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An Assessment of the Business Innovation Model Strategy used to enhance information technology by ABSA

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An Assessment of the Business Innovation Model Strategy used to enhance information technology by ABSA

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KEYWORDS

Digital Culture, Enhanced Talent, Data, Governance, Cyber Security, Digital Transformation, Barriers, Business Model, Business Model Innovation

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LIST OF ACRONYMS

Acronym	Meaning
AI	Artificial Intelligence
ATM	Automated Teller Machine
BASA	Banking Association South Africa
FIC	Finance Intelligence Centre
FSB	Financial Service Board
IOT	Internet of Things
ITO	Information and Technology Office
JSE	Johannesburg Stock Exchange
MS. Teams	Microsoft Teams
NCR	National Credit Regulator
SARB	South African Reserve Bank
SARS	South African Revenue Services
S.A.	South Africa
ROI	Return on Investment

ABSTRACT

The purpose of this research was to provide an analysis and understanding of how ABSA bank dealt with inertia, resistance to change and managed to have a low risk tolerance during the implementation and adoption of their revised business model where transformation attempts sometimes do not achieve the expected objectives. For this astudy, the researcher used ABSA bank's Information Technology Strategy with the requirements and characteristics of a business model innovation and outlined the primary innovation enablers that assisted the bank becoming a digitally powered business amongst its competitors in South Africa (SA). In South Africa, the topic of innovation, digitalisation and digitising banks has always been an ever-present agenda item for the banking sector. However, before the recent Covid -19 pandemic, these topics were still in their infancy in most banks. They have challenged the traditional old-age business models within many organisations. This study will assess ABSA bank's Information Technology Strategy as a business model, relate it to the industry-used business models, determine if it complies with the requirements and characteristics of a business model innovation, and determine to what extent the relationship is. Listed on the JSE, ABSA is a proudly pan-African bank with a geographical footprint in 13 countries such as (Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, Uganda, and Zambia) and prides themselves on diversity, also having entities in the United Kingdom, the United States as well an IT specialist office in the Czech Republic (ABSA, 2022). For this study, the researcher applied a intepretivism research paradigm to analyse and understand ABSA's information technology strategy and business model, the itertia and how the bank managed to have a low risk tolerance during its implementation and adotion. A random sampling method was used to select the twelve participants to collect data for this study and ensure a fair diversity regarding ethnicity, job roles, job grade, gender and employee tenure within ABSA. A highlight from the findings of this research suggests with no doubt,

digital transformation, the importance of innovating a business model and its benefits are a vehicle that could assist organisations to stand out from their competitors, gain more revenue and upscale. The analysis of this ABSA case and benchmarking the researcher did during this study states that it takes a few iterations of innovation before successfully innovating a business model for any organisation. When done right, this research suggests that innovating business models for organisations can be the most powerful tool for any business.

CHAPTER 1. INTRODUCTION

1.1 Statement of Purpose

This qualitative study aimed to assess ABSA's Information and Technology Strategy as a business innovation model. The objective of the assessment will be to relate the ABSA bank's Information Technology Strategy with the requirements and characteristics of a business model innovation and outline the primary innovation enablers that assisted the bank becoming a digitally powered business amongst its competitors in South Africa (SA). This study seeks to understand how the bank dealt with intertia, resistance to change and managed to have a low risk tolerance during the implementation and adoption of the revised business model where transformation attempts sometimes do not achieve the expected objectives. Agility for ABSA Bank means the ability to execute quickly and to make sound decisions. A new generation of clients has grown up in a digital environment and demands different services and new ways of gaining access to them. A bank's traditional clients are also attracted to the advantages of the latest technology offerings through innovation (Pramanik *et al*., 2019).

1.2 Background of the Study

Technological advancements and innovation have reshaped the banking industry globally. In South Africa, the topic of innovation, digitalisation and digitising banks has always been an ever-present agenda item for the banking sector. However, before the recent Covid -19 pandemic, these topics were still in their infancy in most banks. They have challenged the traditional old-age business models within many organisations. This study will assess ABSA bank's Information Technology Strategy as a business model, relate it to the industry-used business models, determine if it complies with the requirements and characteristics of a business model innovation, and determine to what extent the relationship is. Listed on the

JSE, ABSA is a proudly pan-African bank with a geographical footprint in 13 countries such as (Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, Uganda, and Zambia) and prides themselves on diversity, also having entities in the United Kingdom, the United States as well an IT specialist office in the Czech Republic (ABSA, 2022). ABSA's purpose, according to the organisational strategy, is to bring possibilities to life and deliver innovative technologies and propositions to all ABSA bank customers globally (ABSA, 2022). According to ABSA (2022), ABSA bank is globally respected and committed to providing its customers with tailored solutions to all its local challenges. It is mainly dedicated to creating value for all ABSA's stakeholders (ABSA, 2022). The bank prides itself on offering universal products and services across retail, business, corporate, investment, and wealth banking, as well as investment management and insurance solutions (ABSA, 2022). ABSA's technology ambition of having/adopting scalable modular technologies and methods contributed to the bank being a leading platform aligned to its client's needs.

Knowing an organisation's business model strengthens the organisation's underutilised innovative capacity. It goes beyond innovating the organisation's product and process innovation (Comes & Berniker, 2008). To implement ABSA's information technology strategy during its digital transformation journey, as mentioned in (ABSA's Information Technology Strategy), robust client propositions and business models had to be adopted using advanced analytics and other technology-savvy tactics to advance the organisation's digital mandate. ABSA bank believed that innovating its business model could impact the future success of its organisation. Innovating the business model and aligning that to the organisation's strategy assisted the bank in transitioning to a more digitally inclined culture and becoming a driver and explorer of new technologies in the banking sector.

In South Africa, the South African Reserve Bank (SARB) is the primary regulatory entity responsible for bank regulation and supervision. According to Resbank, (n.d.). Its purpose is to ensure a sound and efficient banking system in the interest of the country's consumers and economy by protecting the value of the country's currency and ensuring balanced and sustainable growth. Therefore, in support of this statement, the SARB is mandated to perform its primary function independently without fear, favour, or prejudice (Resbank, n.d). Various secondary regulatory entities also regulate the top banks for multiple purposes, such as the Financial Services Board (FSB), National Credit Regulator (NCR), Johannesburg Stock Exchange (JSE), Financial Intelligence Centre (FIC), South African Revenue Services (SARS), the National Treasury, and the Department of Labour. To advance the interests of the banking industry with its regulators, legislators, and stakeholders in South Africa, the Banking Association of South Africa (BASA) is a separate entity in place to ensure profitable and sustainable banking for all African consumers. Its role is to contribute to better the social and economic development and transformation of South Africa (Resbank, n.d.).

Technology is rapidly changing the financial industry. Banks, in particular, are faced with a shift from traditional, interpersonal forms of service to digital financial services. These digital technologies are increasingly becoming a standard norm in the banking sector, challenge conventional business models, and provide opportunities for banks to capitalise on (Niemand *et al*., 2021).

The financial services sector was an early adopter of key technologies associated with business transformation, and it is currently one of the most intensive users of information and communication technologies (ICT) (Scott *et al.,* 2017). A new generation of clients has grown up in a digital environment and demands different services and new ways of gaining access to them. Bank's traditional clients are also attracted by the advantages of new offerings and are increasingly following the innovative digital trend.

According to its organisational strategy, ABSA aims to bring possibilities to life and deliver innovative technologies and propositions to all its customers globally (ABSA, 2022). The bank has established a reputation for offering universal products and services across retail, business, corporate, investment, and wealth banking, as well as investment management and insurance solutions. According to its website (ABSA, 2022), ABSA is globally respected and committed to providing its customers with tailored solutions to all their local challenges and is mainly dedicated to creating value for all its stakeholders (ABSA, 2022).

In addition to the above content, is the introduction of strategy and problems organisations have in implementing strategy and need to innovate business models in a contemporary business environment.

Something to consider in aid to the above research background is the role of strategy, what strateg is and how it assists shape organitions towards sucessessand competitiveness amongst competitors. According to B, Armstrong 2021 is the process of managing conflicts and winning organisational battles. Strategy as cited from B, Armstrong 2021 addresses how organsations should achive their vision and offers direction that enables them to reach their vision. B, Armstrong 2021 addresses strategy as the game plan that ties together the why and what each organisation is doing and it is described as a sequence of decisions and actions with plans towards achieving the organisational vision. Problems orgnisations have in implementing strategy is at times misunderstanding of the vision by the vision carriers or senior leadership, which then impact the entire organisation. Not having necessary tools, resources and infrastructure to implement the visions is one of the main reasons strategy fails in many organisations. In such cases, the need to innovate old business models becomes very important as it assists organisations upscale and catch up with technological advances. Innovating of business models assists organisations with more lasting competitive advantage specifically in these disruptive times.

1.3 Research Problem

The global banking system has experienced tremendous changes in innovation, with advances in telecommunication, financial theory, information technology, the rise of globalisation, and banking liberalisation (Fontin & Lin, 2019). Through a focus on innovation and proactiveness, banks will more actively search for opportunities in the marketplace and will exploit those opportunities quickly with more innovative solutions (Niemand *et al*., 2021).

Innovating business models in the banking industry are moving quickly, with the entire banking industry likely to witness more innovation in the coming years. This technological evolution means that banks cannot sit back and not participate in this evolution. It means they also must strategically consider how they do business now and in the future. Whilst the South African banking sector may be considered a laggard in comparison to its international counterparts, a recent study on innovating business models and digitalisation in Africa suggested that the South African banking sector is regarded as one of the countries with the highest potential to benefit from business model innovations and digital maturity benefits (Jenkin & Naude, 2019).

The banking sector is one of the industries which are heavily digitalised and innovative. All banks have gone digital and adopted digital technologies, and most are now accessible through mobile applications for seamless customer experience and efficiency. Furthermore, banks have started investing in modern technologies, using the latest technologies such as big data analytics, blockchain, and artificial intelligence (AI). These are due to many reasons, such as fraud detection, analysis of customer behaviour, and expectations to provide a better return on investment (ROI) (Birudavolu & Nag, 2019).

Innovating business models in the banking sector has proven to have more potential for future success. Organisations can upskill their workforce with the latest digital trends to better manage their operations (Jenkin & Naude, 2019).

Because business model innovation often forces new changes, the main research problem for this study the researcher seeks to understand how the bank dealt with intertia, resistance to change and managed to have a low risk tolerance during the implementation and adoption of the revised business model where transformation attempts sometimes do not achieve the expected objectives.

1.4 Research Objectives

The primary research objective of this study is to understand how the bank dealt with intertia, resistance to change and managed to have a low risk tolerance during the implementation and adoption of the revised business model where transformation attempts sometimes do not achieve the expected objectives. This model assisted ABSA bank in becoming one of Africa's leading innovative and digitally powered African banks and played an essential role in driving the bank's priorities in establishing an innovative, winning, talented and diverse organisation bringing possibilities to life through technology.

The secondary objectives are:

- To establish the challenges faced by ABSA bank in adopting and implementing the ABSA bank's information technology strategy.
- To determine the strengths of the ABSA bank's information technology strategy.
- To identify the industry's best practices and state the components required for innovating business models to aid digital transformation.

1.5 Rationale

Innovation, digitalisation, and the Fourth Industrial Revolution have become popular, known themes in organisations. According to Comes and Berniker (2008), business model innovation assists organisations in creating new market opportunities and transforming the organisation's current opportunities,

processes, and products while increasing the organisation's market value. Business model innovation is highly beneficial and recommended for any organisation, especially when done correctly. Depending on the source of information, many organisations could view innovation and digitalisation as positive or negative changes. Given the progress around innovation and digitalisation within the banking sector, ABSA bank has recently developed an overall information technology strategy but has not embarked on a journey of assessing its effectiveness to ensure the full benefits of digital transformation are realised by the bank. The study will evaluate the effectiveness of the recently implemented information technology strategy that enabled ABSA bank to become a solid future-fit technology bank in South Africa and ensure a consistently winning innovative digital culture across its business units.

Large organisations using innovative, technologically inclined resources may have motives such as meeting stakeholder expectations, including regulatory compliances, simplifying internal processes, digitally transforming, and becoming highly innovative (Pramanik *et al*., 2019). The primary purpose of innovating is to implement not only the latest technologies but also the ability of organisations to reform and re-imagine possibilities, including the extension and integration of prevalent business with digital technologies (Pramanik *et al*., 2019).

Studies on innovation and digitalisation in Africa suggest that South Africa is viewed as one of the countries with the highest potential to realise digital maturity (Jenkin & Naude, 2019). This is aligned with BankSETA's recognition of the importance of successfully innovating the banking sector's business models to support digital transformation in the industry (Jenkin & Naude, 2019).

