent on the market, and as such the market must influence the formulation of the strategy as well as the implementation of the strategy. As proposed by (Correani, De Massis, Frattini, Petruzzelli, & Natallcchio, 2020) the use of data to substantiate decisions can be applied to effective implementation planning. The use of customer feedback and market research can generate large amounts of data that can be beneficiated into actionable insights that inform the implementation plans of the strategy.

5.3.3 Digital Strategy

The implementation of digital transformation strategy at Bank X is looked at as almost a separate process to strategy formulation. From responses in this study, it can be noted that this is not the preferred method of implementation and as such it is imperative that a sound digital transformation strategy be formulated with the required implementation feasibility in mind. This alignment can be alluded to the findings of (Correani, De Massis, Frattini, Petruzzelli, & Natallcchio, 2020), that postulated that effective communication is vital for strategy to be implemented. Furthermore, it was also postulated by (Furst, 2020) that effective communication is fundamental for multinational organisations to implement strategy. Effective communication must be between the Founding Organisation and the Subsidiaries as well as internally within the Subsidiaries to ensure that the message regarding implementation of change is consistent and understood by all. Functional Management has a deeper understanding of the operational aspects of the Subsidiaries and thus should be involved in the formulation of strategy so that implementation feasibility can be communicated, and feedback incorporated.

From responses in this study, it is evident that the implementation feasibility of digital transformation is linked to the market conditions of specific Subsidiaries. Proposition

2 alludes to the market conditions being predominantly influenced by the technological landscape and the organisational culture; however, responses indicate that other market factors must be considered as well. One of the most prominent market factors is the regulation appliable to certain technology, and the regulation of this technology must be understood at formulation to allow a clear implementation plan to be developed.

The role of CDO, as discussed around Proposition 1, is to align the communication of the digital transformation strategy throughout the organisation (Horlacher & Hess, 2016) and as such the role is fundamental to ensure that digital transformation strategy can be implemented. (Furst, 2020) additionally identified employee engagement as an important factor on successful digital transformation strategy. The role of CDO can be leveraged to ensure that change management programmes are in place in the Subsidiaries to influence the success of digital transformation strategy implementation. The responses from this study imply that it is imperative that there is alignment between leadership, functional teams, and impacted staff to ensure there is successful adoption of the digital transformation once implemented. Bank X achieves this by defining all transformation initiatives as projects and ensuring that the project is managed from a central Founding Organisation perspective and from a Subsidiary perspective.

The development of implementation plans must be done in a collaborative manner with co-ordination between different functional areas. The case of Bank X still relies on Founding Organisation development capabilities to deliver some aspects of digital transformation, and the involvement of these teams during the implementation plan formulation will ensure that there is a removal of silos and allocation of priority at the necessary times.

Another scenario with regards to implementation planning that Bank X faces is the cost of digital transformation. Due to the operating model of the organisation whereby majority of development capabilities is owned by the Founding Organisation, development of the systems used by the Subsidiaries results in costs being incurred to the Subsidiary. As such, budgeting for digital transformation is an important step in the implementation process. When not involved during the digital transformation strategy formulation process, Subsidiaries can be faced with strategic options that are on the critical path as outlined by the Founding Organisation that are not budgeted for. This can lead to delays in the digital transformation journey of the Subsidiaries and as such deepen the chasm of technical debt and legacy systems that inhibits digital transformation.

The sentiment from the participants is that capital investment into digital transformation is expected, however the involvement of Subsidiary leadership at an earlier stage can ensure that the implementation plans can accommodate the budget needed for the transformation projects. The Founding Organisation is required to play two significant roles to facilitate the necessary budgeting. The first is to communicate the change initiatives early enough so individual budgets of the Subsidiaries can be prepared. The second is to lead inter-Subsidiary discussions and negotiations with development capabilities to ensure that work being done can be scaled across multiple components of the organisation and effectively reduce the cost that a single Subsidiary would need to carry. Delivery of iterative changes across the entire organisation will ensure that the digital transformation journey is moving forward uniformly through the organisation as compared to focusing on implementing larger projects that favour certain components of the organisation.

5.3.4 Leadership

Apart from the need for the Leadership team, specifically the CDO, to communicate effectively during the digital transformation strategy formulation and implementation process there is need for leadership to also identify opportunities to reskill staff in alignment to the strategy. (Furst, 2020) postulated that organisational culture is imperative for successful implementation of strategy in multinational organisations and responses from this study imply that for digital transformation should include reskilling of impacted staff. It can therefore be surmised that leadership needs to reinforce a culture in which skills are continuously adapted to the changing environment.

Reskilling can be seen as a sub-category with the change management workstream of implementation, and evidence in this study indicates that reskilling programmes need to be identified by leadership. Thus, it can be implied that leadership should champion the change and ensure that change management processes are in place during the implementation of digital transformation. (Schallmo, Williams, & Boardman, 2017) indicated that a common challenge during digital transformation is the confusion between digital transformation and business process reengineering. Change management can be used to overcome this misconception by properly introducing and facilitating the implementation of digital transformation, thereby ensuring that the change is adopted with the correct level of understanding form impacted staff and reducing the time needed for adoption to increase.

(Abdelrahman & Papamichail, 2016) proposed the impact that organisational culture has on open communication, and it can also be seen from literature consulted and responses from this study that digital transformation strategy is facilitated though effective communication in multinational organisations. Leadership has a vital role in shaping the organisational culture of an organisation, but it must also be noted that national culture also influences organisational culture. Leadership of multinational organisations needs to be flexible enough to maintain the DNA of the organisation even when there may be subtle shifts in organisational culture due to the nuances on a national level. Subsidiary leadership must be empowered to carry forth the intended vision for implementation and feedback changes observed from a cultural perspective for consideration by the Founding Organisation. Founding Organisation leadership needs to enforce the culture of open communication and accommodation of diversity throughout the implementation of change to ensure that the implementation meets the market demands.

