

**THE IMPACT OF STRATEGY CHANGE ON
MORALE, PERFORMANCE AND COMMITMENT**

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Submitted by NAOME MEKGOE

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I, the undersigned, hereby declare that this dissertation titled, “The Impact of Strategy Change on Morale, Performance and Commitment”, is my own work, and that all sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Naome Mekgoe

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ABSTRACT

Strategic change within an organisation is inevitable. Due to the competitive global landscape, organisations have to continuously adapt their strategies to remain in the market. Strategy change is most often met with resistance, and more so when the change involves downsizing. The effects of downsizing on employee morale, performance and commitment have been studied by numerous authors and a number of models for strategy change implementation consequently suggested. However, South Africa is faced with very particular challenges when dealing with change, including a high level of unemployment, fierce resistance to change in the form of collective action such as strikes, stay-aways or go-slows, political and social transformation happening simultaneously, global competition and the conflict between social and free markets within an emerging economy. Irrespective of the vast amount of international literature available on change management, there is a distinct lack of literature investigating the impact of strategy change in an emerging economy and a knowledge gap in terms of applying existing change theories in non-Western environments. This study was aimed at determining the impact of strategy change, particularly downsizing, on employee morale, performance and commitment at a global South-African based Telecommunication Company. The objectives of the study was to determine whether employees in South Africa are negatively affected by downsizing, and provide useful information to strategic managers in terms of implementation of strategy change in a South African environment.

To determine the impact of downsizing as a strategy change, a questionnaire was designed based on the literature review to ascertain responses to three sections of questions, respectively measuring morale, performance and commitment. A sample of the target population was chosen based on their position/ employment type i.e. management, supervisor or general staff.

The results of the empirical study revealed some very interesting points. Although all respondents demonstrated optimism in terms of their morale, performance and commitment, it was found that comparatively, managers are more negatively impacted during times of downsizing. The Telecommunication Company's structured nature, advances in political and social reform, and solid Training and Development policy shielded the employees from the full negative impacts of downsizing because of their positive core self evaluation. The substantial amount of neutral responses (especially under management) indicated that not all respondents revealed their true feelings, a common characteristic amongst collective people. It also surfaced that even though the majority of responses indicated positive morale and performance, most respondents were considering positions outside the organisation. Based on the literature review and results from the empirical investigation, a model was proposed to assist strategic managers in South Africa with change implementation.

KEY TERMS

Strategy change, downsizing, morale, performance, commitment, collective, change model, South Africa

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CHAPTER 1

INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION

This dissertation focuses on the impact that strategy change within an organisation has on staff morale, performance and commitment.

This chapter commences with the background, as well as the problem statement of the research, to explain the reasoning behind the choice of subject. The Research Objectives will clarify the aims of the research and the rationale for the study will provide insight into the projected benefits of the study. The scope of the study/ delimitations will define the variables that will have an impact on the results and a synopsis of current literature on the subject will provide context. Research Methodology and Design is discussed and conclusively, an overview of the chapters will demonstrate how information and findings will be reported.

1.2 BACKGROUND

Since the birth of the new South African democracy in 1994, the country has witnessed a shift in the management and operation of companies. These have ranged from changes in the management structures to accommodate a more representative executive team, a change in innovation processes and pace to enable global competition, as well as a dramatic shift in company cultures and philosophies. Van Tonder (2001a: 22) confirms the prominence of socio-political dynamics in the South African context as a trigger for major change and transformation. These changes have necessitated various forms of strategic change within organisations. While strategic change is an inevitable necessity for any company (local as well as global) to sustain and maintain itself in the

competitive arena of business, the implementation of strategic change always poses a great challenge. This derives from the fact that, in most cases, strategic change is received with intense negative emotions such as resistance, frustration, anger and fear amongst employees (Liu & Perrewe, 2005: 263). This in turn tends to have both direct and indirect effects on the performance of the company.

The impact of change on individuals is not a new subject, and has been extensively explored by various authors and scholars in the past. A well-quoted theory relating to people's reaction to change is the change curve, which reflects the impact of change introduction on individuals' productivity and related elements. Bourne and Bourne (2002: 15) illustrates the impact of change on self-esteem in a graph they've adapted from Carnall, which they call the "change roller-coaster" (Figure 2.4). Other authors who have examined the impact of change are, amongst others, Van Tonder (2004b), Bridges (1991) and Senge, Kleiner, Roberts, Ross, Roth & Smith (1999). The studies of these authors are explored in more detail in Chapters 2 and 3 of this document.

Resistance to organisational change is especially true within the South African context. Business in South Africa faces major challenges in terms of cultural differences and linguistic difficulties that negate effective communication when a strategy change is implemented. In a 2005 study conducted by Theuns Horne, literacy expert and Chief Executive of Hough & Horne, South-African based Adult Basic Education and Training Consultants (Rademeyer, 2005: 15), it was said that:

"Research showed that only 12% of urban matriculants who are not English or Afrikaans first language speakers were functionally literate in English. In layman's terms, this means that they are at a Grade 8 level or higher compared to English mother tongue speakers. Periodic surveys in rural areas showed that only 3% of non-English or Afrikaans speakers were functionally literate in English."

This proposes that standard communication methods during periods of strategy change could be insufficient, hampered by the understanding of non-English speaking employees, another challenge that needs to be considered by organisations embarking on change.

Another major challenge is generalised job insecurity because of poverty, high unemployment rates and changes to labour legislation. Job insecurity refers to individuals' subjective experience that the job itself, or important features thereof, are under threat (Pienaar, 2007: 1). Statistics released in the Labour Force Survey conducted by Statistics South Africa (2006) indicated that unemployment levels in South Africa still amount to 25.5% of the total economically active population (this percentage is excluding the 10.7% discouraged work seekers, who by definition did not take active steps to find employment in the month prior to the survey interviews, in spite of their declared desire for work), which contributes to feelings of insecurity when employees' comfort zones are being challenged during periods of strategy change. In many instances, previously disadvantaged individuals experience insecurity because of their lack of experience and/or education as a result of the exclusivity of the apartheid regime and/or their dependency on their incomes as providers for extended families.

On the other hand, other racial groups may experience varying degrees of career insecurity because of broad based black economic empowerment and Employment Equity legislation (1998), which compels companies to provide evidence of a racially representative labour force. It could be argued that those insecurities should have decreased since the Employment Equity Act's implementation in 1998, but despite the nine years since the implementation of the Act, many companies still face the challenge of dealing with all the negative perceptions of the Act by other racial groups, due to the fact that compliance was not immediate and delayed compliance is often coming to the fore only now, causing feelings of insecurity in workers falling outside the designated groups as defined by the Act.