The rationale of the study perfectly links with the research problem stated above where the researcher seeks to understand how the bank dealt with intertia, resistance to change and managed to have a low risk tolerance during the implementation and adoption of the revised business model where transformation

attempts sometimes do not achieve the expected objectives, relate its characteristics to known business model innovations and determine how best fit it is and identify any gaps there might be based on the information the researcher will gather from the literature and the interviews that will be conducted to collect the data for this study.

1.6 Delimitations of the Study

This study will focus on ABSA bank only as a South African bank. It is set to assess and establish some of the challenges faced in adopting the information technology strategy within ABSA bank and the innovative technologies it uses to achieve its digital maturity and effectiveness.

1.7 Definition of Terms

Under this heading, the researcher defines salient terms corresponding and applicable to the context of the study at hand.

Armstrong (2021) states that businesses are key elements of new venture designs. Armstrong (2021) mentions that business models had existed for a very long period and can be traced back to centuries when organisations used them to characterise new ways of organising their economic activities. Armstrong (2021) further defines business models as a structure that assists organisations in creating and delivering value to their customers, which in return helps them in converting their payments to profits.

Business model Innovation is defined as the reconfiguration and innovation of the business model with the latest technologies (Armstrong, 2021). It is the art used to better the business model's value proposition to its customers (Armstrong, 2021). According to Spieth & Schneckenberg (2014) business model innovation can be defined as the discoveryof a fundamentally different business model in an existing business to enhance the current processes and increase the

search of new business logistics for the firm by introducing new ways to create and capture business value for its stakeholders.

Business innovation models, also known as adaptive models, assist organisations in examining the traditional and digital players in different industries (Jenkin & Naude, 2019).

Innovation is a process consisting of different phases and steps requiring a skilled workforce (Jenkin & Naude, 2019). According to Jenkin & Naude (2019), innovation has different innovation models such as disruptive innovation, incremental innovation, sustaining innovation and radical innovation which are used to define the innovation process. Taylor (2017) describes innovation as any new improvements and innovative ideas applied to existing services. Taylor (2017) further states that innovation resonates best with the creation of new products and services or an improvement of existing products and services.

Digital transformation is defined as any realignment of technological investments and new business models that will assist the organisation in functioning and dealing with customers at every touchpoint in the customer experience lifecycle. Other researchers find digital transformation as the transformation and reinvention of the resources, priorities, and processes of a company to be fit for purpose in a digitally empowered world (Perkin & Abraham, 2017).

Digitalisation means converging platforms and networks across telecommunications, finance, retail, and logistics. It is well recognised that the economics of platforms means that there are substantial scale and first-mover advantages (Aagaard, 2019). According to Aagaard (2019), digitalisation enables a dynamic cycle of continuously improved efficiency that is increasingly being driven by the rapid advance of machine learning (artificial intelligence).

Digitisation is the process of re-engineering an organisation's business processes and reducing manual efforts and complexities for the consumers and the organisation (Jenkin & Naude, 2019). It is known as the automatable part of the task that eliminates repeatable, routine activities that produce measurable outputs and outcomes and is amenable to what is referred to as automation (Jenkin & Naude, 2019).

1.8 Assumptions

It is assumed that the information technology strategy's effectiveness and the organisational culture on the use and adoption of this information technology strategy by employees and management have been inculcated in the organisation. The relevant skills to innovation and competency are assumed to have been acquired to create change and drive innovation throughout the organisation.

1.9 Chapter Outline

Chapter 1 of this study focuses on the purpose of the study. It seeks to unpack the context, the research problem, the research objectives, and the significance of the study. The researcher also unpacks research assumptions relevant to the study, delimitations, and definitions of terms salient to the study.

Chapter 2 presentes the literature review. In this chapter the researcher presented research conducted by other reseachers and authors and reflected on them as part of the literature, this includes literature and theoretical review on digital technologies, digital transformation, business model innovationand many more.

Chapter 3 presented the proposed approach chosen to conduct the research. In this chapter, the researcher outlined the research design, research paradigm, the data collection method, sample method and research instrument to be used to

collect the data needed. Also, data collection method, data analysis and data interpretation together with the limitations of the study with its validity, reliability and ethical considerations were disclosed.

Chapter 4 presents the research findings and summary with key themes including participants views and verbatim responses relating to the themes presented.

Chapter 5 includes a discussion of the gaps and findings and how they relate to the overall research objectives and literature review presented. This is coupled with the research conclusion and recommendations for future research.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

ABSA bank is rated as part of the top 25 most transformative corporate brands impacting business in Africa. ABSA bank has successfully implemented a culture transformation journey that has enabled them to create a high-performance work environment. ABSA bank has already embarked on a digital transformation journey and already has its technology strategy they are using as an innovative business model. ABSA (2022), This framework forms part of their organisational strategy, focussing on enabling the bank to become a leading African bank bringing possibilities to life through technology. At ABSA bank, technology is used as a primary enabler. This has allowed the bank to build a digitally powered business and played a supporting role in driving the bank's priorities in establishing a winning, talented and diverse team.

As a driver of competitive advantage, Lansiti & Lakhani (2014) speaks about innovating business models as one of the most important things organisations should prioritise even more than their product and service innovation. According to Lansiti & Lakhani (2014), organisations increasingly seek innovation levers beyond product and process innovation. Business model innovation has almost transformed the entire industry (private and public service) and created numerous challenges for most traditional business models (Lansiti & Lakhani, 2014).

Downes and Nunes (2013) assert that most established businesses that should have paid more attention to the power brought by business model innovation were dared by innovative digital start-ups, driven out of business, and ultimately lost their competitive edge.

Innovating business models have moved from being a merely technological nice to have or technology opportunity for organisations to being a necessity for managing the needs and expectations of the world's growing population (Kraus

et al., 2021). These developments have enabled originations to consider lots of changes and organisational reforms. With business model innovation and digital transformation introducing new processes that can affect the critical structures of how an organisation should do business, digital innovation is seen as a future mechanism for competitiveness.

As organisations adopt digital innovation, there is an increasing opportunity for digitisation and digitalisation (Gradillas & Thomas, 2021).

2.2 Digital Transformation, Digitalisation, and Digitisation

It is imperative to clarify the often not-so-clear and interchangeable difference between digital transformation, digitalisation, and digitisation. These terms are closely related, and their intrinsic difference is critically significant to understanding the fourth industrial revolution (Garud *et al*., 2008).

2.2.1 *Digital Transformation*

As defined by OECD (2019), digital transformation has several digital technologies and processes. According to the OECD (2019), these technologies and processes range from big data, IoT, data analytics, blockchain, 5G, artificial intelligence, and many more. All these technologies are components through which social and economic changes can be derived (OECD, 2019). ABSA bank has successfully implemented a digital culture and digital transformation journey that has enabled the bank to build a high-performing digital work environment (OECD, 2019). As digital transformation is defined as the realignment of, or new investment in technology and innovative business models by organisations, Blackburn et al. (2020) further defined digital transformation as the transformation of an organisation's processes and priorities for the organisation to become digitally future fit and digitally empowered. Recently, organisations have started

aggressive investments in digitalising their operations and adopting a digital mindset, culture, and transformation (OECD, 2019).

Business model innovation is very crucial in all organisations, especially seeing that new technologies enter the market at a rapid speed frequently; organisations need to keep up with these technological evolutions and adapt. The adoption will allow organisations to transform digitally and innovate. According to Blackburn *et al*., (2020), business model innovation for banks is about organisations being prepared and ready for the evolving digital technologies and trends to remain competitive. Baiyere *et al*. (2020) say that say the organisation its advantages as well as it has its challenges.

Bayer *et al*. (2020) further mention that many organisations always see business model innovation as a challenging change process. Employees sometimes resist the change it brings as this challenges the traditional, comfortable way of doing things. Prior research and literature indicate that innovation has two phases: digitalisation and digitisation (Van Veldhoven & Vanthienen, 2021). Van Veldhoven & Vanthienen (2021) mention that organisations use their ability to utilise digital technologies to influence their traditional business processes and define digitisation as a conversion of any analogue information into a digital form. With the implementation of the ABSA growth strategy (ABSA, 2022), ABSA reports a successful business transformation. According to (ABSA, 2022), the bank rebranded in 2020 and separated from its subsidiary, Barclays, to be a standalone pan-African bank. The bank reinvented itself and posted the rebranding, utilising its existing digital transformation group strategy and becoming digitally-led customer-centric (ABSA, 2022). According to their annual report (ABSA, 2022), the effectiveness of this strategy has enabled the bank to operate almost 90 per cent of its operations digitally, outside the bank's branches. One cannot undermine the massive investments ABSA has made to enhance its digital capabilities with the seamless end-to-end client and customer journeys.

The bank still prides itself on investing aggressively in digitising and innovating its operations.

2.2.2 *Digitalisation*

Digitalisation is how organisations use digital technologies to change existing analogue processes and produce new innovative opportunities. The more organisational technologies, the more digitally matured they get (Jenkin & Naude, 2019). On the other hand, Valenduc, G, & Vendramin, P (2017) argues that digitalisation information is very important and can be used as a strategic valuable resource by organisations. Digitalisation as defined by Valenduc, G, & Vendramin, P (2017) presents an opportunity for organisations to shift from traditional ways of of work to more flexlible, virtual and efficient ways.

The digital revolution according to Fernandes (2018) ca be seen as any technological acceleration, advancement and change in the economy or an organisation driven by innovative processes to implement the changes and communicate information though the use of electronic devices.

2.2.3 *Digitisation*

According to Osman (2018), building on digital transformation and digitalisation, digitisation is any process that involves encoding manual information for easy transmission and storage through a digital device or computer.

2.3 Background Discussion

The increasing use of innovative business models in support of digital transformation by organisations has triggered more use and adoption of digital technologies such as IoT, digitalisation, and digitisation since the industrial revolution (Forsgren *et al.*, 2014). According to Forsgren *et al*. (2014), data in organisations has become massive with varying levels of information. The use of

innovative business models, digital technologies, and innovation of business processes in organisations has also become crucial for this decade and decades to come (Forsgren *et al*., 2014).

2.3.1 *Digital Technologies*

In the wake of technological evolution, new technologies have been introduced to organisations. These are technologies such as the internet of things (IoT), data analytics, artificial intelligence (AI), and many more (Lansiti & Lakhani, 2014). As per Lansiti and Lakhani (2014), their purpose is to enhance and improve existing business functions.

2.3.2 *Business Innovation Models*

Aagaard *et al*. (2019) use business models to support digital transformation in organisations, and IoT affects every business sector. Aagaard *et al*. (2019) mention that, even though IoT technologies have been in existence for over a decade now globally. Known and proven business models, such as business models for Amazon and Uber, are currently the most growth-impacting business innovation models companies should explore to improve their innovation and digital transformation frameworks (Libert *et al*., 2016). Using business innovation models integrated with IoT and digitalisation will enable organisations to access big data, which they can use to explore and develop new innovative business processes (Libert *et al*., 2016).

Innovative digital business models drive digital transformation and innovation in organisations (Aagaard *et al*., 2019). The use and effectiveness of innovative business models inspire organisations to explore more digital opportunities whilst benefitting from their existing digital business processes (Aagaard *et al*., 2019). This allows organisations to innovatively build new, better, and future-fit scalable, innovative business models. According to Aagaard *et al*. (2019), the effective

adoption of innovative business models must be actively managed to create better customer value and continuous improvement. Because this study emphasises digital transformation, it must also touch on aspects of digital transformation such as digitalisation, digitisation, and IoT.

2.3.3 *Internet of Things*

IoT drives business innovation models used to drive change in organisations. Aagaard *et al*., (2019) IoT is considered an industry growth engine. The definition of IoT, according to Aagaard *et al*. (2019), depends on the audience and can be used to define different uses of IoT. Gubbi *et al*, (2013) define IoT as a set of Intelligent objects and as an interconnection of digital sensors and actual devices used to share information across different platforms by using a unified framework.

In response to the digital revolution and with intelligent devices becoming more interconnected, IoT acts as an interaction for information (Aagaard *et al*., 2019). The benefits of using IoT to ensure the adoption and effectiveness of innovative business models by organisations help them increase the usability of their innovative business models by introducing innovative add-ons and increasing digital maturity (Aagaard *et al*., 2019). IoT other prompts organisations to digitally transform (Aagaard *et al*., 2019). With the evolution of digital technologies disrupting all markets, organisations ride on the wings of change and digitally transform to remain relevant and competitive.

2.4 Challenges Faced by ABSA Bank in Adopting and Implementing ABSA's Technology Strategy

(Casagras, 2011) their report also emphasised that technology projects need to be complemented by highly skilled and highly capable personnel; relevant ICT governance mechanisms, robust internal processes and frameworks; reliable,

robust, and modern ICT infrastructure; and supportive leadership with ICT strategies that are aligned to that of the business.