Additional to open communication, a common theme emerging from responses is that for Subsidiaries to implement digital transformation strategy it is imperative that they buy in to the strategy and the vision. In the franchise model of operations that is being targeted by Bank X, this can be achieved through ownership of the entire strategy by the Subsidiary. The Founding Organisation will still play an important role in terms of defining the direction of growth, but the Subsidiaries must own the path they take in that direction. Sentiments from responses in the study allude to an "Us vs. Them" mindset, which can cause the ownership of the strategy to be incomplete. Aligning the communication and involvement so that Subsidiaries completely own their strategic vision for digital strategy will ensure that the implementation can be budgeted for, accounted for, and successfully achieved.

5.4.5 Summary of Discussion of Proposition 2

The proposition made is that implementation of digital transformation strategy in a multinational bank is dependent on technology availability and corporate culture of the subsidiary. This study does prove this proposition; however, results indicate that there are additional components to digital transformation strategy that must be considered. In alignment to Proposition 1, open communication and leadership support is also fundamental in implementing a digital transformation strategy. Communication and leadership support is part of the organisational culture, which leadership needs to drive.

The assertion that technology landscape must be considered when implementing digital transformation strategy is true, but it is incomplete. Implementation must also consider the regulatory impact of the transformation as well as the impact of cost on cost-sensitive Subsidiaries. An operating model that removes the siloed development of components of the digital transformation is advantageous as there will be a lower reliance on centralised capacity and thus the execution can be diversified.

Lastly, implementation of digital transformation must be inclusive of proper change management and reskilling programmes to ensure that the fear staff may have of the change is mitigated. When there is an understanding of the change and the impact the change will have on employees' individual roles and responsibilities there will be a sleeker adoption of the change and thus migration to new ways of working.

In answering the research question, successful implementation of digital transformation in a multinational bank is fundamentally reliant on a sound digital transformation strategy being formulated in line with market demands with sufficient ownership from the subsidiaries. The implementation must also allow for Subsidiaries to fully own their change management and budgeting processes to ensure that the implementation can be seamlessly executed in line with the direction provided by the Founding organisation.

5.4 DISCUSSION PERTAINING TO PROPOSITION 3

5.4.1 Digital Strategy with the Sub-Theme of Architecture

Responses from this study imply that Bank X has internal constraints regarding the implementation of development based digital transformation. This is due to the operating model in place which relies on centralised development teams in the Founding Organisation to deliver software changes to all areas including the Subsidiaries. Bank X is also on a journey to move from their legacy infrastructure to a new, in-house build banking platform. The problem that is experienced is that due to the previous digital transformation and IT strategies not including the nuances from a Subsidiary perspective, the Subsidiary infrastructure is not currently aligned to the Founding Organisation infrastructure and moving to a new banking platform requires technical debt to be leap-frogged, which is not always possible according to (Avedillo, Begonha, & Peyracchia, 2015). The phenomenon being observed is the lag that legacy systems places on digital transformation, known as legacy lag.

The inhibition of digital transformation strategy caused by legacy lag in multinational organisations can arise from two avenues. The first avenue is the use of global integration as a multinational strategy instead of national differentiation. This further leads to digital transformation strategies being formulated that cannot be incorporated into IT strategies on a Subsidiary level due to the nuanced technology landscape, which ultimately sees the Founding Organisation advance quicker than the Subsidiaries. The second avenue is the reliance on centralised development capabilities which focus on prioritization of Founding Organisation change. Bank X has to support the entire organisation with capacity that is centralised, and the resources are catering to a market which they are unfamiliar with. If there were resources and capabilities that had presence in each of the Subsidiaries and aligned to standards set by the Founding Organisation there would be no reliance on the Founding Organisation to deliver all technological change and thus minimize the lag on legacy system development.

According to (Deloitte, 2020), modernised architecture provides an increased digital competitiveness, increased flexibility, and improved efficiency. Participants from Bank X indicate similar sentiments with regards to modern banking architecture such as banking platforms. What is important to note is that in a multinational organisation, these benefits can only be realised if the platform is delivered in a way that maintains brand identity across the subsidiaries but also allows for national differentiation in a practical manner. Bank X is targeting a platform strategy that sees the Founding Organisation designing for majority of the platform capabilities (approximately 50% to 80%) while the remaining capabilities will be designed by the Subsidiary. This arbitrary split of what is deemed common needs to be explicitly investigated in each organisation, because responses indicate that what is considered standard from a Founding Organisation perspective may still have nuances in a Subsidiary. It is proposed that the modernisation journey, which is part of the digital transformation strategy, be inclusive of the Subsidiaries in all points of interaction from formulation to implementation. The theme of Architecture is linked to the theme of Market Focus, as attention needs to be paid to the market to advise on the architecture available and applicable to the Subsidiary.

5.4.2 Culture

As discussed around Proposition 1 and 2, insufficient communication in a multinational organisation can be an inhibitor to the formulation and implementation of digital transformation strategy in a multinational organisation. The organisational culture needs to promote the ownership of the strategy by the Subsidiaries, and this can be done using effective communication and a transformational style of leadership.

The corporate culture of a multinational organisation is firstly influenced by the national culture, as noted by Grant (2016). As such, the understanding that Founding Organisation leadership has around the national culture is immensely important in terms of defining the management style of the Subsidiary. Founding Organisation leadership must therefore appreciate the diversity of the cultures in which they operate and allow the Subsidiary leadership to educate the entire organisation about their specific national culture. Responses from participants imply that the general assumption in the Sub-Saharan Africa context is that most national cultures are the same. While the cultures may be similar there are differences. The research instrument did not test for the differences in national culture; however, the underlying theme of cultural differences did emerge.

5.4.3 Founding Bias

The operations of Bank X were first established in South Africa, and then expanded to Namibia, Botswana, eSwatini, Lesotho, and Zambia as multinational subsidiaries of the organisation. As such, majority of the expertise sits in South Africa as the Founding Organisation and is distributed into the Subsidiaries by the assistance of a Head Office team. The Head Office team consists of mainly South African citizens that have previously worked in the South African leg of operations of Bank X. In scenarios such as this, the guidance that is provided to the Subsidiaries is from a South African perspective. The responses from this research imply that a phenomenon can be observed in which guidance and strategic oversight of a multinational organisation is provided from the lens of the Founding Organisation, and this phenomenon is named Founding Bias.

