

UCT GSB case study on African Bank collapse wins international accolade

Issued by [UCT Graduate School of Business](#)

27 Sep 2017

A case study on the governance failure at African Bank written by UCT Graduate School of Business (GSB) academic, Associate Professor Stephanie Giamporcaro, and MBA student, Matthew Marrian, has been recognised as one of the top 10 business case studies of the year.

When local micro lender African Bank collapsed in 2014, few people appreciated the extent of what had gone wrong with its board and management. It was only months later, when the Myburgh Report was released, that details emerged of how serious the failure of corporate governance within the bank had been.

Now, the story has been further unpacked in an award-winning business case study, written by UCT Graduate School of Business academic Associate Professor Stephanie Giamporcaro. The case, which examines the choices made by a fictional asset manager that has invested in African Bank Investments Limited (ABIL), encourages students to ask why so many institutional investors found the investment case compelling, and seemingly missed the risks posed by the company's weak corporate governance.

Dr Giamporcaro's work has now gained international recognition by being selected as one of the top 10 case studies in the 2017 CEEMAN (The Central and East European Management Development Association) Case Writing Competition. The competition drew a total of 66 entries from all over the world.

"I decided to look at the African Bank story because I was teaching the MBA class on corporate finance. I realised that there were not too many cases written on corporate governance and responsible investing in an emerging market, and South African, context," says Dr Giamporcaro. "I asked the students to think of something that had happened recently that we could call a corporate governance failure, and African Bank was obviously an interesting case to look at."

By examining what takes place at a fictional asset manager in the months leading up to ABIL's collapse, the case study gives students the opportunity to discuss the different perspectives that various members of the investment team have on the company, and what each believes is most significant. It also raises the importance of looking at the very real risks associated with environmental, social and governance (ESG) factors.

"What we try to do is explain the reality of what was happening and understand the motives of the people involved, without judging them, rather asking students what they would have done and in whose pair of shoes they felt most comfortable," Dr Giamporcaro says. "In hindsight it's easy to say we shouldn't have invested, but the truth is most of the big asset managers did."

The international recognition is also a significant boost to the GSB's goal of producing high quality local case studies that reflect the realities of emerging economies, and reduce the reliance on case studies from international universities. The GSB established a Case Writing Centre in a joint venture with the Harvard Business School Alumni Africa Club in 2016. Giamporcaro's African Bank case study is one of the first to emerge from this initiative.

"The Case Writing Centre aims to produce and publish teaching case studies that are relevant to us," explains centre manager Claire Barnardo. "Our cases reflect Africa and emerging market realities, which are important for the GSB."

These cases also become an important educational tool. "In a business school setting, teaching case studies are crucial to learning, as they give students the opportunity to step into the shoes of business leaders in a variety of industries and find solutions to real-life dilemmas," says Barnardo.

“This makes learning more practical. Teaching cases also drive participant-centred teaching, so students are at the forefront of the lesson.”

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