It is also indicated by Osman & Hindi, (2015) that there is a wide range of service innovations that can provide service improvement. However, they need alignment with business requirements and plans. A successful implementation incorporates relevant digital governance frameworks and policies, relevant ICT infrastructure and networks, well-resourced and skilled human capital, supportive leadership, and most importantly, an ICT and business strategy alignment (Mutula & Mostert, 2010).

Mutula & Mostert (2010) also, in their paper, cited some living examples of similar digital projects that never saw a successful implementation as a result of ICT/business misalignment, therefore, did not meet the expectations and the requirements of the business. A National Welfare Agency pursued and attempted an implementation rollout of a digital technology project planned over a three-year budget cycle, only to have reached 40% of the intended targets in the sixth year of the project implementation (Mutula & Mostert, 2010). The expositions from the paper indicated that the project needed more strategic alignment, more allocation of funding resources, etc.

2.5 Analytical Framework

The below theoretical framework serves as an integrated overview of this study's theoretical and empirical concepts.

2.5.1 *Theoretical Framework*

Over the years, models and theories of technology acceptance/adoption have intended to explain and anticipate people's behaviour in utilising technology. These models and theories enable the user to examine the reasons for technology acceptance from different perspectives (Yadegari *et al*., 2022).

The technology acceptance model (TAM) is a handy tool that organisations use to explain and influence organisational technologies. The technology acceptance model is well known for its embrace of technological trends; organisations rely on it to adopt new technologies. This is mainly based on two factors that enable this framework to be the best-used framework globally, (1) it is based on its perceived usefulness and (2) its perceived ease of use (Na *et al*., 2022).

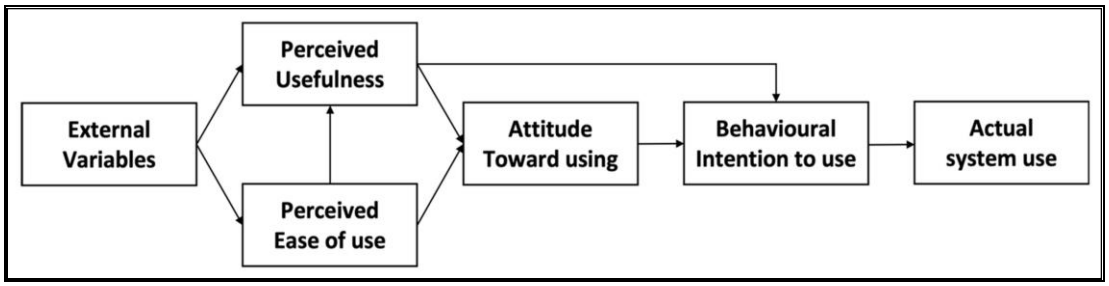


Figure 2.1: Technology Acceptance Model

Source: Na *et al*., 2022:4

As shown in Figure 2.1 above, TAM is a theoretical framework where users' perceptions of usefulness and ease of use regarding new technologies are formed. These perceptions are formed by various external factors, indirectly impacting the adoption of the implemented technology (Na *et al.,* 2022).

On the other hand, the technology-organisation-environment (TOE) framework also has its contexts that affect an organisation's technology adoption process. TOE is frequently applied in research regarding corporations (Na *et al*., 2022).

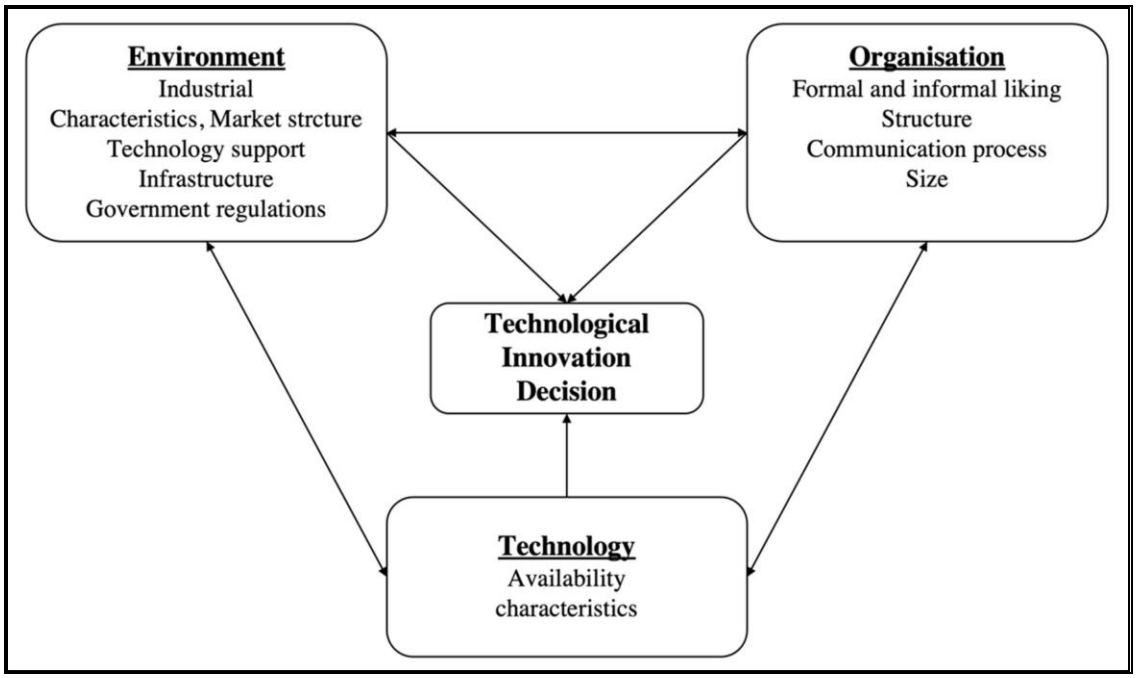


Figure 2.2: Technology-Organisation-Environment Framework

Source: Na *et al.*, 2022:4

In successfully adopting new technology, studies have shown that management leadership and communication play a crucial role, as well as organisational scale and resource availability (Na *et al*., 2022). These organisational factors define the speed and the methods employed when adopting new technology.

Environmental factors in the TOE framework refer to external factors, such as whether the new technology will improve the competitiveness and efficiency of the organisation's business activities. Governmental regulations and industry trends, as well as the existing technology infrastructure across complementary industries, can significantly impact the degree to which new technology is accepted and the speed at which it can be incorporated. The TOE framework places employees as part of the organisation's environment. As an organisation, however, an employee's personal-level adoption may occur before the organisation itself. There is correspondingly an organisation-wide adoption that

can occur, as well as a societal-level adoption that occurs outside the organisation (Park *et al*., 2021).

2.6 Theoretical review

Business Model Innovation (BMI) is defined as a change in a company's Business Model that is new to the firm and results in observable changes in its practices towards customers and partners (Blackman, 2017). The recent evolution of new technologies has necessitated several organisations to rework their corporate strategies, including business models. The digital era is radically changing our societies and how firms do business. Innovating the business model has become a fundamental capability to survive the competition (Garzella *et al*., 2021a). Significant emerging trends in business model innovations, particularly the digital transformation of business models, remain poorly understood.

It has to be noted that digital technologies are increasingly shifting the boundaries between everybody's lives, and information technology is urging companies worldwide to address this vital topic. This requires a systematic approach to business model innovations, treating technical and business aspects in an integrated way. One of the difficulties of such an approach is the lack of a shared conceptualisation to be used by both business and technology experts (Kleinemeier & Oswald, 2017).

Business model innovation is the development of new, unique concepts supporting an organisation's financial viability, including its mission and the process for bringing those concepts to fruition. The primary goal of business model innovation is to realise new revenue sources by improving product value and how products are delivered to customers. High-speed Internet has made Business Model Innovation necessary, as technology has changed how companies operate and deliver value. This digital disruption has shortened business model lifecycles and made innovation key to financial success.

Businesses have gone global, and the global marketplace has further driven the need for business model innovation as companies have to address global challenges (Lee, 2020).

Most companies fail at creating new businesses because they fear acting without a clear motive. Staffed with people trained to operate within the defined norms of their company and their industry, these firms shy away from moves that do not immediately make sense within the context of their current operations (Johnson, 2018).

BMIs can emerge in the value a firm offers its customers, the segment of customers it provides the value to, and its sources of revenue. It can also occur in how value is identified, created, distributed, and captured; the activities it must perform to create and offer value to chosen customers; and the organisational capabilities these activities rest on (Li, 2020a).

Most organisations within the financial sector face the challenge of adapting to disruptive changes in the external environment, given the recent technological development trends. One way to solve this challenge is to allocate resources to identify and explore new trends and opportunities emerging from the face of technology that may affect existing business models and guide the development of new ones. As widely acknowledged, many incumbents fail at more radical business model innovation, which can quickly appropriate technological developments. Few studies have examined the role of cognition in this context (Egfjord & Sund, 2020).

Since a business model is essential for translating commercial opportunities into revenue-generating activities, its financial sustainability is the most critical criterion for evaluation. Even for organisations not focusing on profit, financial returns are essential to cover costs and sustain social and cultural objectives. So a business model is only ‘good’ if it generates more revenues than it costs, and a ‘new’ business model needs to create new value-adding sources, mechanisms,

or logic by identifying new value-generating opportunities, developing new products and services or creating new ways of producing, delivering and capturing them. The links between business models and the competitiveness of the firms have been studied by previous research (Li, 2020).

A business model can consist of an internal value chain: products and services, activities, resources, and an external value chain: customers, partners, and competitors. Business models help innovation by turning market opportunities into profits and delivering a service or product value through commercialisation (Garzella *et al*., 2021).

Business Model Innovations are primarily reflected in using digital technologies to deploy a broader range of business models than previously available to a firm. A significant trend is the increasing adoption of multiple business models as a portfolio within one firm. This happens in firms of all sizes when one firm uses various business models to serve different market segments, sell different products, engage with multi-sided markets, or use other business models over time (Li, 2020b). The holistic business model framework is refined and extended through a recursive learning process, which can serve as a cognitive instrument for understanding business models and a planning tool for business model innovations.

A business model starts with its value proposition, including product offering, target market segment, and revenue model - to reflect the vision and strategy of the firm. The value proposition is underpinned by the Value Architecture involving value sense, creation, distribution, and capture. The functional architecture supports the value architecture, including product innovation and commercialisation, infrastructure to support production and distribution, and customer relations management. The initial framework focused on the value proposition and value architecture. Still, discussions with business leaders and the early case studies highlighted the need to include the functional architecture

as the operational layer of the business model, which prompted further literature reviews to extend the framework. Its Financial Sustainability and Stakeholder Credibility evaluate business models. The latter is particularly important for organisations focusing on social and cultural values. Many creative organisations are located between profit-making and not-for-profit organisations, their credibility with key stakeholders is often critical to their survival (Li, 2020).

Significant emerging trends in business model innovations, particularly the digital transformation of business models, still need to be better understood (Li, 2020). Business model innovations are primarily reflected in using digital technologies to deploy a broader range of business models than previously available to a firm. A significant trend is the increasing adoption of multiple business models as a portfolio within one firm. This happens in firms of all sizes when one firm uses various business models to serve different market segments, sell other products, engage with multi-sided markets, or use different business models over time (Li, 2020). Digital technologies are critical in facilitating business model innovations in other sectors.

In particular, the financial industry, which has always been an early adopter of new technology, is dramatically changing due to many factors. On the demand side, demographic aspects play a key role; specifically, the rise in demand for high-tech financial services, such as retail payments, wealth management, consulting, etc., is positively associated with the growth of a new generation, often called ‘digital natives. On the supply side, the rise of high-performance computers and cloud computing has permitted the management and treatment of big data and data sharing (Verdoliva & Schiavone, 2021).

Business model literature has successfully developed frameworks and practices to capture the complex interrelationship between the creation and appropriation of value and to understand the logic of an organisation for value creation (Garzella *et al*., 2021b).

A business model consists of an internal value chain: products and services, activities, and resources, and an external value chain: customers, partners, and competitors. Business models help innovation by turning market opportunities into profits and delivering a service or product value through commercialisation (Garzella *et al*., 2021). Companies commercialise new ideas and technologies through their business models, but while companies have extensive investments and processes for exploring new ideas and technologies, they often have little ability to innovate their business models (Garzella *et al*., 2021)

In line with these assumptions, more companies are now turning toward BMI as an alternative or complement to product or process innovation because it can translate to sustainable advantage. The digital era and the Industry 4.0 paradigm, combining different technologies, open unforeseen possibilities and offer the potential not only to create radically new products and services and to share knowledge between other actors of the technology ecosystem but also to generate innovative business models (Garzella *et al*., 2021)

Digitally-enabled innovations are disaggregating value chains and lowering barriers to entry while at the same time empowering customers and raising their expectations for engagement and service delivery. To prosper in this new environment requires much more than technology investment; it requires organisations to work in fundamentally different ways - for example, embracing agile, design thinking, rapid test and learn product development, and zero-based design. The implication is that capturing the full potential of digital and analytics requires organisations to commit to a journey of reinvention, both in the capabilities they hire and develop and in the ways they think and work (Blackburn & Gartner, 2017).