In cases where Founding Bias is experienced, it is imperative to provide sufficient empowerment to Subsidiary leadership to make informed decisions that may go against the guidance provided by the Founding Organisation. This must, however, be in line with the organisation vision and justified by the correct market analysis and data-based decision making. It must be noted that Bank X is somewhat aware of this bias, but the necessary ownership needed by the Subsidiaries to remove this bias is not in place as yet. Research by (Kostova & Roth, 2002) indicate that the relationship between Founding Organisations and Subsidiaries is dependent on dependence, trust, and identity. The research instrument did not test for the level of Founding Bias explicitly; however, responses can be assessed to understand the relationship that exists between the Founding Organisation and the Subsidiaries in the context of digital transformation strategy.

In terms of dependence, the Subsidiaries are heavily dependent on the Founding Organisation for development capabilities from a transformation enablement perspective, as well as change management and support. Centralised marketing and CVM initiatives are planned from a Head Office perspective and handed over to the Subsidiaries to implement in support of the transformation journey. This level of dependence indicates a relationship in which the Founding Organisation produces plans for the Subsidiaries to implement. The research tool did not uncover the reason for this level of dependence.

In terms of trust, the Subsidiaries do believe that the Founding Organisation has the best interests of the Organisation in mind, however there is some lack of trust around the communication and feedback that exists between the Founding Organisation and the Subsidiaries. This breakdown in communication or lack of trust in communication can result in misaligned strategies and clashes in strategy.

Lastly, in terms of identity, the Subsidiaries are tightly tied to the Founding Organisation in terms of shared values and culture. This can indicate that even though the organisational culture is tied to national culture, the feed is not necessarily customised to the needs of the Subsidiary.

Using these three metrics to gauge the relationship between the Founding Organisation and the Subsidiaries, it can be implied that some level of Founding Bias does exist in Bank X due to the high level of dependence, moderate level of trust, and high level of identity.

5.4.4 Market Focus

Responses from this study indicate that the markets in the Subsidiaries differ from the market in the Founding Organisation. In the strategy formulation process postulated by (Armstrong & Lee, 2021), the market plays a big factor in what can be outlined as strategic options. As such, an inhibitor of digital transformation strategy formulation and implementation in the case of multinational banks can be linked to insufficient market knowledge upon strategy formulation. Participants allude to different each Subsidiary having different factors that affect the market from a Political, Economic, Social, Technological, Legal, and Environmental perspective. As such, a starting point to understand the market when the digital transformation strategy is being formulated is to conduct a PESTLE analysis.

It must be noted that the PESTLE analysis must be done by the Subsidiaries and not the Founding Organisation. By virtue of the franchise model of operations, the

Subsidiaries are the subject matter experts on their individual markets and as such should be leveraged to perform a market analysis. By doing this there is a removal of Founding Bias and a shift towards getting Subsidiary ownership and buy-in. The use of PESTLE analysis is also considered the first step of an integrated approach to digital transformation strategy formulation by (Schallmo, Williams, & Lohse, 2019).

Apart from the PESTLE analysis, digital transformation strategy also required a Porter's Six Forces analysis to be performed. The PESTLE provides an analysis of the market from an industry perspective, but the Six Forces is used to determine the market from a specific organisation perspective (Armstrong & Lee, 2021). This form of analysis is extremely important to understand where Bank X fits in to the banking landscape in each Subsidiary and what strategic options can be determined in line with the vision to create a competitive advantage. This analysis should also be owned by the Subsidiaries to ensure that the correct interpretation of the market is achieved.

Theses analyses, when completed by the Subsidiary, creates the culture of trust, ownership, and communication that is imperative for the success of a digital transformation journey. This mode of strategic operation will also ensure that co-creation of strategy can occur which eliminates the unforeseen developments and unlikely targets that frustrate Subsidiary leadership. The role of CDO can provide guidance and assistance to Subsidiary leadership during the market analysis and provide the transformational leadership required to drive the change.

The expectation that digitalization in the Sub-Saharan Africa context occurs at the same rate is incorrect (Parry, Viviers, & Jansen van Rensburg, 2018) and as such there will be differences in the level of digital maturity in the different countries of operation of multinational banks. The major understanding of digital transformation in banks is the migration of services from traditional banking channels to digital channels (Klaus & Nguyen, 2013) and this is also the primary focus of Bank X. Due to this migration, there is technological adoption that is required on behalf of the customer. If the digital strategy and targets set out for a multinational bank are based on the digital maturity of a single country due to Founding Bias, then there will be incorrect alignment of critical success factors for the strategy.

Bank X has overcome this by ensuring that the targets set out for each subsidiary is unique, however the strategic options remain the same. Responses from this study imply that even though the targets are different, the digital maturity of the Subsidiary does impact the implementation feasibility, and as such certain strategic options are not valid for the Subsidiaries using the same mechanisms as the Founding Organisation. Therefore, the market analysis that informs the digital transformation strategy formulation process should be carried into the implementation planning process. The targets that are set at implementation will be informed by the market, and as such result in implementation that is aligned to the strategy but customised for a market.

The technology landscape is one component of the market that is heavily referenced by participants as an inhibitor to achieving a digital transformation strategy that is based on global integration. The technology component of the PESTLE analysis is extremely pertinent to the market analysis for digital transformation strategy as digital transformation deals with the response to technological change. As such, in order to achieve a digital transformation strategy that can be formulated and implemented successfully for a multinational retail bank, the technologies used by customers in each Subsidiary must be understood and leveraged in alignment to the vision of the organisation.