In addition to the major transforming forces such as the introduction of Affirmative Action and Employment Equity targets after 1994, a recent study involving South African Managers (Pienaar, 2007:1) indicated that nearly half of the participants felt insecure themselves, and alluded to medium to high levels of perceived job insecurity in their respective industries (including telecommunications amongst others), noting reasons such as the increased need to be globally competitive, poor communication, the greater need for flexibility and the inability to find a job following job loss. Participants noted the most important consequences of job insecurity being stress and absenteeism, as well as the so-called 'brain-drain', whereby skilled professionals leave the country for international opportunities.

In addition to these unique challenges, the fact is that strategy implementation is becoming more and more complex due to the broad changes in the competitive landscape (Sacht, Nel & Lamb, 2004: 6). The authors state that business leaders are required to define a new set of strategic priorities for their organisations, with specific attention to the following imperatives: redefining the company's business model, reducing cycle time, fostering innovation, securing talent, redefining the role of corporate headquarters and strategic partnering. As the pace of change accelerates, it becomes harder for individual organisations to adapt organically to this change, often necessitating strategic partnerships with companies that already possess the critical capability for strategic decision making and effective change implementation.

When strategic decisions are made based on organisational requirements, managers need to consider the complexity and magnitude of the change and give due consideration to all available information, rationales, mechanisms and consequences. Current research suggest that South African business is still far from capable of entrenching the critical strategic leadership and workplace practices required to create a high performance and change hardy business

culture capable of rapidly transforming itself to compete in the global arena (Sacht et al, 2004: 11).

This in turn would suggest that there is a need to study and develop a conceptual model (specifically geared to addressing South African circumstances) to balance and make the theory of strategy change implementation easier to understand, more effectively applied and consequently more readily accepted by employees on all levels.

In South Africa, the implementation of strategy change in various companies, has encountered - and is still encountering – fierce resistance, which in many instances lead to strikes and a waste of productive time. This reflects that, while the South African economy is steadily growing and South African companies are facing new challenges posed by globalisation and transformation companies need to constantly evaluate their strategies, discard old ones and implement new ones.

This study focuses in particular on the impact of strategy change on South African-based employees at a global Telecommunication Company. The Telecommunication Company being examined opted to change strategy more than three times within ten years (including decentralisation, centralisation, outsourcing, restructuring and downsizing), mainly due to the appointment of new Chief Executive Officers during this time, each time resulting in a substantial shift in company strategy and brand values. During this process, the company has moved from one strategy to another, only to return to the original strategy. The most recent and on-going strategy change involves a restructuring that has commenced in January 2006 and is still taking place at the time of this study. The common and consistent factor during all these strategy changes was the shedding of jobs along the way. All this strategy change occurred without any attempt to assist the employees with their understanding of the necessity or benefits of such changes. In addition, no structures or mechanisms were put in place to facilitate the employees' acceptance of the new strategies.

Positive and negative impacts will be experienced through each strategy change implemented at any organisation by either the existing or incumbent executive management. These impacts will affect a broad spectrum of employees, irrespective of job or delegation level. The impact of the strategy change will be experienced by the individual as either negative or positive, depending on how it is perceived by those affected and to what extent the strategy has an impact on their Key Performance Areas and/or job security.

Typically survivors of a downsizing knows that if their jobs are not on the line, then the increased workload that will be distributed amongst the remaining employees will have a negative impact on the status quo. Hilsenrath (2001: 2) quotes Bennett, who said that in the early 1990's, in spite of companies' promises to the contrary when downsizing occurred, employees were left with the same amount of work spread over fewer people. The same article quotes Cameron as saying:

"The trouble is that it's not necessarily the case that the people who leave are the ones you want to leave, and then you have two people doing three peoples' jobs."

Although there are different types of strategy change, the strategy of downsizing in particular, has the greatest negative effect on employees' psychological well-being, which in turn affects company and individual productivity. This fact has been extensively researched by various authors (as detailed in Chapters 2 and 3). The unique challenges faced by South African-based companies (as explored above) add another dimension to these impacts.

The effect of downsizing as a strategy change on South African employees in particular, with special attention to the impact on their morale, performance and commitment, is at the heart of this research.

1.3 PROBLEM STATEMENT

Strategy change is a necessary, but mostly unwanted, activity in a company. In South Africa the process of strategic change still encounters resistance, which in several cases has led to strikes (e.g. TRANSNET), low morale among employees, frustration, psychological problems and health problems such as heart attacks and work related stress. Although numerous studies have been conducted on strategy change management in an international arena, and the effect of these changes on employees, the uniqueness of the challenges faced by South African businesses indicate that there is a need to investigate the processes currently followed by companies when implementing strategy changes, and the effects such changes have on employee morale, performance and commitment.

Madzivire (2003: 2) observes that there is a distinct absence of studies focusing on exploring the challenges of organisational transformation in emerging economies. He draws attention to the following limitations of the majority of literature in terms of change theories (Madzivire, 2003: 72):

- There is a knowledge gap in terms of the applicability of existing change theories in non-Western, emerging economies;
- The transformation theory arena has been driven by case studies;
- Change theories have tended to be prescriptive, with very little, if any empirical testing; and
- There has been no change theory cited which is a prescription for emerging economies.

Madzivire (2003: 2) quotes Greiner as arguing that:

“There is still much to learn about processes of development in organisations” and “researchers are just beginning to study specific developmental problems of structure, control, rewards, and management style in different industries and in a variety of cultures.”

The Telecommunication Company being examined in this dissertation has divisions spanning different continents, different socio-economic climates and vastly different corporate cultures. What is best practice in the international environment may not be best practice in a South African context. This multi-national concern is not unique in the fact that it operates a technologically advanced corporate culture within a society in the midst of massive transformation and developmental challenges. In this context the company needs to know:

- How does the strategy change of downsizing affect the morale, performance and commitment of remaining employees?
- How does the impact compare with international findings on the same subject?
- What is the best manner to manage change within the South African context, with its unique challenges?

The problem that this research seeks to address relates to how change might be received by employees in a company. If change is received well and is perceived as advancing the career prospects of employees, it then might have the positive effect of enhancing the morale, productivity and psychological well-being of employees. The problem, however, is that often change is made without due consideration of the impact it would have on employees. Consequently, no attempt is made to put in place relevant change management structures and mechanisms.

1.4 RESEARCH OBJECTIVES

1.4.1 Overall aim

The aim of this study is to determine the impact of strategy change (with particular reference to downsizing) on morale, performance and commitment in a South African-based Telecommunication Company.

1.4.2 Secondary aims

- Theoretical aims of the study are to:
 - Define strategy change and its dimensions;
 - Review the effect of change on individuals;
 - Define and explore the validity of downsizing as a strategy change;
 - Explore the impact of downsizing on employee morale, performance and commitment;
 - Review strategy change in a South African context.