The use of digital technologies and digitalisation in innovation is central to digital business model innovation and this decade's disruptive business innovation tendencies —and likely for decades to come. Consequently, it has been noted

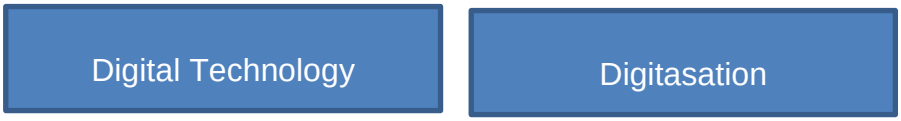
conceptualise digital innovation as “the creation of (and the consequent change in) market offerings, business processes, or models that result from digital technologies.

Business model literature has successfully developed frameworks and practices to capture the complex interrelationship between the creation and appropriation of value and to understand the logic of an organisation for value creation. Stemming from prior accounts of business models, we use a comprehensive definition that sees business models as a modelling and representation tool. It allows businesses to mediate technological and other resources in several ways: controlling, communicating, and innovating; classifying, disclosing, and focusing managerial attention; helping idea exploration; and supporting and coordinating the knowledge flow (Garzella *et al*., 2021).

Business models help innovation since they turn market opportunities into profits, delivering the value of a service or product through commercialisation. Companies commercialise new ideas and technologies through their business models. Still, while companies have extensive investments and processes for exploring new ideas and technologies, they often have little ability to innovate their business models (Garzella *et al*., 2021).

2.6.1 *Conceptual Framework*

This conceptual framework is informed by the critical theoretical framework above. It contains the specific aspects, constructs, and variables the researcher plans to apply in this study. The connection and articulation between the below conceptual framework and the adopted theoretical framework in this research gives an an indication on how technologies and innovations can still be accepted by organisations, implemented and shape how humans can also fit after adoption of new technologies.



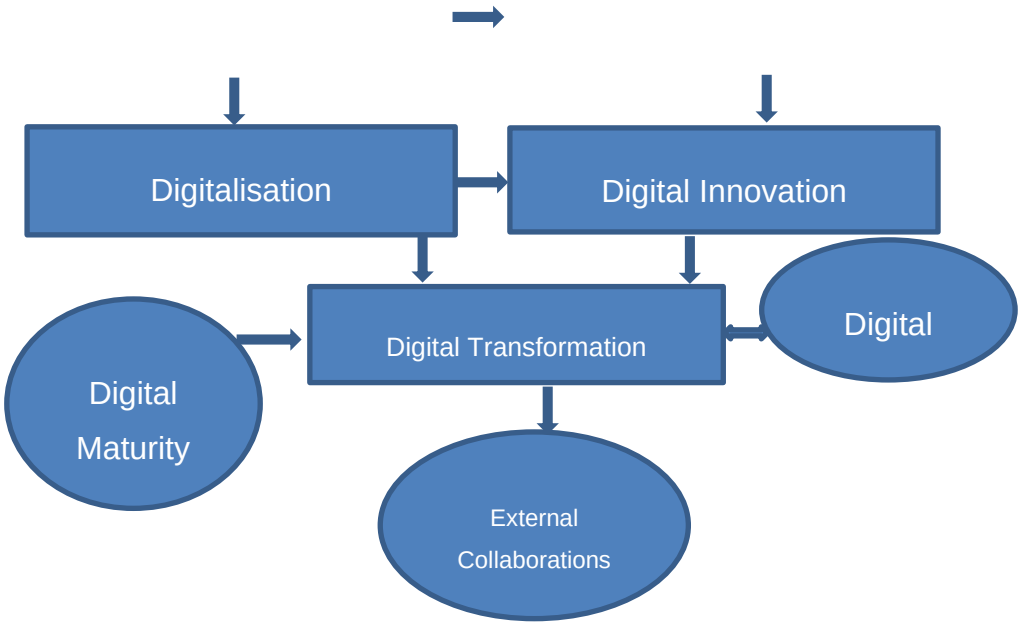


Figure 2.3: Proposed Conceptual Framework

2.7 Conclusion of Literature Review

This chapter began by giving a background on ABSA bank, the digital transformation journey, and their technology strategy as an innovative business model. It is said in this chapter that ABSA bank uses this technology strategy as a primary enabler for them to be competitive. This, according to the literature provided in this chapter, has allowed the bank to build a digitally powered business and also played a supporting role in driving the bank's priorities in establishing a winning, talented and diverse team within the bank.

Based on the literature the researcher has reviewed in this chapter, the researcher discussed the three terms that are often used and, most often, wrongfully, and digital transformation, digitalisation, and digitisation, and explained what each term means to align it to the context of the study at hand.

In the following chapter, the researcher will unpack further the research methodology, research instruments, sampling and ethical considerations the researcher will follow to collect the data for this study.

CHAPTER 3. RESEARCH METHODOLOGY

This chapter will discuss the research methodology, approach, and data collection method to be used for this study. The chapter will further address the sampling method, quality assurance, and ethical considerations for the participants selected for data collection. At the end of the chapter, the researcher will share a table with the timelines and flight plan the researcher will follow to complete this study.

3.1 Research Approach

This study will follow a generic qualitative study. Random sampling method will be used to bring out a deeper understanding on how ABSA bank successfully innovated its Information Technology Strategy as a business model. The main intention of this study is for this research to have a meaningful contribution to the fast-developing theories around business model innovations comprehensively. Wagner *et al*. (2012) describe qualitative research as a research approach concerned with understanding the processes which assesses participant's behavioural patterns. Qualitative research creates a coherent story as the research instrument records the participant's lived experiences and through the eyes of the participants who are part of the research (Wagner *et al*., 2012). According to Wagner *et al*. (2012), qualitative research uses wide range of data gathering techniques such as interviews, focus groups and observations and seeks insights through indepth analysis. As one of its strengths, qualitative research is known for its richness, depth explorations and descriptions of data (Wagner *et al*., 2012). Qualitative research questions are mainly textual data, words or narrative stories (Creswell & Plano 2007). These questions require the researcher to engage on a personal level with the people who hold the data, immerse themselves into the lives and lived experiences of the participants (Creswell & Plano 2007).

3.1.1 *Appropriateness of the Study*

This is a qualitative study. Qualitative research methodology is known to always seek to grasp more detailed insights of a particular situation (Wagner *et al*., 2012). Qualitative studies, as defined by (Wagner *et al.*, 2012), are those studies that do not have right or wrong answers, by their nature. Wagner *et al*. (2012) further says that qualitative studies are different from quantitative studies as they do not measure or compare any data sets, nor require any statistical information or testing of any hypothesis. All data relating to the successful implementation of the ABSA's Information Technology Strategy as a business innovation model will be answered through the twelve interviews the researcher will hold. The interviews that will be conducted for this study will allow the researcher to mainly focus and prompt rich discussions from the sampled participants which will allow for more meaningful insights and opinions of the participants. Creswell and Plano (2007) says that the use and provision of open-ended discussions during qualitative studies allows the researcher an invaluable platform to elicit insightful views and opinions from the sampled participants without any restrictions on how they should answer specific questions.

3.1.2 *Inductive / Deductive*

The qualitative method is inductive in nature. Creswell & Plano (2007) emphasise that developing a research environment that is trusting, balanced, and ethical, with all parties respecting the opinions and participation of others. Qualitative researchers begin with a broad area of interest or opportunity and actively work within the research space to interpret, create, or construct meaning (Creswell & Plano, 2007).

3.2 Research Design

This study is a generic qualitative study and follows an interpretivism research paradigm. The researcher will use a descriptive thematic analysis and approach to analyse the data using the participant's knowledge and lived experiences through the interviews that will be conducted. Thematic analysis will be followed in this study where the researcher based on the similarity of responses given by participants will theme and group them for ease of analysis and interpretation. Creswell and Plano (2007) describe thematic analysis as a systematic process for coding data in which specific statements are analysed and categorised into themes that represent the phenomenon of interest.

For the researcher to reach saturation, an ABSA bank case study will be used, and a purposive sample of twelve ABSA Bank employees will be identified and selected. All twelve participants will be invited to individual interviews where the researcher will also be part of. Responses from the participants will be including their personal experiences and views will be recorded throughout the interview by the researcher. The interviews will be semi-structured, story-telling conversations. The researcher will record each interview session on MS Teams platform and also gather notes on the participants' responses and feedback.

Interviews are appropriate for this study as they allow the researcher to be part of the data gathering process. According to Creswell and Plano (2007), qualitative studies allow the researcher to observe participants during the interviews and enable the researcher to capture notes which could be used to refresh the memory of the researcher in recording, presenting, and analysing the data.

3.3 Data Collection Methods

Data will be collected using semi-structured, story-telling interviews. Creswell and Plano (2007) say that semi-structured interview guides comprise of a series of questions that reflects on the participant's experiences, ideas, beliefs, data,

views, opinions, and behaviours. The interview guide will apply to all participants the researcher will purposely identify to participate in this study. According to (Wagner *et al*., 2012), if interviews are conducted properly, they can be used as valuable data collection sources to obtain rich descriptive data that will assist the researcher to see the world through the eyes of the participants being interviewed. This method will allow the researcher to explore the topic content thoroughly. Triangulation will be achieved by fully capturing all participant's views and opinions through their responses, and a prior understudy on participant history, roles and level of experience will be used to ultimately inform their contribution to the study at hand.

The interviews will be conducted online, using MS Teams online platform. During the interviews, the researcher will be an observer and will be taking notes, and recording each session with each participant. She will use the Microsoft Teams recording and the notes taken during the interview as a reminder of the statements and responses from the participants when conducting data analysis and data interpretation. In the notes, the researcher will record the questions and responses in a semi-structured way. Creswell and Plano (2007) say that Qualitative observers may also engage in roles varying from a non-participant to a complete participant. Typically, these observations are open-ended in that the researchers ask general questions of the participants allowing the participants to freely provide their views (Creswell & Plano, 2007).

3.4 Population and Sampling

To inform the choice of the sampling method the researcher will use in this study, the researcher will conduct a random sample frame. From Retail Business Banking and Corporate Functions clusters within Absa bank, the researcher will scale the population by selecting employees purposely from different positions and corporate grades (ranging from Exco Members, Senior Managers, Middle Management, and Junior employees) working in different clusters within the

bank. The researcher decided to sample Twelve employees as mentioned above to interview onlive using the Microsoft Teams platform and use their subjective experiences to carry out this study. According to Wagner *et al*. (2012), qualitative studies do not need big samples, both generalisation and representativeness are based on different assumptions and understanding mainly from participants' experiences, views and opinions on the matter being investigated. Because qualitative research by its nature is not prescriptive, they can be conducted from a deductive standpoint as well, Wagner *et al*., (2012) mention that there are no rules concerning the most appropriate sample size to use when conducting qualitative research, for this study, the researcher will base all findings and data analysis mainly on the feedback from the participants which will be gathered during the interviews. Also on sampling for qualitative studies, the sample size according to Creswell and Plano (2007), depends on the qualitative design being used for example, for this study in particular, the researcher will use interviews to collect the data. For this study, the researcher plans to conduct a series of twelve online interviews through the Microsoft Teams platform with each participant. Each interview is planned to last for a duration of forty-five minutes which the researcher will conduct an in-depth data gathering session with the participants to obtain deep and rich data to use to answer the research questions for this study.

3.4.1 *Participant Demographic Profiles*

For this study and its sensitivity, to give a holistic view of the primary and secondary objectives of this study, all twelve participants will use pseudonyms for anonymity to avoid revealing their real identities. For an unbiased view, the researcher will use variables such as diversity, ethnic groups, corporate grade, job role, and age group. Wagner *et al*.(2012) say that sensitivity to participants' demographics helps to clearly understand an organisation's behaviour from different demographics and different roles within an organisation.

3.5 The Research Instrument

Online interviews were the chosen instrument to obtain the data needed for this study. To guide the interview process and give direction to the participants, the researcher scheduled the interviews by sending each participant invitations to participate in the interviews using Microsoft Teams online platform. Upon the participant's acceptance of the invitation, the researcher then secured the interview sessions for each participant. Due to the current global state of the Covid-19 pandemic rules and ways of work procedures worldwide, all interviews were conducted online and offsite from the bank's premises. The researcher intended to conduct these storytelling interviews through semi-structured questions whilst observing and recording each participant's personal experiences during the sessions. Thematic and content analysis was done after all the data was collected from the interviews by the researcher. Thematic analysis according to Creswell and Plano (2007) was followed by the researcher in this study where the researcher based on the similarity of responses given by participants themed and grouped them for ease of analysis and interpretation. In qualitative research, Creswell and Plano (2007) described thematic analysis as a systematic process for coding data in which specific statements are analysed and categorised into themes that represent the phenomenon of interest.