Additionally, the regulation of technology is a further inhibitor to digital transformation strategy in multinational banks. Although there may be similarities in the technological landscape, and the organisation can shape the technology landscape to some extent, regulation is far more rigid and tough to tackle. Strategic options that are identified based on similar customer expectations and customer adoption trends may not be feasible in different geographies due to the regulation of those technologies. Bank X has encountered challenges to implementing their digital transformation strategy due to the complexities in regulation. It must be noted, however, that regulation of technology should also be considered an avenue for innovation. While regulation may affect the standardised delivery of strategy in all components of the organisation, there is also room for innovative solutions to be implemented in lieu of regulatory allowances.

Responses from this study indicate that while the technological landscape of the market poses an immediate inhibitor to the digital transformation strategy, the regulation of technology create a longer-term impact on digital transformation. While the customer expectations are quicker to change, regulation is slower to change and thus the Subsidiary leadership is empowered to leverage their relationships with regulators to challenge regulation and suggest new regulation to shape the market.

5.4.5 Summary of Discussion of Proposition 3

The proposition made is that technological availability and organisational culture will affect the strategic options and the targets applicable to digital transformation strategies of multinational banks. This study proves this proposition and also expands on the concept of technological landscape. Technological landscape does not merely mean the technology used by customers or competitors in the industry, but also the regulation of technology in the market. Legacy technology can provide an internal inhibitor to the strategy while technology regulation and customer adoption can provide an external inhibitor to the strategy.

The culture of the organisation is largely influenced by the Founding Organisation; however, findings from this study corroborate (Grant, 2016) assertions that organisational culture is also impacted by national culture. If the culture of the Subsidiaries is not considered and the organisational culture not aligned to delivering digital transformation, the strategy will be inhibited. In scenarios where there is no alignment between individual national culture and organisational culture, it is likely to experience strategies of global integration and not national differentiation. In the case of multinational retail banks, national differentiation is a necessity to remain competitive in a specific market. Founding Bias can arise when the Founding Organisation does not allow market analysis to be done from the view of the Subsidiary, and this further contributes to a lack of national differentiation.

In answering the research question, technology availability (internal and external) affects the strategic options available to a multinational retail bank and as such affects what should be formulated for individual Subsidiaries and what can be implemented for Subsidiaries. The organisational culture of the multinational retail bank influences the level of Founding Bias observed, the ownership of strategy awarded to Subsidiaries, and the communication and leadership style between the Subsidiary and the Founding Organisation. Both the market, in terms of technology, and the culture must be congruent to allow digital transformation strategy to be successfully formulated and implemented in multinational retail banks.

5.5 SUMMARY OF DISCUSSION

Retail banks have often pursued the expansion of their operations into new geographies to expand their customer base, thereby becoming multinational organisations. In response to the rapid technological changes seen, these organisations need to adapt their operating models, governance policies, customer engagements and ways of working to better leverage the new technologies and maintain a competitive advantage. There is therefore a strong need for multinational retail banks to formulate and implement successful digital transformation strategies for the Founding Organisation as well as the Subsidiaries in which they operate.

The updated OLI framework by Luo (2021) can be corroborate the proposition made by this study that Founding Bias can be detrimental to the digital transformation strategy success in multinational organisations. The revised OLI framework indicates that there are advantages from open resources. What is observed is that when a multinational organisation has siloed development areas, there is essentially a throttling of resources which inhibits the speed at which the strategy, in this case digital transformation strategy, can be implemented. Additionally, the revised OLI framework indicates that multinational organisations have an advantageous flow of information between the Founding Organisation and the Subsidiaries based on the linkages these components of the organisation. In the study, it is evident that communication is extremely important in ensuring that digital transformation strategy is formulated with the necessary requirements from the Subsidiaries. The linkage advantage also corroborates the flow of information necessary for a franchise model of operations. Lastly, Luo (2021) proposed integration advantages that digital technologies can provide. This study does not investigate the proposed integration advantage as Bank X utilizes internal technology and is targeting an internal digital platform build.

A multinational bank must have the correct organisational culture and leadership style to facilitate an environment of open communication and empowered Subsidiaries. Additionally, a multinational retail bank must also have a sound understanding of the markets they operate. Both of these components are required to ensure that a digital transformation strategy can be formulated to encompass the competitive advantage available for each Subsidiary. These components, together with a well formulated digital transformation strategy is necessary for the strategy to be implemented effectively. Ensuring that these components are in place will facilitate a digital transformation journey that will provide benefit to the Subsidiary and ultimately to the Founding Organisation.

Multinational retail banks must avoid scenarios in which the digital transformation strategy is based on the perception that all markets are equal or have very little nuances. If this perception is maintained it can result in strategies being formulated that have an element of bias towards the Founding Organisation, which can be referred to as Founding Bias.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter will provide the concluding remarks based on research questions introduced in Chapter 1 of this study. Recommendations in line with this study as well as suggested areas for future research will also be provided in this chapter. The primary objective of this study was to investigate how the factors of leadership, organisational culture, and technology availability impact the digital transformation strategy formulation and implementation processes in a multinational retail bank.

Digital transformation is the sum total efforts an organisation undergoes in response to technological change, and the rate of technological change is occurring at a rapid rate. Retail banking is an industry that can potentially be disrupted by new entrants in the industry due to the rapid rate of technology, and as such it is important for retail banks to engage in transformation initiatives to remain competitive in the market. From the literature, it can be seen that digital transformation for retail banks includes more than just digitization of operations from traditional banking channels to digital banking channels but also involves the changes to operating models and business models; however, most of the digital transformation initiatives that retail banks are targeting is digital channel migration. This migration serves as the initial step in enabling platform business models for banks and includes modernization of architecture in alignment to the new business models.

For multinational retail banks, the overall vision for digital transformation is aligned to the strategy targeted for retail banks, however there are complexities that must be accommodated in each Subsidiary to ensure that the strategy can be successfully implemented. The challenge that is experienced is that multinational organisations must overcome leadership, organisational culture, and technological constraints in the Founding Organisation and the Subsidiaries in order to digitally transform the organisation to the benefit of their global customer base.

The theoretical basis of the renewed OLI theory by (Luo, 2021) was somewhat tested in this study and the results yielded indicate that multinational organisations must leverage the open resources advantages, and linkage advantages during their digital transformation journey to ensure success. Multinational organisations that do not leverage these advantages and do not facilitate open communication are likely to have difficulty in implementing a successful digital transformation strategy.