- Empirical aims of the study are to:
 - Investigate the approach followed by a South African-based Telecommunication Company in implementing change;
 - Determine the level of influence of strategy change on morale;
 - Determine the level of influence of strategy change on performance;
 - Determine the level of influence of strategy change on commitment;

- Recommend how strategic managers, companies and South African industry in general could implement strategy change more effectively;
- Provide useful information to managers regarding the impact of strategy change on South African-based employees.

1.5 RATIONALE FOR THE STUDY

Globalisation and the consequent increased opportunities that exist for South African companies have necessitated a series of strategic changes in companies competing on a global scale. In most cases the processes followed during the implementation of the strategy changes are faced with challenges.

This suggests that there is a need to investigate the processes followed by companies in South Africa during the implementation of strategic change. This investigation needs to be done, in order to lay the foundation for the development of a model that can ease the process of implementing strategic change in South Africa companies.

For this purpose, the findings of this study will provide company strategists and senior management with critical information needed to plan for strategic change. While management often assumes that downsizing will assist in the turnaround of a faltering business, research and history suggest otherwise and this research aims to highlight this fallacy. By understanding the impact of downsizing on South African employees' morale, performance and commitment, it will facilitate a more informed decision-making process and implementation of strategy change.

1.6 SCOPE OF THE STUDY/ DELIMITATIONS

- This study investigates the meta-theoretical concepts of morale, performance and commitment, which cannot directly be measured or explained.
- Human behaviour is very complex in nature and the impact of other external factors, such as bereavement and divorce can also impact on productivity, performance and morale. There is no single study that claims authenticity about the relationship the variables have.
- The empirical research is done through a case study of the impact of strategic change in one sample Telecommunication Company, which suggests that the results will be limited to the specific type of strategic change implemented by the company in question (e.g. downsizing), as well as the manner in which the change was implemented.
- A level of subject bias can be expected, but was limited due to the anonymity of the subjects.

1.7 SUMMARY OF RESEARCH METHODOLOGY AND DESIGN

1.7.1 Research Method

The research was conducted in seven steps as indicated in Table 1.1

Table 1.1 – Research Method

Step 1	Population/ Sampling
Step 2	Data collection
Step 3	Data analysis and interpretation
Step 4	Findings – integration of literature review and empirical study
Step 5	Conclusions based on the research findings, with specific reference to the aims of the study
Step 6	Limitations
Step 7	Recommendations

1.7.2 Research Design

The empirical study was of a quantitative design using a cross sectional approach to evaluate employees' responses and perceptions to management decisions after they have been taken and implemented. The impact of strategy change on the variables "morale", "performance" and "commitment" was measured.

1.7.3 Population/Sampling

The population of this study was the entire full time equivalent employees of a particular Telecommunication Company which has a headcount of 2000 and four big divisions.

The population of this study was the entire full time equivalent employees of a particular Black Economic Empowerment-compliant corporate Telecommunication Company that has a headcount of 2000 and four big divisions. All racial groups of both genders were included.

A quota sample as indicated in Table 1.2 was used.

Table 1.2 - Population/ Sampling

Division	Management	Supervisors	General	TOTAL
Consumer	4/13*	19/137	127/751	150/801
Corporate	2/13	11/89	62/330	73/432
Finance	1/12	8/12	53/361	64/385
Network	1/12	6/12	39/258	47/282
TOTAL	8/50	44/200	281/1650	333/1900

* Sample/Population

The first step was to select samples of employees that would form the study population.

Population size is 2000 and according to Sekaran (2003: 294) the sample size for this population should be at least 322. The quota sampling approach was used to ensure that each work category was proportionately represented in the sample, as shown in the above table. A total sample of 334 out of the population of 2000 was selected.

1.7.4 Data collection

The instrumentation used for the empirical study was a structured electronic questionnaire survey because of the nationally dispersed location of offices.

A questionnaire consisting of 21 questions was formulated with a choice of five answers (ranging from strongly disagree to strongly agree). Questions were derived from the literature review and were also based on the objectives of the study. The questionnaire was divided into the following sections:

- Eight questions measured the employee's level of morale.
- Eight questions measured the employee's level of performance.
- Five questions measured the employee's level of commitment.

Questions were closed ended and included the Likert scale approach (Procter (in Gilbert 1996:35). The questionnaires were distributed via email with a covering letter (Appendix II). For follow up, a personal presentation was given to management and supervisors so as to encourage the return of questionnaires. The sample organisation is highly technical in nature and the literacy level is very high. As a result the problem of misinterpreting the questionnaire was very small to close to non-existent.

1.7.5 Data analysis and interpretation

Data was collected and then analyzed using two computer-based statistical programmes i.e. SPSS version 13.0 and Excel. Descriptive statistics and the appropriate inferential statistics were used to further derive meaning from the data.

1.7.6 Reliability/ Validity

To assess the reliability of the data, Cronbrach's alpha coefficient was used, which recommends a value above 0.7 for reliability of any scale items (Pallant, 2005: 90). A pilot study was also conducted to check for any misinterpretations or difficulties.

1.8 STRUCTURE OF CHAPTERS

The chapters that follow are sequenced in a manner that seeks to provide the reader with a deeper understanding of the basic concepts of the study.

Chapter 2: Change, and the impact and management of Strategy Change

This chapter is part of the Literature Review of this study. Existing literature has been reviewed to highlight the problems strategic change brings into organisations. In particular, the focus is on defining change, strategy change,

the reaction of individuals to change, and change management in general. Previous studies done on this research topic and related topics were reviewed.

Chapter 3: Downsizing and change implementation in South Africa

This chapter concludes the Literature Review. In this chapter, the focus areas of the study are investigated by referring to previous and related studies done, i.e. downsizing as a strategy change, the impact of downsizing on employee morale, performance and commitment, as well as change implementation in a South African context.

Chapter 4: Research Methodology

In this chapter, the category of the research was discussed and also methodology, validity and reliability testing.

Chapter 5: Presentation of Results

The result from statistical analysis is shown in this chapter

Chapter 6: Interpretation of Results

The results presented in chapter 5 are discussed and interpreted in this chapter.

Chapter 7: Conclusions and Recommendations

Statistical results and literature are drawn together to compare them to the research objectives and to present a recommended model for effective strategic change.

1.9 CHAPTER CONCLUSION

Strategy change is a necessary, albeit unwanted phenomenon and the impact of strategic change (and downsizing specifically) in a South African context is the focus area of this study. The impact of downsizing on South African

employees' morale, performance and commitment in particular, is explored and studied in detail.