The questionnaire consisted of two sections, section A and section B with section A focussing on participant's demographic information and section B focussing on the main interview questions. Interviews were facilitated in a manner that even though conducted online, will still allow participants to explain, define and elaborate on their responses in storytelling as the researcher in some instances planned to probe in more detail to initially understand the content needed in detail. In the appendices, Appendix A contains an information sheet where the researcher explains to the participants what the research is about and what the objective of the study is. Appendix B also part of the appendices is the consent form where the participants gave the researcher consent on whether they agree

to participate in the study or not Appendix C comprised of the interview guide with all the questions the researcher used during the interviews clearly outlined.

3.6 Procedure for Data Collection

To gather the data needed for this study, the researcher will write a letter to the Head of the Department within the Business Unit she works for to get authorization and approval to conduct the study within the organisation. In the letter, the researcher will include the purpose of the study, benefits of the study, the sampling method to be used, the sampling approach, and the population to be interviewed. Upon approval from the Head of the Department, the researcher will proceed and schedule the interviews with all the participants. The approval letter from the Head of the Department will be attached to all the interview invitations for all participants explaining the purpose of the study and requesting them to assist the researcher and participate in the interviews. Because the interviews will all be done online, the researcher will schedule all interviews based on each participant's availability. A placeholder will be sent by the researcher to secure the interview time with the participants using Microsoft Teams. The placeholder will be an online Microsoft Teams invitation which will have a stipulated time, topic, link which the participants will use to join the interview, and the approval letter from the Head of Department attached for all participants. A follow-up email will be sent by the researcher to all the participants to ensure receipt of the invitation and make them aware of the interview time, purpose, and the letter of approval attached.

When gathering the data, the researcher will open the interview by introducing herself to the participants, explaining the reason and purpose for the interview, and introducing the intent of the study and its benefits to the participants to ensure coherence from both parties. The researcher will lead the interview process by directly interacting, observing, taking notes, and immersing herself in the

participant's perspective to get as many details as needed to gather the required data for this study.

At the end of each interview, the researcher based on the conversation and agreement with the participant will send those who would like a record of what has been discussed an email with the notes and transcript taken during the session. This will be an acknowledgment from the researcher of the interview conducted and will be used to validate what was discussed during the interview without any biases.

3.7 Data Analysis Strategies and Interpretation

For this study, the researcher will first prepare the data and package it into thematic analysis to ease the interpretation. The preparation will consist of immersing the data and eliminating any repetition of themes and responses from the participants. Braun and Clarke (2006) explain data immersion as a process that involves a repeated reading of the same thing. This, according to Braun and Clarke (2006) consists of searching for the same meaning ad patterns in the data being studied. This process will allow the researcher to formulate a thematic analysis and have a mental pictograph of the issues from the participant's responses.

The researcher will analyse the data following the below thematic process (Braun & Clarke, 2006):

3.7.1 *Preparation of Data*

Preparing your data for analysis is an important step in qualitative data analysis. Miles and Gilbert (2007) state that checking and auditing all steps of the analysis is a natural step for later checking. In addition, any analysis of qualitative data must be systematic and organised, so the researcher can easily locate information in the data set. Since data collection and analysis is an interactive

process, it is important that the researcher can trace the provisional results of the analysis back to the context of the data.

3.8 Possible Limitations and Challenges of the Study

- For this study, the researcher will interview only ABSA bank employees from different Business Units within the bank, with different demographics, holding various positions and titles across the bank.
- The interviewing and communication skills of the researcher will play an important role in the quality of the data the researcher will obtain from the interviews. However, the participants' willingness and openness in responding to the questions and their experiences will also play a pivotal role in answering the research questions the study seeks to answer.
- The researcher will focus on creating a rapport and an atmosphere of trust during the interactions with the participants. The researcher is aware that some participants may withhold certain information when sharing their experiences.
- Because this is a qualitative study, the results of the data collected from the interviews cannot be generalised to all Absa employees.
- Reactivity. Wagner *et al*. (2012) explain that reactivity can influence the outcomes of any study. Wagner *et al*. (2012) say that reactivity occurs when the participant is aware that they are being studied, and that knowledge then influences the participant's response to the questions asked. According to Wagner *et al*. (2012), this causes participants to behave differently; in some cases, participants go to the extent of downplaying or self-promoting themselves when responding to questions to influence the outcomes of the study.
- Instrumentation. According to Wagner *et al*. (2012), instrumentation occurs specifically with longitudinal or pre-post studies. As per (Wagner *et*

al., 2012), this refers to changes in the measurement of the dependent variable and not necessarily changes in the variable itself.

- Statistical regression. When the same questionnaire is administered more than once, participants' responses tend to regress (Wagner *et al*., 2012).

3.9 Quality Assurance

According to Wagner *et al.* (2012), quality assurance refers to determining what is being measured. Because social scientists are often measuring intangible things such as attitudes, emotions, and behaviours (Wagner *et al*., 2012) mention that researchers must then rely on surveys, interviews, drawings, and other more abstract forms of data collection when conducting phenomenological research. According to (Wagner *et al*., 2012), this type of measurement is often complicated because researchers need to know if they measure precisely what their studies intend to measure.

3.9.1 *Trustworthiness*

The trustworthiness of this study will depend on the validity and reliability of the measurements the researcher will measure this study, the dependability, its credibility, and transferability (Lincoln & Guba, 1985).

3.9.2 *Transferability*

The researcher aims to capture in detail all observed participant's experiences during the interviews (rich descriptions). Results obtained from this qualitative phenomenological study will be solely for academic purposes unless Absa requests the information for continuous development and strengthening of their digital transformation journey, knowledge management, and lessons learned within the organisation.

3.9.3 *Credibility*

According to Morse *et al*., (2002), credibility is qualified by the confidence and honesty of the research findings. This, according to Morse *et al*., (2002), includes the validity or non-validity of the data received from the participants. For this study, the researcher will use the transcripts that she will send back to each participant post each interview to inform the credibility of the information discussed, captured, and to be used. Morse *et al*. (2002) argue that credibility is essential to research. According to Morse *et al*. (2002), credibility is achieved by capturing truthful information and experiences as observed during the interview process between the researcher and the participants.

3.9.4 *Dependability*

According to (Bitsch, 2005), dependability is the consistency and reliability of the research findings. During the interviews, the researcher will ask questions and probe the participants in detail to get more rich details and descriptions of the data needed to answer the research questions at hand. Participants' understanding of all the questions the researcher asks will be verified throughout the interview.

3.10 Ethical Considerations

Ethical reasons for conducting this research will be explained to all twelve participants equally before the interviews that will be conducted, as failure to follow ethical guidelines will also be explained to all participants. These ethical considerations will apply to both the researcher and the participants.

Data will only be collected once the researcher obtains ethical clearance from the University. During data collection (the interviews) both the researcher and the participants will not disclose any confidential information about the bank's confidential policies and procedures as this will be in breach of the bank's

policies. Permission and acceptance to proceed with the interviews will be obtained from all participants before the interviews. Following ethics rules, anonymity on all nine participant's details will be guaranteed, ensuring no personal details are disclosed. The researcher will only publish information related to this research topic, and all the data collected during the interviews will solely be used for academic purposes only. Participant's information sheet (Appendix A) and Informed consent form (Appendix B) will be issued to each participant before the start of each interview. As the interviews were virtual and only conducted online, included in the participant's information was the mode of communication to send out interview invitations to the participants where participants were asked to provide email addresses they felt comfortable to use for the purpose of getting the interview invitations from the researcher. Each participant will be allowed to accept, decline, or not participate in this research. All ethical considerations will be explained to all nine participants before the start of each interview session with the researcher.

3.11 Chapter Summary

This chapter outlines the research methodology, data gathering, sampling and presentation process that will be used to collect the data in response to the research questions this study aims to answer. Quality assurance and ethical considerations have also been highlighted to ensure that all data collected will be used appropriately. The chapter clearly states that the research will follow ethical guidelines, and the guidelines will be explained to all participants prior to the start of interviews for that will be conducted to collect data.

3.12 Proposed Schedule and Timelines

This section provides a detailed project plan for this research report's planned activities and timelines.

Table 3.1: Research Report timeline and flight plan. (Author's own).

Activity	Description	Timeline
Proposal development & Research Panel review	Submission of the first 3 chapters of the research proposal.	30 June
Panel session	Presentation and defending the research proposal before the panel/committee	4 July 2022
Title approval	Tabling the title before the Postgraduate Committee	13 July 2022
Proposal defence outcome	Receiving the panel outcome of the research proposal, ethics committee, and approved title from the Postgraduate committee	26 July 2022
Ethics approval	Ethics application to be submitted to the University's Ethics Committee.	August 2022

Conduct interviews	Data collection, Analysis, and research proposal write-up to resume.	August 2022 – January 2023
First draft	The first draft should be completed and ready for submission to the supervisor for sign-off.	January 2023
Submit final report	Final editing and electronic submission to the faculty office.	May 2023
Examination	Examination process and submission of the final documentation to the examiners.	July 2023

CHAPTER 4. PRESENTATION OF FINDINGS

4.1 Introduction

In this chapter, the researcher aims to highlight findings and outcomes from the in-depth qualitative interviews conducted while assessing the ABSA bank's information technology strategy as a business model. The above-mentioned information on the strategy's innovation in the industry used innovated business models to determine if the strategy complies with the requirements and characteristics of other business models, including the extent of its relationship and maturity. During the in-depth interviews conducted, the researcher focused on the employee experience during the implementation of the strategy, its effectiveness, and the digital maturity of the bank at the time of its implementation. The participants' samples for this paper were randomly selected and limited to ABSA Retail Business Banking and ABSA Corporate Functions communities, respectively.

4.2 Participant Information

Twelve (12) participants from different business units were randomly selected, identified and participated in this study. A random sampling method was done in selecting the participants to ensure fair diversity regarding ethnicity, job roles, job grade and employee tenure within ABSA, and gender. This ensures fair representation of the different business units, namely ABSA Retail Business Banking and ABSA Corporate Functions divisions. The chosen study areas provide different views on the topic at hand, as they contain information on the employees most impacted by the strategy and those using ABSA's information technology. This assisted the researcher in diversifying how different ethnic groups, genders, and roles encounter the information technology strategy.

The demographic profiles of all twelve (12) participants interviewed are depicted in the table below.

Table 4.1: Participants' profiles

Participant #	Participant Role	Participant Job Grade	Ethnic Group	Participant Gender	Participant Tenure at ABSA
1	Head Security Architecture	Managing Principal	Indian	Female	2010
2	'Senior Specialist Compliance	President	White	Female	2017
3	Specialist Solution Analyst	Vice-President	African-Black	Male	2019
4	Head of Risk	Managing Principal	Indian	Female	2015
5	Architect Security	Vice-President	African-Black	Female	2010

6	Solution Analyst	Assistant Vice President	White	Male	2015
7	IT Engineer	Assistant Vice President	White	Male	2010
8	Chief Technology Officer	Vice-President	Indian	Male	2015
9	Data Scientist	Assistant Vice-President	African-Black	Male	2010
10	Head Group Change Enablement	Managing Principal	White	Male	1998
11	Change Agent	Managing Principal	African-Black	Male	2003
12	Change Manager	Assistant Vice-President	White	Female	2003

In this random selection, the seniority of participants ranged from Managing Principals as the highest grade (Total = 4), followed by Principal grade (Total =

1), Vice President grade (Total = 3), and the lowest grade being Assistant Vice President (Total = 4). The researcher uses different job title grades to ensure that both senior and non-senior employees' views are captured and taken into consideration, as they all contribute to any change the organisation implements.

4.2.1 *Ethnic Profiles*

Table 4.2 is a tabular presentation illustrating that, of the twelve (12) participants, four (4) were African-Black, three (3) were White, two (2) were coloured, and three (3) were Indian.

Table 4.2: Participants' Ethnic/Racial Profiles

Ethnic Group	Number of participants representing the group
African-Black	4
Coloured	2
Indian	3
White	3
Total	**12**

4.2.2 *Gender*

Table 4.3 below demonstrates that from the selected participants, there was an even distribution of ten (10) males and ten (10) females.