6.2 CONCLUSIONS REGARDING RESEARCH QUESTIONS

6.2.1 Which aspects are fundamental for multinational banks to consider when formulating digital transformation strategies?

Transformation programmes such as digital transformation require a strategy that is in line with market trends to be formulated. In the case of multinational retail banks, there must be a consideration of each market of operation and clear understanding of the impact of the digital transformation in the market and vice versa.

The first requirement for a successful digital transformation initiative in a multinational bank is the correct level of leadership championing the change. Literature as well as findings in this study indicate that digital transformation strategy is a subset of corporate strategy and informs IT strategy. As such, there needs to be a leadership structure that is put in place to ensure that these three strategies have the necessary executive representation. Findings in this study suggest that when there is no direct leader whose sole responsibility is concerned with digital transformation there is likely to be a lack of clarity between the Founding Organisation and the Subsidiaries on the vision of the organisation for digital transformation and the full picture of the transformation journey. Literature has determined this executive level role that is beneficial for a digital transformation journey is the Chief Digital Officer. Findings from this study indicate that a CDO should be a position filled from a central Founding Organisation perspective as well as CDOs in each Subsidiary.

A starting point for the digital transformation journey is to firstly formulate an effective digital transformation strategy. Apart from the need for a dedicated leader of digital transformation in the form of Chief Digital Officers, the leadership style used during the digital transformation journey of organisation is an important factor that is necessary for the formulation of an effective digital transformation strategy. The leadership styles that favour multinational organisations is either a transformational leadership style or a transactional leadership style. Furthermore, franchise models of operations, such as the one targeted by the organisation in this study, also thrive in organisations with transformational and transactional leadership style. Digital transformation by nature of being a large change process favours a transformational leadership style. Literature and findings from this study indicate that multinational organisations that are formulating a digital transformation strategy would largely benefit from a transformational leadership style more than a transactional leadership style.

The organisation studied does not have CDO roles in each Subsidiary, and also does not exhibit behaviour of transformational leadership. The leadership style reflects closer to a transactional leadership style, and this has been detrimental to facilitating the environment needed for digital transformation to succeed. Findings in this study indicate that the top-down approach of digital transformation strategy formulation used can cause a lack of ownership of the strategy by the Subsidiaries. This top-down approach arises from the Founding Organisation being the driver of digital transformation and thus formulating the strategy with little to no involvement from the Subsidiaries. The ownership of strategy formulation by the Founding Organisation, as well as the transactional leadership style exacerbates the lack of understanding of the vision for the organisation that the Subsidiaries have.

Literature as well as findings from this study show that the means to ensure a correct understanding of the organisational vision as well as effective formulation of digital transformation strategy in a multinational retail bank is effective communication. In order to achieve effective communication, the necessary leadership style and leadership roles are required.

The proposition made in this study is that effective communication is fundamental for the successful formulation of digital transformation strategy in a multinational retail bank. This proposition is proven correct based on the findings; however, it must be noted that effective communication is derived from the correct leadership style. The leadership style and the leadership presence will ensure that there is effective communication between the Founding Organisation and the Subsidiaries. Furthermore, effective communication is required to ensure that the strategic options outlined in the strategy are in line with the vision of the entire organisation and the market constraints that exist in each Subsidiary.

6.2.2 Which aspects are fundamental for multinational banks to consider when implementing digital transformation strategies?

Findings from this study indicate that implementation of digital transformation strategy in the multinational retail bank can be a challenge. There is a direct link between the formulation of digital transformation strategy and the implementation of the strategy. It is evident from this study that the first step to implementing a successful digital transformation strategy is the formulation of a sound strategy that considers the nuances and complexities in the different subsidiaries.

The findings around research question 1, which conclude that an organisational culture and leadership style conducive to open communication is necessary for the successful formulation of digital transformation strategy, are also applicable to research question 2. The feasibility of implementation of the strategy must be considered during formulation to ensure that different strategic options relating to the markets of the Subsidiaries are considered and the nuances in implementation can be considered while still maintaining alignment between the organisation vision.

Literature as well as findings from this study confirm that an organisational culture that is aligned to effective communication and transparency is necessary to ensure successful implementation of strategy. Communication around the digital transformation strategy is important between the Founding Organisation and the Subsidiary, as well as within the Subsidiary itself, to ensure that all parties are aligned to the implementation and feel empowered to own the strategy. Leadership must also consistently communicate between the Founding Organisation and the Subsidiaries to ensure that implementation plans informed by the strategic options is inclusive of change management and reskilling initiatives.

Communication of the strategy as well as an understanding of the internal resource and capability constraints will ensure that Subsidiaries of multinational organisations are aware early enough of the potential costs associated with digital transformation. In the scenario where implementation is owned by the Subsidiary, but development capabilities are owned by the Founding Organisation, there can be complex capacity management needed to ensure that the implementation covers the Subsidiary needs with the Subsidiary nuances.

Apart from the communication required, findings from this study indicate that there are market factors that need to be considered during implementation of strategy. Digital transformation by virtue of its definition is reliant on technology, and as such the technology in the market is a factor that must be considered when implementing digital transformation strategy. The technology factor must be considered from an internal and external perspective. Each Subsidiary will inherently have a different level of digital maturity due to the different countries of operation and thus the external technology landscape will be different. The external technology landscape presents a threat and an opportunity for the organisation. The threat is that there will be a difference in the implementation plan or implemented solution for a strategic option based on the technology available. The opportunity is that the technology gap between the Founding Organisation and the Subsidiary presents the Subsidiary with the possibility of developing innovative solutions in line with the organisation vision.

The internal technology landscape refers to the systems being used by the organisation. Due to different levels of digital maturity, it is expected that different solutions implemented in different components of the organisation will result in some level of technical debt. This must be kept in mind when designing new implementation plans so that the right development can be done in line with the systems being used.
Lastly, regulation of technology in different countries is different. As such the implementation of digital transformation strategy must be unpacked to a level that incorporates the necessary regulatory nuances. Regulation can inhibit the implementation of strategic options and thus the strategic options need to be formulated with the regulatory and technological nuances in mind.