This chapter provided the background of the study by focusing on the unique challenges faced by the South African labour market. Furthermore, the problem statement of the research was explored, highlighting the need for studies related to strategic change in emerging economies. The Research Objectives were stated, with reference to both theoretical and empirical aims, and the rationale of the study was explained in terms of its potential future value for informed strategic change implementation in a South African context. Furthermore, the scope of the study/ delimitations defined the variables that will have an impact on the results and the Research Methodology and Design were outlined in terms of the research method, design, population/ sampling, data collection, data analysis and interpretation, reliability/ validity of the study. In conclusion, the structure of the chapters was given to demonstrate how information and findings will be reported.

The next two chapters will provide information regarding the Literature Review that was conducted, with reference to both dependent and independent variables.

CHAPTER 2 CHANGE, AND THE IMPACT AND MANAGEMENT OF STRATEGY CHANGE

2.1 INTRODUCTION

This chapter forms part of the literature review and will examine existing literature to define change (what it is, the forces that make change inevitable in organisations); strategy and strategy change in general; and the impact of change on individuals. It will then explore change management, i.e. the different ways in which change is managed. The aim of this chapter is to provide a broader context for the research. Whereas this chapter will be more general in its exploration, Chapter 3 will address the specific focus area of the study, i.e. the impact of downsizing of a strategy change, and change implementation in South Africa. .

2.2 FORCES OF CHANGE

2.2.1 What is Change?

Webster's on-line Third New International Dictionary (2002: 1) defines change as:

- "to make different in some particular but short of conversion into something else" (alter, modify);
- "to make over to a radically different form, composition, state, or disposition" (transform, convert);
- "to give a different position, status, course, or direction to";
- "to shift or transfer in position";
- "to give a contrary character or trend to".

This means that change implies a difference in the status quo, whether radically different, or slightly different.

In 513 B.C., Heraclitus of Greece observed: “There is nothing permanent except change.” And in the 16th century, Niccolo Machiavelli stated in his political treatise, *The Prince*, “There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things” (Rose, 2002: 1).

Change is inevitable. This fact cannot be denied, but to understand the impact of change on employees, the phenomenon of ‘change’ needs to be further dissected.

Van Tonder (2004b: 1) suggests that it has become popular for scientists and change practitioners to refer to the inevitability of change in everything in life, suggesting that ‘change’ is the only constant in the world we live in. He argues that the world in which we live is in fact continuously changing, interspersed with moments of virtual stability, and not the other way around.

This would imply that change is constant, and stability intermittent.

Van Tonder (2004a: 20) emphasises that general change, and organisational change in particular, can be described on several dimensions, e.g. type, scope and complexity. These descriptions in their extreme represent two qualitative, diverse (but not absolute) types of change. Organisational change, in practice, varies on a continuum between Type I and Type II change:

Table 2.1 – Types of change

TYPE I CHANGE	TYPE II CHANGE
Steady state, incremental, sequential change	Major, paradigm-altering, system-wide change
Evolves over extended period of time	Unpredictable, very sudden onset, rapidly escalating
No disruptive influence on the system	Disruptive
Perceived to be within the control of the system/ organisation.	Escalates to point where it is perceived to be beyond control of the organisation.

Source: Van Tonder (2004a: 20).

Organisational change, in all its inevitability and forms, will thus always be classified as somewhere between Type I and Type II change, based on the magnitude, onset period, disruptiveness, and perceived controllability thereof.

Johnson and Scholes (1999: 497) also classify the nature of change in a similar fashion. They make a distinction between Incremental change and Transformational change. Transformational change is change that cannot be handled within the existing paradigm and organisational routines, either because incremental change has been inadequate or because of extreme external pressures for change. To this classification, they add a dimension of proactive or reactive (as orchestrated by management) to both forms of change. For incremental change (Type I), proactive change would imply tuning, whereas reactive change would result in adaptation. Transformational (Type II) change handled proactively will result in planned transformation, whereas a reactive approach would result in forced transformation.

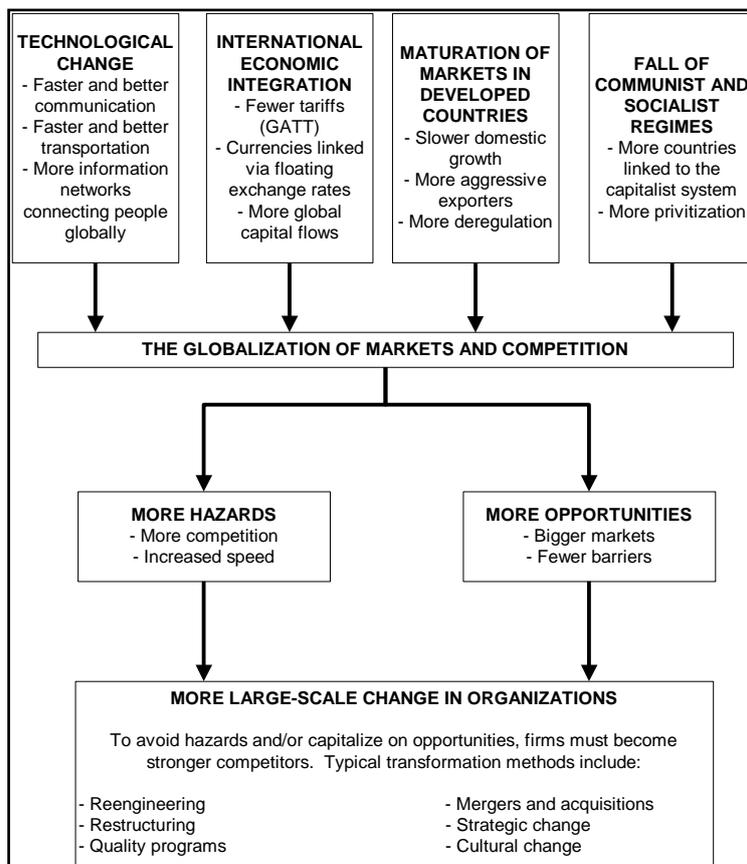
Senge et al. (1999: 15) prefer the term ‘profound change’ for Type II change, when an organisation “builds capacity for ongoing change”. This approach focuses on values, aspirations, fears and behaviours (the thinking behind changes), rather than mere structural or strategic changes.

2.2.2 Forces that make change inevitable in organisations

Over time several studies have taken place to propose instruments to influence the direction or flow of change (Van Tonder, 2004a: 21). Van Tonder observes that implicit in these studies is the belief that changes can be manipulated, in the form of triggers, levers, keys or drivers. He adds that the use of these metaphors are useful on various levels, but do not constitute a theory of change, nor a model, even though it is observed that a number of authors refer to these metaphors in their research. Understanding these triggers, levers, keys or drivers can provide useful information to organisations regarding the factors that can precipitate change, and sensitise members of the organisation to the conditions that would cause change within the company. If change is anticipated, it can be more effectively managed.