Table 4.3: Participants' Gender Distribution

Gender	Number of Participants
Male	7
Female	5
Total	**12**

4.2.3 *Years of Experience*

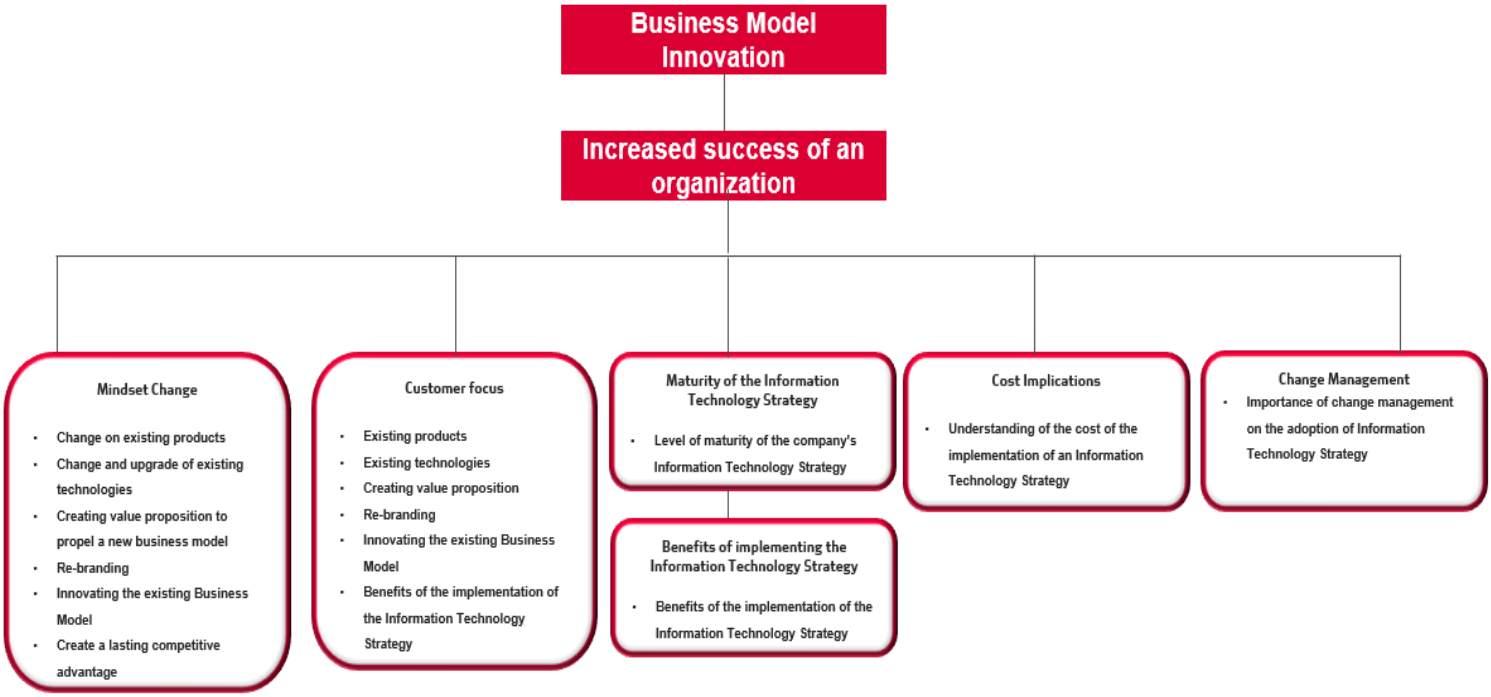
Table 4.4 indicates that from the thirteen (13) participants: 1 participant had been employed in the ABSA bank for 2-5 years, five (5) between 6-10 years, and six had been employed by the bank for longer than ten (10) years.

Table 4.4: Participant's Years of Experience at ABSA Bank

Participant's years of experience	Number of participants
Less than 2 years of experience	0
2-5 years of experience	1
6-10 years	4
More than 10 years	7

4.3 Key Themes

Key themes have been identified for this study. In presenting the data collected, the researcher dissected, clearly defined, and will discuss the themes in alignment with the participant's responses.



4.3.1 *Thematic Map Illustrating Key Themes and Sub-Themes*

The key themes in this chapter are illustrated by the interview guide the researcher used during the interviews with the participants. Theme meanings and definitions were also informed and steered by the collaborative responses from the participants and derived from the literature review presented in chapter two.

The six key themes identified were: (1) Mindset Change; (2) Customer Focus; (3) Maturity of the Information Technology Strategy; (4) Benefits of Implementing the Information Technology Strategy; (5) Cost Implications; and (6) Change

Management. Each of these themes consists of sub-themes discussed in more detail in the sub-sections below, using participants' responses.

Figure 4.1: Key themes and sub-themes identified for the study.

4.4 Key Theme 1: Mindset Change

Mindset change refers to the change an organisation needs to ensure when innovating the existing business model. It refers mainly to change in leadership to reinforce new business practices and new business frameworks, crafting new value propositions and finding new ways to increase the organisation's success.

Eight participants (participants 1,3,4,5,6,7,9 and 11) mentioned that the mindset change in business model innovation is mainly about innovating the organisation's current business model/s and frameworks to ensure competitive advantage and continued business success using the existing products and technologies. These participants mentioned that a mindset change when innovating a business model allows the organisation to scale up its existing products and existing customers with a better operating model. Verbatim response from Participant 1 regarding mindset change was that a positive mindset change can assist organisation by ensuring integrity and ensuring that each employees lives the organisational values to ensure the fruition of the organisationalstrategy and vision thereof.

4.4.1 *Change and Upgrade of Existing Technologies*

Business model innovation is defined as changing and upgrading existing business practices, technologies, and frameworks. Participants 3 and 7 mentioned that innovating a business model is difficult to duplicate. Participant 7 mentioned that organisations mimic and benchmark innovating their business

models from competitors and other organisations; however, it is difficult to duplicate practices as organisations differ.

Participant 1 mentioned that innovating a business model helps an organisation create its moat, differentiating it from its competitors. Participant 1 quoted a popular quote from Warren Buffet that an organisation's moat, or lack thereof, means everything. The participant said that it also impacts investors' and shareholders' decision-making. Participant 1 mentioned that for ABSA, the re-engineering of the process in innovating their business model was one of the key ingredients to success. Participant 7 said this needs to be done by someone with a sound understanding of the product and customers. According to participant 3, business model innovation should be used as a survival mechanism for organisations to thrive and become more competitive, coupled with technology to enhance the business model innovation process.

As a direct quote for one of the participants, participant 4, business model innovation is an ongoing thing within ABSA. Participant 4 mentioned that Absa yearly hosts technology sanbox competitions and conferences across its African footprint countries to encourage and ensure new and fresh ideas are brought forward to innovate the organisation's business model, the strategy and also align to the industry standards to encourage competitiveness.

4.5 Key theme 2: Customer Focus

Participants shared a common understanding of this theme. Responses (Participants 1, 2, 4, 5, 6, 13, and 11) were that during the business model innovation and its implementation as an organisation, the bank needed to change its mindset to innovate its business model. These participants (Participants 1, 2, 4, 5, 6, 8, and 11) mentioned that the change needed to start with analysing the bank's customers and the problems they face. Participants (1, 2, 4, 5, 6, 8 and 11) mentioned that a critical analysis of the organisation's customers is an imperative step in innovating business models. Thereafter, they mentioned that

the organisation could move to competition and assess what other alternatives exist. Participants 9 and 12 mentioned that when innovating an organisation's business model, analysing the organisation's customers is important and needs to be done upfront, as it allows the organisation to gain a better understanding of the products and services they are offering, as well as those they need to offer during the innovation. This will allow the organisation to better understand who their customers are and what existing problems they are experiencing. Participants 8 and 11 stated that a proper upfront customer analysis allows the organisation an opportunity to solve customer-impacting issues on the ground and offers the organisation an opportunity to scale up. Participant 3 said that during the innovation and implementation of the ABSA information technology strategy, focus on customers and product offering assisted the bank in improving their product offering and service. It also helped create a moat that retained customers whilst growing their sales and revenue.

Verbartim response from Participant 7 was that customer focus is very crucial when innovating the business model as it enabkes the business to understand its customers better and is about knowing who your customers are,what their taste is like and assists the organisation to know which products they would like and make them more scalable. Participant 13 mentioned that the organisation keeps making financial sense over time by being customer-focused when innovating the business model. Participants 5 and 7 said that it is about the value proposition the bank delivers to its customers and partners, which serves as an important ingredient for business success. Participant 7 mentioned, for example, that ABSA's business model innovation and implementation of the information technology strategy helped and influenced their collections strategy using the Home-loans division and Vehicle Finance. After assessing their Home-loans and Vehicle division products and customers, the bank implemented a new strategy to increase collections whilst allowing customers financial relief through a proposed forbearance initiative. This initiative aimed to assist customers with a short-term plan payment relief for distressed and struggling customers. The

forbearance initiative was a result of certain customers' inability to pay their mortgage and vehicle instalments timely. The initiative was mainly designed for struggling and distressed customers who could not keep their payment arrangements to repay their mortgages and car instalments due to the circumstances they were experiencing. This customer issue took a knock on the bank, as defaulting would mean non-payment and a loss. In trying to understand their customers and serve them better, the bank then implemented this forbearance short-term plan initiative to assist customers for a short period, ranging from three to six months, allowing the customer time to find options and means to repay their debts to the bank. This initiative worked out as a great option for struggling and distressed customers, allowing them an opportunity to raise funds and find ways to repay the bank. The innovative initiative allowed more collections from most customers and showed that the bank cared about their needs and well-being, which in turn helped them retain and gain loyalty.

4.6 Key theme 3: Maturity of the Information Technology Strategy

As per the bank's information technology strategy, technology is the primary enabler that aided with building a digitally powered business. The bank's information technology strategy is used to steer all its strategic priorities and help it establish a winning, talented, leading African bank aimed at bringing possibilities to life through technology. In pursuit of assessing the maturity of the information technology strategy, all participants were asked two questions relating to the bank's digital maturity level. This was to assess the bank's information technology strategy's maturity level, innovation, and implementation thereof. In response to the two questions (interview guide for referral: Appendix A), most participants unanimously agreed that the bank has a great level of maturity in implementing its information technology strategy.

Participant 2 mentioned that during the innovation and the implementation of the information and technology strategy, the bank's senior executives and employees

at large were profoundly involved and shared a transformative vision regarding the bank's digital future. Participants 7, 10, and 11 agreed that during the implementation, the bank's objectives at that time included re-thinking, re-engineering and re-designing the bank's business processes and frameworks. Participant 11 specifically mentioned that there were also several coordinated initiatives related to customer experience that assisted the bank in prioritising other aspects such as product offerings and renewal of internal operations.

During the implementation, Participant 5 mentioned that senior executives, middle managers, and all employees shared a common vision of the bank's digital future. This was driven by the bank's use and guidance of the already implemented and adopted digital transformation journey. Participant 3 said that because the bank's leadership has digital transformation as part of its vision, leadership takes it as a necessity and priority. They enforce behaviours and ensure that the bank has compulsory digital innovative programs aligned with customers in mind. Participant 4 also mentioned that the digital vision and strategy for the bank are often communicated to employees. The bank has vital objectives and measures of success in place, which are captured on the bank's scorecard and cascaded through the business to all employees to ensure alignment with the digital mandate of the bank. Participants 2 and 5 mentioned that innovation is among the bank's top 3 priorities.

Participant 8 said that the culture matures when an organisation has matured digitally. The bank has a fair mix and spread of technology-savvy employees, including senior leaders aware of technological developments and new products. The bank embraces change and re-invention as inevitable and necessary for future success.

According to Participants 1, 4, 7, and 11, the bank has sandbox environments to experiment and test ideas before developing a prototype into reality. The bank hosts Hackathons where employees collaborate and discuss innovative ideas that the bank can use to upscale. It was further highlighted that the bank allows

failure and risk leverage and that these hackathon collaborative sessions promote the exploration and experimentation of new ideas. Furthermore, the ABSA bank also uses other collaborative digital platforms to promote, such as Skype, Microsoft Teams, Jira, and many others. Employees collaborate digitally with other employees to share and test new ideas and ways to improve the current offerings, processes, etc.

4.7 Benefits of Innovating Business Models

Participant 1 states that implementing and innovating the bank's information technology strategy benefitted the bank. It afforded the bank the ability to attract and retain customers, where even during times of uncertainty, such as in 2020 during the Covid-19 pandemic period when the world's economy and business were faced with a catastrophic challenge, the bank still managed to stay afloat, generate revenue, and stay ahead of some of its competitors. Participants 1 and 7, when narrating the benefits of innovating an organisation's business model, related the benefits with the example mentioned under heading 4.5 titled key theme 2: customer focus, where it is mentioned that as part of innovating its information technology strategy, the bank implemented a new strategy to increase its collections/debt from customers whilst allowing struggling and distressed customers financial relief through a proposed forbearance initiative. As part of the initiative and as a benefit for the bank, it was recognised and awarded by one of the top industry expert companies, FICO, and awarded the best debt management model based on the results achieved by implementing this customer payment relief plan. All the participants said that implementing the innovative model helped the bank improve its collections and payment rate from customers during 2020 and 2021. All participants mentioned that this innovation of the bank's business model using FICO predictive analytics tools, such as FICO Customer Communication Services (CCS) and FICO Debt Manager, allowed the bank to achieve a more-than-expected return on investment (ROI).