In answering the research question, the technological landscape and the organisational culture is extremely important in implementing a digital transformation strategy in a multinational retail bank. The strategy being implemented must be formulated with the different market demands in mind and the Subsidiaries must be empowered to fully own the formulation and implementation of the digital transformation strategy.

6.2.3 How does technology availability and organisational culture affect strategy formulation and implementation of multinational retail banks?

In a multinational organisation, it is of the utmost importance to deliver transformation programmes that accommodates the different markets and market conditions. In the case of retail banks, digital transformation is a trend that has seen a significant amount of attention, and as such multinational retail banks are required to digitally transform in relation to the market landscape of the different countries of operation.

The research question posed is the impact of technology availability and organisational culture on the digital transformation strategy of multinational retail banks. If the organisational culture is explained first, it can be seen that leadership and culture is extremely important in digital transformation strategy formulation and implementation. A leadership team consisting of the correct representation and mandate that leverages the correct style of leadership is pivotal in the formulation of digital transformation strategy; and the drive from leadership on the implementation of strategy is necessary for success. Literature as well as findings from this study indicate the responsibility leadership has on crafting an organisational culture conducive to success.

Findings from this study indicate that the organisational culture and leadership style must promote effective communication amongst the Founding Organisation and the Subsidiaries in a multinational organisation to successfully incorporate the market nuances experienced in the different components of the organisation. It can thus be deduced that organisational culture in a multinational retail bank can be an inhibitor to digital transformation strategy as well as an enabler of digital transformation strategy. The type of organisational culture determines whether the impact will be positive of negative.

Findings from this study also indicate that Founding Bias can be observed in multinational retail banks when there is insufficient empowerment of the Subsidiaries to customize strategy based on their specific markets. Founding Bias can be a component of organisational culture that largely inhibits the successful formulation and implementation of digital transformation strategy. Literature as well as findings in this study conclude that for retail banking, there should be strategy based on National Differentiation to satisfy the markets.

Technology availability can also be an inhibitor of digital transformation, and it is more likely to be an inhibitor than an enabler. Technology and digital maturity differ from country to country, and as such the market for technology adoption is different. The regulation of technology is also different and as such can inhibit the implementation of a digital transformation strategy based on Global Integration.

Findings from this study indicate that regulation of technology is a larger inhibitor of the digital transformation strategy than the technology adoption itself. This is because a multinational retail bank may be able to implement technological change ahead of customer adoption and thus shape the market; however, if there is regulation that prohibits this change then the organisation is restricted. Regulation of technology is thus out of the direct control of the organisation while technology availability and adoption can be shaped by the organisation. It can thus be concluded that technology regulation is a large inhibitor of digital transformation strategy in multinational retail banks; and technology availability and adoption is a moderate inhibitor.

Technology availability from an internal resource-based view of strategy can also be seen as an inhibitor. Bank X relies on a centralised development capability to implement all software-based changes to their systems. This can cause the Founding Organisation change to be prioritised above the Subsidiary change and thus restricts digital transformation of the Subsidiaries.

In answering the research question, both organisational culture and technology availability and regulation are inhibitors to the formulation and implementation of digital transformation strategy in multinational retail banks. The organisational culture is an internal inhibitor, and the technology availability and regulation are external inhibitors. In order for a successful digital transformation programme to be landed for a multinational retail bank the organisation as a whole must align the organisational culture to one conducive to transformation initiatives, and the organisation needs to be cognisant of how the strategy can be tailored for a specific market.

The internal alignment and the external market analysis must both be done as both of these can be inhibitors to successful digital transformation programmes. This study did not test the importance of each of these inhibitors in relation to each other, but findings do support the need for both these inhibitors to be removed. The study also did not test the best type of organisational culture and market analysis to use, but the discussion in Chapter 5 provided literature-based proposals for this.

6.3 CONCLUSIONS REGARDING RESEARCH OBJECTIVES

The main objective of this study was to critically evaluate digital transformation in a multinational retail bank and the inhibition caused by organisational culture and technology availability. This objective has been achieved in this study as it is evident from findings that organisational culture and technology availability are inhibitors of digital transformation in a multinational retail bank.

What further emerged from this study is that regulation of technology is a larger inhibitor than technology availability due to the rigidity and complexity in obtaining regulation change by an organisation with no direct impact. The organisation itself has direct control of the organisational culture and has an influence in technology availability in the market.

The secondary objective of this study was to evaluate the digital transformation strategy formulation and implementation processes within a traditional multinational retail bank. This object has also been achieved as this study concludes that the organisational culture and leadership style influences the communication of the strategy in the organisation and the ability for the strategy to be customised to a specific market. The effective communication and market insight needed during this process is crucial to achieve successful formulation and implementation of digital transformation strategy in a multinational retail bank.

6.4 RECOMMENDATIONS

Recommendations aligned to the findings of this study are made in this section.

6.4.1 Aligning Digital Transformation Vision

Multinational retail banks need to have alignment between the Founding Organisation and the Subsidiaries on the overall vision of desired digital transformation journey. The shared understanding will benefit the organisation two-fold. The first benefit will be to the Founding Organisation, which will gain upfront buy in from the Subsidiaries on the strategy. The second benefit will be to the Subsidiaries, which will gain an understanding of what the organisation aims to achieve and how their input will guide the formulation of strategy. Both of these benefits contribute to a more successful digital transformation strategy formulation process in a shorter time period, ultimately increasing the agility and delivery of the organisation.

6.4.2 Leadership Roles and Styles

Organisational culture is extremely important to ensure the successful implementation of digital transformation strategy. The necessary leadership roles and style is fundamental to creating the correct organisational culture. In the case of digital transformation of multinational retail banks, have a Chief Digital Officer in the Founding Organisation as well as in the Subsidiaries will ensure that there is sufficient focused leadership around the digital transformation journey of the organisation. The style of leadership that is used in a multinational organisation is also imperative to drive the correct level of adoption and ownership of digital transformation strategy. The Chief Digital Officer should leverage a transformational leadership style in a multinational retail bank to drive the transformation of the organisation with collaboration from Chief Digital Officers in the Subsidiaries.