In addition to the research quoted below in Section 2.2.2.4 by Van Tonder (2004a) on the Drivers of change, Kotter (1996: 19) provides the following graphic presentation of the drivers of major change:

Figure 2.1 – Economic and Social Forces Driving the Need for Major Change in Organizations



Source: Kotter (1996: 19).

Johnson and Scholes (1999: 105) identified some key environmental drivers of change and suggest doing a PEST analysis to determine the environmental factors affecting the organisation and to identify the most important at the present, and in the next few years (which can be a combination of any of these factors). These are:

- **P**-olitical/ legal (e.g. monopolies legislation, environmental protection laws, taxation policy, government stability, social welfare policy, foreign trade regulations)
- **E**-conomic (e.g. GNP trends, money supply, inflation, unemployment, disposable income, interest rates, business cycles, energy availability and cost)

- **S**-ocio-cultural (e.g. population demographics, income distribution, social mobility, lifestyle changes, attitude to work and leisure, consumerism, educational level)
- **T**-echnological (e.g. government spending on research, government/ industry focus on technology, new discoveries/ development, speed of technological transfer, rates of obsolescence)

Van Tonder (2004a: 20 – 23) provides an inclusive overview of the nature of Triggers, Levers, Keys, Drivers and Determinants. The following discussion is based on his findings:

2.2.2.1 Triggers

Change is initiated or activated (triggered), often through a relatively insignificant activity or event. These triggers are related to the start (onset) of change, and do not include the unfolding or conclusion of the change. In conjunction with the referral to research conducted by Grundy, Hinton, Boeker, Sadler, Moran and Brightman, and Nortier (in Van Tonder, 2004a: 21 – 22) on internal (organisation specific) and external (broader environment) triggers, the author also refers to an empirical study involving 187 companies located in the UK, Europe and the United States, which cited the most frequent triggers for change as being:

- Changes in the competitive situation of the company (e.g. an increase in the number or positioning of competitors, a loss of market share);
- Financial loss or lowered profitability;
- Pro-active change initiatives in response to anticipated opportunities or events (e.g. restructuring, downsizing, reorganising, re-engineering, relocation, buy-outs, take-overs, mergers and acquisitions);

- The replacement or arrival of a new CEO or Managing Director.

Further triggers identified based on further research and the fact that some triggers are more prominent now than at the time of the original research):

- Industry conditions (e.g. recession);
- The introduction or development of technology;
- Issues emerging from the work force (under- or over-utilisation);
- Consumer preferences or changes in these preferences;
- Poor organisational performance.

In the South African context, socio-political dynamics surface prominently among several macro-contextual variables as triggers for major change and transformation.

Triggers may simultaneously contribute to the onset of change. According to Sadler (in Van Tonder, 2004a: 22), the strongest forces for change generally stem from immense and rapid changes in several aspects of the business environment.

According to Van Tonder (2004a: 22), the metaphor of 'triggers' has been empirically confirmed and can provide useful information to the members of an organisation in that it can assist in sensitising them to the likely ways in which change can be triggered.

2.2.2.2 Levers

Change is set in motion through (metaphorically) dislodging, moving or manoeuvring the change process/ event. These levers are also concerned with the onset of change, but suggest greater effort, possibly over a period of time (as opposed to the minor and sudden nature of

triggers). Burke (in Van Tonder, 2004a: 22) argues that the primary levers for initiating and implementing organisational change are as follows:

- Culture
- Values
- Key leadership acts (which provide vision and a clear sense of direction)
- The organisation's reward system
- Management and executive development programmes

2.2.2.3 Keys

The theory of keys suggests that change can be accessed through specific entry points: 'keys', implying that "one best solution" is the key to unlocking the mysteries of change, giving the entrant complete access. Van Tonder (2004a: 22) refers to Tichy's interdependent keys for macro-level change as:

- Technology
- Politics
- Culture

Alpander and Lee (in Van Tonder, 2004a: 22) identified the following keys at organisational level:

- Culture
- Strategy
- Teamwork

2.2.2.4 Drivers

The theory of drivers of change suggests that change is directed and kept in motion, steered, accelerated and/or slowed down. Passengers can be taken on board, and others may disembark.

Kallio, Saarinen and Tannula (in Van Tonder, 2004a: 22) cite external prompting events as uncontrollable and unpredictable changes in industry (economic conditions, legislation, advancing technology and changing customer requirements), whereas internal efficiency (e.g. high cost or low quality) is often an internal driver for change.

It is becoming increasingly important for organisations to compete on a global scale and transfer knowledge through technology to a global audience. The increased need for companies to do this, often necessitate major change on an organisational level.

2.2.2.5 Determinants

Huber et al. (in Van Tonder, 2004a: 22) have done a study on the determinants of organisational change across some 100 diverse organisations and in conclusion, came up with an integrative multi-construct model as the final predictors of organisational change:

- Environmental turbulence
- Changes in growth (upturns and downturns)
- Top manager tenure in this position
- Organisational size
- Standardisation
- Interaction effect of a defender strategy

The author surmises that the above result reveals a complex blend of interdependent change determinants (a mix of environment, strategy, structure, performance and executive management characteristics).

From Sections 2.2.1 and 2.2.2, it is evident that the inevitability of change cannot be argued, and that various factors contribute to change.

But what is 'strategy change' in particular? The next section will define this.

2.3 STRATEGY CHANGE

2.3.1 Definition of strategy change

Webster's on-line Third New International Dictionary (2002: 1) defines strategy as: "the art of devising or employing plans or stratagems toward a goal."

According to Johnson and Scholes (1999: 10),

"Strategy is the direction and scope of an organisation over the long term: which achieves advantage for the organisation through its configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholder expectations."

In a further exploration of the subject by Johnson and Scholes (2002: 10), they say that Business Strategy is:

"the collaborative and conscious behaviour people in the organizations exhibit to ensure sustainable organizational survival. According to this line of thought, if we track organizational strategy over time, we can identify the main strategic choices that have been made to ensure a viable future. Viability is dependent on an organization's ability to compete and assert itself in a competitive business environment".

Ehlers & Lazenby (2005: 2) defines a strategy as “an effort or deliberate action that an organisation implements to out-perform its rivals.”

An often cited and multi-level definition of Strategy is Mintzberg’s (1992: 12 - 19) 5Ps for strategy that makes provision for the multiple ways in which the term is used:

- Plan – consciously intended course of action. Planning is a sequence of analytical and evaluative procedures to formulate an intended strategy and the means of implementing it.
- Ploy – intended manoeuvre to outwit competitor or opponent.
- Pattern - realised strategy (deliberate or emergent), pattern in a stream of actions - consistency in behaviour.
- Position - location/ environment. Mediating force between internal and external content.
- Perspective - ingrained and shared way of perceiving reality by members of organisation.