4.7.1 *Ability to Keep Customers*

The innovation of the business model for ABSA Home Loans Collections division, according to Participant 2, enabled the bank to retain its distressed customers and allowed them to keep their homes during the pandemic. This was made possible using the FICO collections technology. Participant 7 also added that the innovation of the business model for ABSA Home Loans Collections division helped transform the bank's collections operations from what it was before. When the bank started using the global analytics software firm FICO's technology for its collections, its processes changed, which helped them scale its customer base and revenue. Participant 3 believed that the innovation of the business model for ABSA Home Loans Collections division assisted the bank in reducing impairment charges, which resulted in a double return on investments and stronger loyalty, as the bank could give its customers what they wanted at that time. This added value and appreciation to the bank's customers, which aligned with the Home Loans division's "Housing the Nation" vision.

4.7.2 *Modified Systems and Processes*

Participant 5 mentioned that innovating a business model is an opportunity for businesses to modify and introduce new systems and frameworks to enable future success for the organisation. The innovation of ABSA's Information Technology Strategy did just that.

4.7.3 *Enhanced Organisational Performance*

Participant 9 said that without any doubt, innovating a business model helps the business to scale up its products, customers and revenue and enhance organisational performance. Participant 7 added that it assisted the bank in creating a competitive moat that helped them stay ahead of their competitors.

4.7.4 *Cost Saving*

Participants 4 and 5 state that the innovation of a business model brings about many cost savings for the organisation, which helps the organisation achieve revenue growth, improve profit margins and attract and keep customers. Participant 3 highlighted that a successful business model innovation improves the organisation's business processes, and products, leading to increased market share. This, according to Participant 4, was also the case with ABSA bank as the bank posted its implementation of the above-mentioned forbearance plan to assist distressed customers; the bank won global awards in debt collection and scale-up.

4.7.5 *Increased Productivity*

To add to the benefits of innovation in the bank's business model, Participant 6 said that the innovation also assists in increasing organisational productivity. The participant added that the use of predictive analytics assists organisations in reducing future business risks. Simply put, according to Participant 9, the innovation assisted the bank with new ideas that helped them increase efficiency with minimum resources. Participants 4 and 8 also agreed that innovating an organisation's business model brings uniqueness to its business processes, encourages creativity, increases efficiency and usability with minimum resources while assisting the organisation stay ahead of its competitors.

4.8 Change Management and Governance

According to all the participants, the bank has a solid change management capability across the organisation, fine-tuned to cater for all the bank's changes and transformative initiatives. Participant 7 mentioned that this is a formal bank-wide change management capability responsible for all change impacts brought about by digital and non-digital transformation initiatives. Participant 2 said that

for the implementation of the bank's information technology strategy, the bank had to ensure that committed change managers and change agents were assigned to help bring the highest standards of governance to play. This was done through the bank's workshops and training sessions to ensure that all the innovative ideas discussed to innovate the business model were followed up, properly implemented, and adopted throughout the bank. Participants 4 and 5 said proper change management during and after the implementation is having the right skills in the bank to implement and monitor the change as it happens and having the right change agents who share the same commitment to lead the change across the organisation. Participants 6, 7 and 9 also attested to communicating the vision early enough for everyone to follow through with the newly introduced changes and re-engineered processes. Appointed change agents must be skilled enough to use every tool the bank has as a vehicle to communicate the new vision and innovative ways to achieve it. Participant 7 also stated that during implementation, change managers must remove any structures undermining the success of the new vision.

4.9 Chapter Summary

In this chapter, the researcher presented and interpreted participants' responses in conjunction with the key drivers behind the successful innovation of ABSA's information technology strategy. During the interviews, the respondents shared common views regarding the importance of innovating an organisation's business model and how that innovation helps create a sustainable moat, assists organisations scale-up, and ensures increased revenue as future proof for business success.

Twelve participants were interviewed. The questionnaire structure used to conduct the interviews was based on the research background in Chapter 1, page 12, under heading 1.2, and the research problem statement in Chapter 1, page

14, under heading 1.3. All the data presented in this chapter was based on the researcher's interpretation of the data collected from the interviews.

In summary, all results and findings of this chapter are taken from the six themes (Mindset Change, Customer Focus, Maturity of Information Technology Strategy, Benefits of Innovating ABSA's Business Model, Cost Implications, and Change Management) together with the mentioned sub-themes the researcher highlighted on page 66 under figure 4.1. All participant responses in this chapter were to assess ABSA's Information Technology Strategy as a business model and its innovation, and the researcher related it to the industry-used business models to determine its compliance and likeness with the known industry requirements, as well as the characteristics of the business model innovations and to determine the extent of the ABSA business model's relationship.

CHAPTER 5. PRESENTATION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter closes chapter one and revisits the purpose and objectives, where the outcomes of every objective and what was found during the interviews will be briefly highlighted. Chapter one outlined the study's purpose and objectives, with the former discussed under the heading research purpose.

The information gathered in the literature review (chapter two) and the data collected from the interviews suggest that the pace of change, global competition, digital transformation, and innovation have made it more difficult for organisations to differentiate themselves. The presence of a moat affords ABSA an advantage, as it differentiates it from its competitors and is helpful during the implementation of its information technology strategy as a business model. New products and features are frequently imitated, but one cannot duplicate another organisation’s moat as it is a recipe for failure. This study, however, did not gather sufficient data on this issue. No two models are identical. Powerful brands have been destroyed for imitating their competitors when innovating their products or business models. This is mainly because each organisation is different, and competitors can be doing the same business but have different values, visions, and missions. To successfully differentiate your business and have a strong moat, organisations must innovate the business model to align with industry standards and technological advancements. This will be discussed in this chapter to leverage the quality of the adoption and implementation of ABSA’s information technology strategy as a business model innovation. The largest aspect identified in this study were the gaps and limitations. The conclusion of the study at hand is also presented in this chapter, together with limitations and recommendations for future research.

5.2 GAPS FOR BUSINESS MODEL INNOVATION ADOPTION AT ABSA BANK

5.2.1 *GAP 1: Limited Use of Technology*

In South Africa, ABSA bank heavily relies on traditional banking methods, such as bank branches, for customers to perform their daily banking activities. This poses a challenge to digital transformation and adopting innovative business models.

5.2.2 *GAP 2: High Cost to Innovate*

The cost of banking services such as service fees, transaction fees, and transact platforms pose a challenge to implementing innovative business models that could help ABSA generate more profits, revenue and upscale.

5.2.3 *GAP 3: Slow Adoption of Digital Banking*

Implementation of new innovative business models is an important gap for ABSA bank. When innovating, ABSA bank must have their customers' interests at the core of everything they do. Despite the increased demand and use of digital banking globally, the adoption is still slow. This slow pace of adoption makes it difficult to innovate. All organisations are drawn to a digital future due to advancements in technology. It is important for banks, specifically ABSA Bank, to have better change management strategies in place to introduce these innovative changes to their customers for simpler adoption and use. Heightened marketing strategies together with Fintechs and other financial services to communicate and encourage the use of digital platforms is vital to fasten the pace and adoption of digital banking. Collaboration between banks and key industry players such as government, regulators, and Fintechs could play a very important role in fastening the pace of innovation adoption in the country.

5.2.4 *GAP 4 Lack of Financial Inclusion*

Gap 4 speaks to the unbanked customer segment. It was discovered during the interviews that South Africa, specifically ABSA still has a big gap for customers to access banking services in the country. This could be due to many different reasons, such as poverty, lack of means to access banking services, vulnerable segments such as disabilities, illiterate segments etc. Financial inclusion should consider and include the unbankable segment, which is customers without bank accounts or access to banking services. Lack of financial inclusion makes it difficult to innovate; hence almost all the banks still use traditional banking methods to service and cater for this market segment. If not properly addressed, rivalry and competition from non-banking financial institutions pose a threat, as it could potentially grant access to other methods of banking for the unbankable segment.

The previous chapter considered analysing the results of the respondents based on the number of identified themes to determine the implementation of the ABSA information technology strategy. In addition, the key literature was scrutinised and thoroughly reviewed. Based on the research questions for this study and findings, the following recommendations were provided for future research.

5.3 RECOMMENDATIONS AND FUTURE RESEARCH

To assess the implementation of ABSA Bank, refer to Chapter 1. The following six recommendations were identified for this research: mindset change, change and upgrade of existing technologies, customer focus, and maturity of the information technology strategy.

5.3.1 *Recommendation 1: Mindset Change*

Mindset trickles down from the top into the ranks of most large organisations. It works adequately when knowledge about product production and customer

service needs is well-developed and unambiguous. But even exquisite plans and disciplined execution cannot guarantee success when knowledge about producing a desired result is either still developing or is in a state of dramatic flux. Under these circumstances, traditional models of organising that stress execution falter. This has prompted a need to find new ways to organise and consider dramatic technological changes, globalisation, expert knowledge of all kinds, and customer expectations.

A shift in mindset is crucial, not only to deal with these disruptions but also to exploit them and strive towards greater success. The shift in mindset is about moving away from security and stability and towards resilience. In contrast to the former approach, which is more risk-averse, the latter indicates an acceptance of the inevitable reality of prospective shocks and disruptions and allows for preparation through active engagement in experimentation and risk-taking. It is a far more opportunistic and entrepreneurial outlook.

The entire thought process and mindset of the organisation must become customer-centric. Employees across the rank and file of the business innovation model must be regularly exposed to customers' and partners' thinking, preferences, priorities, environment, and way of working. There should be a special drive to imbibe this thinking at all levels. Constant training about the innovative business model, end-to-end ecosystem, value engineering, and value networks will go a long way.

5.3.2 *Change and Upgrade of Existing Technologies*

The financial industry, in particular, has always been an early adopter of new technology and is dramatically changing due to many factors. On the demand side, demographic aspects play a key role in the rise in demand for high-tech financial services such as retail payments, wealth management, consulting, etc. This is positively associated with the growth of a new generation often called

‘digital natives’. On the supply side, the rise of high-performance computers and cloud computing have permitted the management and treatment of large data as well as data sharing. Moreover, from a different perspective, ICT progress has helped alleviate asymmetry information issues between lenders and borrowers by adopting the role of ‘creator of information.

Their results indicate that the sheer level of the digitalisation of a bank alone does not affect profitability. Instead, in this time of technological change, banks should develop a clear vision on digitalisation that is characterised by innovation, being ahead of the competition, and a willingness to take risks.

5.3.3 *Customer Focus*

Companies need to adopt an appropriate business model that can handle new technologies to become disruptive innovators. For instance, digital transformation can lead to a business model that is responsive to customers and customer-centred, able to reflect changing customer requirements, and concerned with creating value for customers and other stakeholders.

This context opens inroads to making manufacturing more responsive to user-driven design and aligning it better with customer value creation processes and contexts. From this approach, companies need to develop new capabilities in both learning more about their customers (using digital capabilities to obtain information about customers, promoting evidence-based decision-making, developing integral customer experiences, etc.) and becoming more of an ecosystem beyond individual value chains (become great at building partnerships with new stakeholders). Thus, Industry 4.0 provides opportunities to create new and more flexible value propositions to respond to customer demands, such as the provision of individualised products and even batch-size-line production. Moreover, enhanced customer orientation is shown by the expansion of innovative service offerings.

Nevertheless, this new industrial paradigm is transforming the current ways of value creation since it involves changes in the technical and production developments, which has brought extensive organisational consequences and opportunities, providing more cooperative environments, improved customer relationships, or new product and service offers. Consequently, new and adapted business models are needed.

Organisations recognise that digital transformation has advantages such as improving efficiency and enriching customer experience. However, the digital strategic actions should not merely add products within digital platforms or new state-of-the-art machines but must include a comprehensive strategy covering process, talent engagement and business models. Many organisations have failed to carry out the transformation process. Among other things, focus more on individual strategies of specific operational conditions in certain periods and do not consider future impacts. Companies that have digital maturity will demonstrate their ability to transform their business to keep up with the development of the disruption era; improve efficiency that has a direct impact on revenue; improve work processes; continue to commit to innovation; and especially provide added value to the customer experience that in the end will reach customer engagement.