6.4.3 Regulatory Landscape Insight

A market-focused view of strategy formulation is required for a multinational retail bank to fully understand the nuances that need to be accommodated during digital transformation strategy formulation and implementation. Part of the market that needs to be understood is the regulation governing the market, specifically in relation to technology in the case of digital transformation. Digital transformation largely relies on the implementation of technology to enhance business and operating models, and thus the regulatory environment dictates what is appliable in each geography. The regulatory landscape insight must be owner by Subsidiaries and the knowledge that Subsidiaries have about the regulatory landscape must be incorporated during strategy formulation. Failure to fully conceptualise strategic options in relation to regulatory constraints will result in possible derailment of the strategy and tactical solutions to be developed in short turn-around.

6.4.4 Technology Availability Insight

Similar to regulatory insight, an understanding of the technological landscape of the market is also imperative to successful digital transformation strategy formulation and implementation of multinational retail banks. Technology availability, technology adoption, and technology growth is a vital market understanding that must be used to develop strategic options applicable to different geographies. Although the implementation of new disruptive technology-based change by organisations can shape the market, it is imperative to understand the market readiness for technology-based change to ensure that implemented strategy is adopted by customers. Technology availability in a country can be an inhibitor of digital transformation, however it can also be an opportunity to shape the market. The market must, however, be understood effectively to introduce technological change at the right moment to avoid failure. Implementing too early will jeopardise adoption and implementing too late will provide no competitive advantage. The practice of emergent strategy can be used to ensure that the feedback from implementors of strategy are considered to gauge the timing and fit of strategic options.

6.4.5 Effective Communication

Effective communication is imperative in a multinational retail bank to ensure that the strategic vision can be understood by all Subsidiaries. Effective communication is therefore important to drive a cohesive digital transformation strategy formulation process between the Founding Organisation and Subsidiaries of a multinational retail bank. Effective communication is also necessary to ensure that implementation of the digital transformation strategy is in alignment to the formulated strategy and the market in which the strategy is being implemented in. The recommendation is that measures are put in place to monitor and promote effective communication in the organisation with protocols in place to protect sensitive information.

6.4.6 Data-Based Decision Making

The vast amounts of data that can be generated during the market analysis needs to support decisions around digital transformation strategy formulation and implementation. Investing in enhanced data-based decision-making tools and capabilities in the Founding Organisation and the Subsidiaries will ensure that there is temporal alignment and trust among all parties during digital transformation strategy formulation. The use of traditional models of business intelligence is evident in Bank X, however there is a need to move from descriptive analytics to predictive and prescriptive analytics to better inform the digital transformation strategies within the Founding Organisation and the Subsidiaries. Data-based decision-making enhancements are not solely reliant on leveraging technology, but also on up-skilling staff on newer data capabilities with existing data infrastructure.

6.4.7 De-centralised Development Capabilities

A major internal inhibitor to digital transformation can arise from a bottleneck in development capabilities. Multinational retail banks that rely on centralised development resources can face two challenges. The first consequence is the lack of Subsidiary understanding that the development teams may have. This can result in exacerbation of Founding Bias whereby solutions are developed for the Founding Organisation first as a basis. The second consequence is the delay in delivery of Subsidiary system enhancements due to prioritization of the Founding Organisation first. Bank X suffers from both of these consequences, and as such the recommendation is to have de-centralised development teams that align to a standard of delivery.

6.4.8 Embracing National Differentiation

In retail banking, some products such as credit cards can be standard while other products such as digital banking solutions need to be adapted for a specific market. In the case of digital transformation, which seeks to respond to technological change, which is inherently different in each country, it is important to adapt the strategy for a specific market. The recommendation is that multinational retail banks need to explore the use of differentiated strategies for digital transformation in different Subsidiaries. The overall vision of the transformation may remain standard, but the actionable items to achieve the strategy must be different. The strategy must accommodate the differences in regulatory and technological landscapes to be successful, and an organisational culture that enables national differentiation is necessary.

6.5 LIMITATIONS

The study sample size was limited to only the Retail Division of Bank X and did not include other divisions such as Corporate, Commercial and Investment Banking (CCIB). Participants in this study were from the Subsidiaries or had direct working relationships with the Subsidiaries, thus the views of the Founding Organisation are limited to only those with experience working as a multinational. It is expected that there will be nuances in the CCIB division that will affect the generalisation of the findings. The study is also based on a single, large multinational bank and thus fails to consider the nuances in different organisations and industries. The study is based on the case of a large multinational retail bank that operates in South Africa, Namibia, Botswana, eSwatini, Lesotho, and Zambia; therefore, this study is done from a Southern African perspective, and this will also affect the generalisation of the findings.

6.6 SUGGESTIONS FOR FUTURE RESEARCH

The following areas have been identified for further research:

1. The Digital Adoption Index can be used as a basis to develop a framework that organisations can use to assess digital adoption in a country. Further investigation into the application of this tool as well as other tools can develop a framework to assess market conditions relating to digital transformation.
2. The relationship between successful multinational banks leveraging national differentiation as a basis for digital transformation strategy formulation and implementation.
3. This study investigates the scenario in which the Founding Organisation operates in a more digitally mature environment. It would be interesting to understand how digital transformation strategy is formulated and implemented in a multinational organisation entering a digitally mature country as a subsidiary.
4. Individual sub-factors of organisational culture and technology availability can be unpacked and a framework determining the lower-level factors into the main factors can be done.

5. This study only considers the formulation and implementation of digital transformation strategy in traditional banks. The effect of organisational culture and technology availability as inhibitors and enablers for FinTechs and Digital banks can be investigated.
6. The individual strategies being employed by multinational organisation within the digital transformation journey can be investigated to provide a guideline on what can be implemented by multinational banks.
7. The role of Customer Experience Head has been implemented at Bank X. It would be interesting to see the effect that Customer Experience has on digital transformation strategy formulation and implementation in a multinational retail bank.