From the above, it can be deduced that strategy change would thus imply that the direction and scope of the organisation, the plans or stratagems (ploys) employed, the behavioural patterns, position and/or perspective of the organisation would change to ensure continued viability, survival and competitiveness. Graetz, Rimmer, Lawrence and Smith (2002: 49) summarise the relation between strategy and change as follows:

“In today’s business environment, strategy-making (strategy formulation and implementation) is concerned largely with the management of organisational change; it is the ‘cognitive component’ of the change process”

2.3.2 Role of strategic management

As per Ehlers & Lazenby (2005: 2):

“Strategic management can be defined as the processes whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies which are aligned with the environment, in order to achieve the long-term objectives of the organisation and therefore gain a competitive advantage through adding value for the stakeholders.”

The key principle of strategic management is ‘maintaining competitive advantage’, by giving the organisation the edge through the adding of value to the product/ service that the competitor and customer cannot do themselves.

According to Ehlers & Lazenby (2005: 14), the benefits of strategic management are:

- Higher profitability
- Higher productivity
- Better communication
- Empowerment
- Discipline and sense of responsibility
- Time management
- Resource management
- Framework for employees
- Proactive thinking of employees

Strategy implementation is the phase in the strategic management process in which management aligns or matches leadership, organisational culture and structures, reward systems and resource allocation with the chosen strategy or strategies (Ehlers & Lazenby, 2005: 193).

2.3.3 Types of business strategy

According to Johnson & Scholes (1999: 11 - 13), there are three strategic choices that organisations can choose from, and a mixture of these choices is also an option.

- **Corporate Strategy**

This form of strategy is concerned with the enterprise strategy, resource allocation and the exploitation of the complementariness between diverse business-units to increase overall strategic fit. Typical questions that should be asked at this level would be, what set (sort?) of business should we be in? How can we leverage the synergies between business units? What are the global trends impacting on the business arena and how can we influence them.

- **Business Unit Strategy**

The focus under this choice is the sustainable competitive advantage of the business unit and the following are mainly addressed: What resources do we have to succeed in this business unit? Which markets can we excel in? What is our unique differentiating value proposition? How can we evolve our competitive advantage to ensure sustainability over time?

- **Functional Strategy**

Functional strategy is concerned with the implementation of business strategy within a specific functional domain. The challenges that need to be overcome in this strategic choice would be the following. What should we do to support the business strategy? What should we do in the short term to ensure long-term results? How can we improve efficiencies?

Corporate strategy change would therefore imply change on an organisational scale and an alteration of the overall scope, vision and objectives of the organisation. Business Unit strategy would refer to the strategy change within specific inter-dependent divisions of an organisation for the purpose of optimising the value and contribution of the entity. Functional Strategy change would impact on an actual functional area of the organisation e.g. Marketing, Product Development, Legal, Human Resources, Financial, Information Technology.

In most instances of major strategic change (Type II Change as defined by Van Tonder (2004a) – refer to Table 2.1.), caused by any one of the triggers, levers, keys, drivers or determinants discussed in Section 2.2.2., a change in Corporate strategy would be supported by radical changes in Business Unit and Functional strategies, following a strategic analysis. Strategy is firstly analysed based on the organisations environment, resources and values, expectations and objectives. Based on the findings of the analysis, a strategic choice is made by generating options, evaluating those options and finally selecting a suitable strategy. When the strategy is implemented, it impacts on resource planning, organisation structure, as well as people and systems.

The choice of strategy ultimately lies with the management of an organisation, irrespective of the causative factors. Level of authority, leadership style and organisational structure all play a role in the strategic decision-making process.

The process of strategic choice is manifested differently in different types of organisations.

Mintzberg and Quinn (in Jarvis, 2005: 1) classify organisations as the Simple Structure, Machine Bureaucracy, Divisionalised Form, Professional Bureaucracy and Adhocracy and discuss the nature of strategies in each of these organisation types.

- **The Simple Structure** (Mintzberg and Quinn in Jarvis, 2005: 2)

These organisations are small, with a centrist management hierarchy and less role differentiation. Such organisations can be termed 'Concept Attainers'.

In the simple structure, entrepreneurial strategy involves the CEO's perspective and vision. Strategies are more deliberate than emergent. When there is no specific plan, patterns will emerge from contingent actions.

- **Machine Bureaucracy** (Mintzberg and Quinn in Jarvis, 2005: 3)

Machine Bureaucracies are large, well-oiled structures managed as integrated, regulated systems using specialised, routine methods and tasks, formal operating procedures, well defined rules and regulations, formal organisational communication systems, structured functional areas and defined systems, departments and staff sections. Decision-making is centralised. If decision-making is decentralised it is governed by well-defined authorities and monitoring methods. Such organisations can be termed 'Planners'.

In the Machine Bureaucracy, strategy making is made by strategic management, with generalist skills at the top, based on information from more specialised members below. Strategic objectives are then

communicated down for implementation at unit/ operational level. The authors found that these planning processes tend to make strategy more operational than innovative. In an unstable environment, a backlog of decision-making for top management can build up, as non-routine and more complex tasks are passed up by middle management. Two other very important factors identified are the need for an efficient management information system to avoid inaccurate or insufficient information filtering from the bottom up, and a revolutionary, powerful, entrepreneurial leader enforcing strategic direction by allowing the organisation to temporarily become a Simple Structure.

To overcome problems, the authors suggest formulating the strategy outside the machine bureaucratic structure or when faced with turbulence or unpredictable change, to merge strategy making and implementation. In addition, the entrepreneurial leader may need to be moved on when change has taken effect, as this leadership style may be incompatible to a machine bureaucracy in the longer term.

- **The Divisionalised Form** (Mintzberg and Quinn in Jarvis, 2005: 4)

These organisations are semi-autonomous with decentralised units, owned and directed by a central parent and administrative structure: the Group Office or Corporate headquarters. It is probably a structural derivative of a Machine Bureaucracy, controlling a large conglomerate delivering horizontally diversified products/ services in an uncomplicated, stable environment without necessarily large economies of scale).

In the Divisionalised form, a division focuses on a particular market and has a limited scope of decision-making. The parent company typically decides performance objectives based on the division's performance as monitored by Group Managers. Top Divisional Managers must secure agreement on strategic implementation programmes and ensure

attention to corporate goals as well. This is usually facilitated through meetings with Group Managers and possibly a standardisation of management skills. As with a Machine Bureaucracy and because of standardised outputs, strategy making can be optimised in a stable environment, but runs the risk of short-term strategic thinking in a volatile environment.