5.3.4 *Maturity of the Information Technology Strategy*

Capturing the full potential of digital and analytics will require organisations to commit to a journey of reinvention. From the capabilities they hire and develop; to the ways they think and work; to the investments they commit to. Companies need to set a strategic ambition for digital, challenge orthodoxies in how they work, invest in building digital capabilities while focusing on ROI, and shift cultures and ways of working.

Companies that have digital maturity will demonstrate their ability to transform their business to: keep up with the development of the disruption era; improve efficiency that has a direct impact on revenue; improve work processes; continue to commit to innovation; and especially provide added value to the customer experience that in the end will reach customer engagement. Institutions are at varied levels regarding adopting digital technologies. Transformation is likely to be variable for institutions and is dependent partly on the level of maturity in technology adoption.

5.3.5 *Chapter Summary*

Alignment of an organisation's business model innovation with the realities of the industry it operates on positions it for future success and competitive advantage. With no doubt in this study, digital transformation, adoption of innovating the business model, the importance of innovating a business model and its benefits were outlined as a vehicle that could assist organisations to stand out from their competitors, gain more revenue and upscale in revenue. It takes a few iterations of innovation before successfully executing and implementing it in the organisation. The adoption of the revised business models is an indicator of how successful the innovation has been in the organisation. When done right, innovating business models for organisations can be the most powerful tool for any business.

This chapter touched on the gaps in business model innovation adoption and implementation at ABSA Bank. Few gaps were identified, such as a) limited use of technology, b) high costs to innovate, c) slow adoption of digital banking, and d) lack of financial inclusion. Full adoption of innovation of business models by banks means that banks must have digitalised and digitised their processes. Guaranteed success to measure a business's innovation must be aligned with the realities of the industry it operates in. Once the business can execute innovation well, test and see its performance, use the results for decision-making,

and bring it to life, it will succeed. This takes a few iterations of innovating before successfully executing and implementing it in the organisation. When done right, innovating a business model for organisations can be the most powerful tool for any business.

Table 5.1: Consistency table: research questions, propositions, data collection, and data analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
1		The primary research objective of this study is to establish the effectiveness of the business innovation model ABSA bank implemented as part of its digital transformation journey.	1	Proposition	Interviews	Thematic analysis
1.1		To establish the challenges faced by	1.1	Proposition	Interviews	Thematic analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
		ABSA in adopting and implementing the ABSA technology strategy.				
1.2		To determine the strengths of the ABSA technology strategy.	1.2	Proposition	Interviews	Thematic analysis
1.3		To identify the industry's best practices and state the components required for business	1.3	Proposition	Interviews	Thematic analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
		innovation using digital transformation.				

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APPENDICES

APPENDIX A – PARTICIPANT INFORMATION SHEET



Participant Information Sheet

Dear Sir/Madam

My name is **Nozuko Sidali** and I am a participant in the Masters in Digital Business course at Wits University in Johannesburg. As part of my studies, I am undertaking a research project on Business Innovation Models supporting Digital Transformation at Absa Bank. The main research objective of this study is to establish the effectiveness of the business innovation model ABSA bank implemented as part of its digital transformation journey.

The study will present a qualitative phenomenological analysis highlighting ABSA's technology strategy that assisted them in becoming one of Africa's leading digitally powered African banks and played an essential role in driving the bank's priorities in establishing a winning, talented, and diverse organisation bringing possibilities to life through technology. This will accompany a literature review related to the topic and current industry best practices other banks employ.

As part of this project, I invite you to participate in the interview, which will involve answering a few questions and will take approximately one hour. I herewith confirm

that the data collected from the interview will be anonymised and promise confidentiality concerning anything you say that you do not wish to be included in the research paper. You will not receive any direct benefits from participating in this study, and there are no disadvantages or penalties for not participating. Your participation is entirely voluntary, and you may withdraw at any time or not answer any question if you do not want to. The information you give me will be held securely and only used by the university for academic purposes. You can stop answering the questions if you experience any distress or discomfort.

If you have any questions afterwards about this interview, feel free to contact me at the details listed below. This study will be written up as a research report and may be published for academic purposes. If you have any queries, concerns, or complaints regarding the ethical procedures of this study, you are welcome to contact the course convenor, Prof Rene Pellissier email: rene@pellissier.co.za

Yours sincerely

Nozuko Sidali

…… Date: 30 June 2022

Researcher: Nozuko Sidali

Email: Nozi.sidali@absa.africa alternatively sidalinozuko@gmail.com

Cellphone number: 072 132 9739

APPENDIX B – INFORMED CONSENT FORM



Interview Consent Form

Title of project: Business Innovation Models in Support of Digital Transformation at Absa Bank.

Name of researcher: Nozuko Sidali

I **xxxxx** agree to participate in this research project. The research has been explained to me and I understand what my participation will involve.

I agree that my participation will remain anonymous. YES NO
(please initial here)

I agree that the researcher may use anonymous quotes

in the research report. YES NO
(please initial here)

I agree that the interview may be audio recorded. YES NO
(please initial here)

I agree that the information I provide may be used YES NO
(please initial here)

anonymously by other researchers following this study.

Signature of interviewee: ……

Signature of researcher: …….

Date: ……

APPENDIX C – INTERVIEW GUIDE

Background information

- Gender
- Age Group
- Designation
- Years of service

Technical knowledge

- Tell me about your level of ICT technology understanding?
- What is your understanding of the elements of the business model innovation?
- Do you have any familiarity with Absa's Information Technology Strategy? If yes, could you kindly take me through what you know/understand and how it applies to Absa and to your job as an employee of the bank?

Business Model Innovation

- Do you have a clear understanding of Business Model Innovation's impact on the Information Technology Strategy implementation?
- Looking at the Absa's Information Technology Strategy as a business model, which elements of business model Innovation will need improvement?

Information Technology Strategy maturity of my organisation

- What do you think is the level of maturity of the Absa's Information Technology Strategy? On a scale of 1-5 where 1 is extremely matured and 5 is no maturity all – kindly motivate your answer as to why the score?
- Are you aware of the recently implemented and innovated Information Technology Strategy as a business model by the bank?
- Based on your knowledge and experience, what has been the benefits of implementing the Information Technology Strategy?

- What are the barriers and lessons learnt during and post the implementation of the bank's Information Technology Strategy

Implementation of Information Technology Strategy

- Do you have a clear understanding of the cost of the implementation of an Information Technology Strategy? Kindly elaborate to give a clear view of your level of understanding.
- What is the importance of change management and enhancement of talent during the adoption of an Information Technology Strategy?
- To what extent has ABSA embedded a digital culture throughout the organisation?

Digital transformation

- According to your understanding and knowledge, to what extent has the bank adopted digital transformation? The transformation, does it incorporate customer experience priorities, product offering, renewal of processes and systems and internal operations of the bank?
- Does the bank's Information technology strategy include the digital transformation vision of the bank?
- With regards to the organizanational culture, how tech-savvy is the leadership in the bank? Are they aware of the latest technology developments the organization implements for adoption as part of innovation, and do they use the new technology products implemented?
- How flexible is the organization's current ways of work?
- What change management capabilities are in place to administer change impacts brought about by digital transformation initiatives within the bank?
- Are there any digital governance structures in place to manage digital change impacts within the bank? if yes, are you familiar with them? and what their roles are in coordinating all strategic digital activities.

APPENDIX D – ETHICS APPROVAL FORM

NB: Approval form submitted on Ulwazi. Clearance pending approval.

APPENDIX E

Student / Supervisor agreement for postgraduate supervision

In a context of academic freedom and within a framework of individual autonomy and the pursuit of knowledge, this statement is written in the belief that there is a reciprocal relationship and mutual accountability between supervisor and student

THE SUPERVISOR AND THE STUDENT:

1. Will establish agreed roles and clear processes to be maintained by both parties. In the case of joint supervision, everybody's role and responsibilities need to be clarified.
2. Will meet regularly and as frequently as is reasonable to ensure steady progress towards the completion of the proposal, research report, dissertation or thesis. This time varies but the normal minimum requirement for face-to- face contact spread across each year of registration is: 10 contact hours for an Honours project, 15 contact hours for a Masters by coursework and research report and 24 contact hours for a Masters by dissertation and a PhD.
3. Will keep appointments, be punctual and respond timeously to messages.
4. Will keep one another informed of any planned vacations or absences as well as changes in his or her personal circumstances that might impact on the work schedule. Unplanned absences or delays should be discussed as soon as possible and arrangements should be made, to catch up lost time.
5. Will ensure that any research on animal or human subjects is conducted according to the procedures and the requirements of the relevant Ethics committee.

THE SUPERVISOR:

1. Undertakes to provide guidance for the student's research project in relation to the design and scope of the project, the relevant literature and information sources, research methods and techniques and methods of data analysis.
2. Will provide guidance at the commensurate level of complexity, autonomy and accountability for the qualification that the student is expected to demonstrate
3. Has a responsibility to be reasonably accessible to the students.
4. Will be prepared for meetings with the student. This includes being up-to-date on the latest work in his/her area of expertise.
5. Will expect written work as jointly agreed, and will return that work with constructive criticism within a timeframe (a suggestion of 2-4 weeks) jointly agreed at the outset of the research.
6. Will provide advice that can help the student to improve his/her writing. This may include referrals for language training and academic writing. The supervisor will provide guidance on technical aspects of writing such as referencing as well as on discipline specific requirements. Detailed correction of drafts and instruction in aspects of language and style are not the responsibility of the supervisor.
7. Will guide the student in the production of a research report, dissertation or thesis. Provision should be allowed for adequate, mutually respectful, discussion around recommendations made.
8. Will assist with the construction of a written time schedule, which outlines the expected completion dates of successive stages of the work.
9. Will ensure the student has the opportunity to present work at postgraduate/ staff seminars/national/international conferences as appropriate.
10. Will assist with the publication of research articles as appropriate.
11. Will discuss the ownership of research conducted by the student in accordance with the University guidelines and rules on intellectual property, co-authorship and copyright.
12. Will ensure that the student knows what plagiarism is, and what the consequences are for academic dishonesty in accordance with the University's policy on plagiarism.
13. Will ensure that the student is made aware in writing of the inadequacy of progress and/or of any work where the standard is below par. Acceptability will be according to criteria previously supplied to the student.
14. Has a duty to refuse to allow the submission of sub-standard work for examination, regardless of the circumstances. If the student chooses to submit without the consent of the supervisor, then this should be clearly recorded and the appropriate procedures followed.

THE STUDENT:

1. Takes full responsibility for the research undertaking and its successful completion; including managing the process and managing the supervisor where required
2. Will attend such courses and lectures that are compulsory for the degree, and undertakes to fully catch up any work, lectures, assignments, that are missed.
3. Undertakes to work independently under the guidance of the supervisor. This includes reading widely to ensure that the seminal and current literature pertinent to his/her chosen topic has been identified, consulted and critiqued.
4. Undertakes to work in accordance with the academic standards of complexity, autonomy and accountability specified for the particular qualification being studied towards
5. Is obliged to manage themselves and their work including initiating contact and making appointments with the supervisor, arranging meetings well in advance.
6. Should submit written work for discussion with the supervisor well in advance of a scheduled meeting. The kind and frequency of written work should be agreed with the supervisor at the outset of the research.
7. Written work that is submitted should be relatively free from basic spelling mistakes, incorrect punctuation and grammatical errors. Responsibility for the accuracy of language, the overall structure and coherence of the final research report, dissertation or thesis rests with the student
8. Undertakes to heed the advice given by the supervisor and to engage in discussion around suggestions made. Ultimately the student has to take responsibility for the quality and presentation of the work.
9. Should strive, within reasonable bounds, to maintain a focus on his/her research area and to work within the agreed time schedule.
10. Agrees to honour agreements about ownership of the research and in accordance with the University's guidelines and rules in relation to co-authorship, copyright and intellectual property.
11. Will ensure that the work contains no instances of plagiarism, that all citations are properly referenced, and that the list of references is accurate, complete and consistent.
12. Agrees to work in accordance with the criteria of acceptability as supplied by the supervisor.
13. Will not expect the supervisor to be a proof-reader or editor of the work
14. Undertakes not to place the supervisor under undue pressure to submit work for examination until the supervisor is satisfied that it has reached an acceptable level of quality.

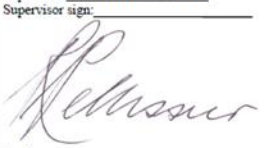
We confirm that we have read and understood this statement and agree to be guided by its principles for as long as we continue to work together.

Student: Nozuko Sidali

Student sign: N.Sidali

Supervisor: Prof Rene Pellisier

Supervisor sign:



Co-Supervisor:

Co-Supervisor sign:

Planned submission date: May 2023

Degree: MMDB 2022

School: Faculty of Commerce, Law and Management

Faculty: Commerce

Date: 30 June 2022