6.7 CONTRIBUTIONS OF THE STUDY TO THE BODY OF KNOWLEDGE

This study has contributed the following to the body of knowledge of digital transformation of multinational organisations.

1. This study provides a leadership hierarchy between the founding organisation and the subsidiaries in terms of the CDO role.
2. This study postulates that company culture that does not support ownership of strategy is detrimental to successful digital transformation in multinational organisations.
3. This study postulated the phenomenon of Founding Bias – which can be defined as the bias of strategy formulation to the most mature market of the organisation.

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APPENDIX A – INTERVIEW GUIDE

Standard Participant Questions:

1. Please state your role and tenure at Bank X.
2. Gender, Age, qualification
3. What roles in the organisation are responsible and accountable for the success of digital transformation?
4. What is your involvement into strategy formulation and implementation at Bank X?

Formulation:

1. To what degree corporate business strategy, digital transformation strategy, and IT strategy integrate amongst the founding organisation and the subsidiaries?
2. Who is involved in the formulating the business strategy, digital transformation strategy, and IT strategy? How would you describe the level of representation of the subsidiaries when the strategies are being formulated?
3. Please describe the communication regarding digital transformation strategy between the founding organisation and the subsidiaries?
4. How would you describe the preferred digital transformation strategy formulation process for a subsidiary in multinational organisation?

5. Please describe the levels of employee engagement around digital transformation between the founding organisation and the subsidiaries. Do you feel this should be improved and how would you improve this?
6. How does Bank X take the nuances between customer requirements from the founding organisation and the subsidiaries into consideration during the formulation of digital transformation strategy? Please provide specific examples that have been used (both positive and negative).

Implementation:

7. To what degree does leadership of the founding organisation and the subsidiaries participate in the implementation of digital transformation? Please provide specific examples that have been used (both positive and negative).
8. How does the implementation plan get filtered down to business and functional managers within the subsidiaries? Is this an ideal process or could there be improvements?
9. How is employee resistance towards digital transformation managed within the subsidiary? Is there an escalation process between the founding organisation and the subsidiaries in cases of resistance?
10. How are the successes of the implementation of certain components of digital transformation strategy monitored? Is there a difference between the targets set out for the different subsidiaries?
11. How often are the strategies regarding implementation of the strategy that relies on customer adoption reviewed and adapted to the changing

environments in each subsidiary?

Factors that affect digital transformation strategy in multinational:

12. Describe the challenges experienced during the digital transformation strategy formulation and implementation processes between the founding organisation and the subsidiaries.
13. How does the system architecture at Bank X, specifically with regards to legacy systems, help or hinder the understanding of the digital transformation strategy the subsidiaries may have?
14. From your view, which factors should be considered by the founding organisation during digital transformation strategy formulation and implementation in a multinational organisation? Would you please explain the importance of these factors from your view?
15. Do the current processes used in digital transformation strategy formulation and implementation assist in providing a similar competitive advantage for the subsidiaries? What changes would you recommend ensuring that customers of the subsidiaries have their preferences considered within the strategy?
16. How should nuances in leadership and organisational culture be accommodated when successfully managing digital transformation in a multinational organisation from the perspective of the subsidiary?
17. How does the regulation of technology affect the digital transformation journey of the organisation?

18. How does the technology infrastructure availability of the country of operation of a multinational organisation affect the digital transformation journey of the organisation?

APPENDIX B – PARTICIPANT CONSENT FORM

Digital Transformation Strategy formulation and implementation in a multinational retail bank – factors that impede digital transformation strategy.

Sachin Chittigadu

I ____ agree to participate in this research study. The research has been explained to me and I understand what my participation will entail.

Please circle the appropriate response to the below statements to confirm your consent to this study:

I consent to my participation remaining anonymous	YES	NO
I consent that the researcher may use anonymous quotes in his research report	YES	NO
I consent that the interview may be recorded either with audio only or with audio and visual	YES	NO
I consent that any video recording imagery may be used (except video or pictures of my face)	YES	NO
I consent that the information I provide may be used anonymously by other researchers succeeding this study	YES	NO

_______________________________________ (Signature)

_______________________________________ (Name)

_______________________________________ (Date)

APPENDIX C – CONSISTENCY MATRIX

Research Question	Literature Review	Proposition	Data Collection Tool	Data Analysis Method
What should traditional multinational banks consider when formulating digital transformation strategies?	Armstrong & Lee (2021); Osmundsen & Iden (2018); Loonam et. al (2018); Hess et. al (2016); Schallmo et. al (2019); Bharadwaj et. al (2013); Pramanik et. al (2019); Ruggie (2018)	Digital transformation strategy formulation in a multinational organisation must consider the strategic options available to a specific subsidiary.	Interview Questions: 1,2,3,4,5	Thematic Analysis
What should traditional multinational banks consider when implementing digital transformation strategies?	Armstrong & Lee (2021); Osmundsen & Iden (2018); Loonam et. al (2018); Hess et. al (2016); Correani et. al (2020); Horlacher & Hess (2016); Pramanik et. al	Digital transformation strategy implementation in a multinational organisation is dependent on the technology infrastructure	Interview Questions: 6,7,8,9,10	Thematic Analysis

	(2019); Parry et. al (2018); Ruggie (2018).	available in the subsidiary and the corporate culture of the subsidiary.		
How does technology availability and organizational culture affect strategy formulation and implementation of multinational retail banks?	Lemos (2020); Enoch et. al (2015); Bereznoy (2018); Rogers (2016); Dabic et. al (2014); Portulans Institute (2020); Hanelt et. al (2020); Jafari-Sadeghi et. al (2021); Hartl & Hess (2017)	Technology availability and organizational culture will affect the strategic options and the targets applicable to digital transformation strategies in subsidiaries of multinational organisations.	Interview Questions: 11,12,13,14,15,16	Thematic Analysis