- **The Professional Bureaucracy** (Mintzberg and Quinn in Jarvis, 2005: 5)

Standardisation of skills and values, with decentralisation e.g. group of professionals like doctors, academics, and similar specialist operations. Operational activities are stable and can be forecasted, behaviour is predictable, work may require great knowledge and skill, tasks are controlled by those who perform them, self development is extensive and continued, external professional standards beyond the organisation is ascribed to.

The authors argue that within these structures, innovation necessitated by environmental pressures can be resisted. Thinking in the Professional Bureaucracy is typically convergent, and in a turbulent environment thinking may need to be more divergent to develop new concepts based on new experiences. When proposing radical, innovative programmes, strategic leaders typically have to manoeuvre, lobby and politick their way about blockages of opinion amongst employees.

- **The Adhocracy** (Mintzberg and Quinn in Jarvis, 2005: 6)

Adhocracies are smaller scale, fluid, often temporary structures, characterised by teams of line managers, staff or experts with informal behaviour and high job specialisation. A further distinction is made between the Operating Adhocracy (that operates on behalf of clients)

and the Administrative Adhocracy (serving itself). Teams have their terms of reference from senior management and are decentralised from the rest of the organisation. These organisations can be called 'Pattern recognisers'.

The problem in an Adhocracy is that managers may spend too little time on strategy. By its nature, an adhocracy is an organising solution, a response to environmental pressure, and thinking tends to be reactive rather than proactive. Ideally, an adhocracy should scan the environment to determine new directions and forecast required products and services needed by that environment. An adhocracy tends to waver on decisions about long-term programmes that require the commitment of resources, and instead make decisions with a more operational focus, which could lead into an activity trap as it addresses the symptom rather than the cause. Concentration on action and known solutions may actually limit the organisation's flexibility and ability to respond creatively with new solutions to the pressures of its environment.

Mintzberg and Quinn (in Jarvis, 2005: 1) conclude that management should pay attention to the pitfalls of each organisation type and even adapt another type (change the organisational structure) to address a need for innovation. For example, adhocracy teams may be set up to recognise patterns, while strong leadership may bring the innovation needed in a bureaucracy.

Andersen (2000: 197) comes to the same conclusion in his study of the effects of learning through autonomous actions versus strategic planning. He concludes:

"Both strategy approaches coexist and can concurrently improve organizational performance. Strategic planning is important and enhances performance in all the industrial settings, while autonomous actions, where managers can make independent decisions, also affect firms operating in dynamic and complex industries. Therefore, strategic planning processes are essential to good

performance in all industrial environments and should not be ignored. However, in dynamic and complex industries, performance is even higher when managers simultaneously are authorized to make autonomous decisions and learn from their actions.”

2.3.4 Role of employees in business strategy development and implementation

In the past, aligning all employees to the strategy was not critical. A century ago, at the height of the scientific management revolution, companies could hire uneducated, unskilled employees and train them narrowly and deeply to do a single, relatively simple task. Today, this mode of work is virtually obsolete. For organisations to achieve their objectives all organisational participants need to be aligned to the strategy.

Ehlers & Lazenby (2005: 3) assert that the biggest mistake made by managers is to forget about the most important factor when it comes to management, namely the human being. During the strategic management process, it is imperative to include all the organisation’s stakeholders, namely:

- Shareholders
- Media/ Press
- Customer
- Financial institutions
- Employees
- Community
- Suppliers
- Government

Participatory Planning Processes are becoming increasingly common. Forester (1999) explores the importance of stakeholder participation in complex issues such as the quality of the environment, neighbourhood

housing, urban design and economic development. He demonstrates how skilful deliberative practices can facilitate practical and timely participatory planning processes and in so doing, he provides a window onto the wider world of democratic governance, participation and practical decision-making. This concept holds much potential for implementation in a strategic planning process in an organisational context.

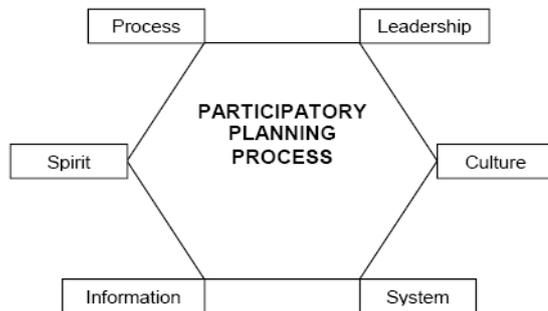
Johnson & Scholes (1999: 512) defines participation (and collaboration) in the change process as:

“the involvement of those who will be affected by the strategic change in the identification of the strategic issues, the setting of the strategic agenda, the strategic decision-making process or the planning of strategic change”.

Pixley (2001: 1 - 4) provides a practical guide to the participatory planning process, which allows a company to think through its organisation's situation and produce a strategic plan of action. He asserts that as managers seek to accelerate change in their organisations, they are increasingly utilising participatory planning processes, as many managers intuitively know that there are substantial benefits from “getting people together and figuring out what is going on”. These processes allow a large group of people (10 to 500) to think through their organisation's situation and, in a relatively short period of time (2 to 5 days), produce strategically based plans of action.

He identifies the key aspects of participatory planning processes as: system, leadership, culture, spirit, process and information.

Figure 2.2 – Key elements of Participatory Planning Process



Source: Pixley (2001: 1)

‘System’ relates to the greater organisational environment. The planning process should deal with how the organisation operates as a whole and within the context of its environment, thus a greater variety of people (from inside and outside of the organisation) should be involved in the discussions.

‘Leadership’ refers to increased decision- making opportunities, to lead to long term sustainable change based on an accumulation of many decisions and increased personal commitment when leadership is recognised and welcomed when it appears.

‘Culture’ mentions the importance of respecting and enhancing the diversity of one’s perspective and understanding, with the ultimate aim of integrating it into the final decisions.

‘Spirit’ is discerning the depth base of the organisation and collectively addressing the values, vision and purpose of the organisation (giving the organisation meaning and uncovering limiting contradictions).

‘Process’ is defined by creating an ongoing iterative process to guide change and allow continuous learning.

‘Information’ stresses the importance of documentation and broad sharing of results as the means to confirming the company’s insights, decisions and

commitments. Images such as logos, slogans and celebrations can be an important element in this process.

Pixley (2001: 3) continues to mention that there is a range of purposefully constructed and tested participatory planning processes to guide a group in its discussion and decision-making, that have been developed over the last twenty years as managers and theoreticians sought to capture improved results through participation. Examples of these are:

- **Technology of Participation (TOP):** Participatory strategic planning, that is a structured participatory planning process that guides a group to look at themselves and their organisation through five major 'lenses':
 - **Current Standing Point:** What is currently going on in our organisation?
 - **Practical Vision:** What do we want to see in our organisation in 2-4 years?
 - **Underlying Contradiction:** What is blocking our organisation from moving towards our vision?
 - **Strategic Directions:** What can we do to overcome the contradictions and achieve the vision?
 - **Implementation Taskforces:** What can we do in the next 3 months to activate the strategic directions?

- **Open Space Technology** is a self-structuring meeting process, which allows the participants to determine the topics of discussion and then hold meetings with interested colleagues.

According to Pixley (2001: 4), the first major benefit of a participatory planning process is that it is a clear, systematic, comprehensive plan of action, prepared in a short period of time, which has extensive buy-in. Participation results in deep commitment and rapid implementation by participants and better

structuring because of the diversity of thinking involved. Secondly, the process builds the capacity of the individuals and the organisation to deal effectively with their changing situation. The participants often start using similar processes in their teams and individual planning processes. Openness and sharing is enhanced, with an increased ability to listen to new ideas and encourages diverse personality. Finally, a participatory planning process is often the least expensive way to get short term and long term results.

This process is also recommended by Nelson & Burke (1998) as a way of avoiding the damaging strategy change of downsizing. Employees should be given information about the financial state of the business so they can draw their own conclusions about the required action. If they are made aware of it, they can provide input on cutting costs. Nelson & Burke (1998: 6) say:

“When employees understand that the organization's performance affects them personally, they will respond by helping to improve that performance”.

Dunphy (in Stroh, 2004: 64) names a few factors in top-down change management that make it difficult to enhance participation:

- The equal demand structure in some organisations means that agreement for change decisions have to be negotiated between partners.
- Hierarchical command structures are not always consensual, so CEOs need to use persuasive techniques to get top managers to agree on change issues.
- Some employees may have developed a sense of cynicism and distrust in leaders because of a history of badly managed restructuring, downsizing, mergers, acquisitions and retrenchments.

Dunphy (in Stroh, 2004: 65) pointing out that, for optimised participation to occur:

“It demands a culture of trust and mutual respect that is easily destroyed by unilateral control and management of fear”

In addition to the emotional dimension required for optimised participation, it is also important that all participants are well informed and capable of valuable contributions. Dunphy (in Stroh, 2004: 65) states that higher skilled workers might be more interested in participating in the strategic direction of the company than lower-skilled workers with repetitive jobs. As educational levels, knowledge and skill levels increase, the need for participation also increases. To ensure meaningful participation on all levels, management need to invest in the skill and corporate capabilities of the workforce.

2.3.5 Transformation methods

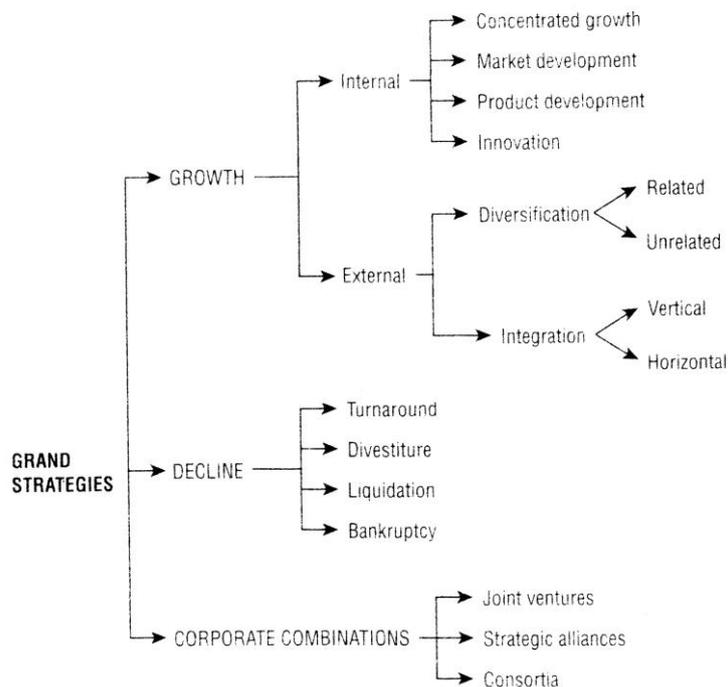
“No organization today -- large or small, local or global -- is immune to change. To cope with new technological, competitive, and demographic forces, leaders in every sector have sought to fundamentally alter the way their organizations do business. These change efforts have paraded under many banners -- total quality management, reengineering, restructuring, mergers and acquisitions, turnarounds” (Kotter, 1998: 27).

Kotter (1996: 19) lists typical transformation methods taken by organisations in an effort to avoid hazards and/or capitalise on opportunities as:

- Reengineering
- Restructuring
- Quality Programs
- Mergers and acquisitions
- Strategic change
- Cultural change

Ehlers & Lazenby (2005: 140) propose three groups of grand strategies (Figure 2.3) to demonstrate the methods of transformation an organisation may embark on in an attempt to gain the competitive advantage.

Figure 2.3 – The three groups of grand strategies



Source: Ehlers & Lazenby (2005: 140)

Each of these strategies, when implemented, has a different effect on the individuals involved. The impact of change on an individual is explored in the next section.

2.4 IMPACT OF CHANGE ON INDIVIDUALS

2.4.1 Difference between change and transition

Bridges (1991: 3 - 5) draws a distinction between change and transition. He suggests that change is situational, and refers to the item that is changing for example new offices or a new boss. Transition is the psychological process that people go through to come to terms with the new situation, and unless transition occurs, change will not work. He suggests that change is external while transition is internal, and while there can be any number of changes, unless transition takes place nothing will be different when the dust clears. He also

suggests that transition starts with letting go of the old, after which people go through a neutral zone, before truly taking on the new.

Bridges' theory on the difference between 'change' and 'transition' would therefore imply that there is a definite distinction between the actual change occurring externally, and the individual's manner in dealing with the change (transition).

2.4.2 The role of perception

Perception plays a major role in how individuals react to change. Van Tonder (2004a: 23) makes a clear distinction between the actual objective phenomenon of change, the intentional process of attempting to engage and deal with the change by the organisation (change management, as discussed in section 2.5 of this document) and lastly, the employees' experience of and response to the change event (e.g. the process of internal transition set in motion by the change). It is important to note that it is not the change per se (as an objective phenomenon) that is resisted, but rather the perceived consequences of the change.

Irrespective of the fact that change is a constant, Van Tonder (2004b: 2) argues that in reality if you observe peoples' daily routines they tend to conform to stability rather than a change paradigm, and when the routine is interrupted with a change the tendency is to revert back to the stability situation that existed before the change. This is because mankind has a tendency to introduce stability and create order as part of his adaptive capability.

Change in any form will thus have an impact on individuals, as they attempt to restore the status quo and a state of stability.

Van Tonder (2004a: 20) argues that the two different types of change, Type I and Type II change (see Table 2.1) are perceived differently by employees and

other stakeholders. It is this perception that then determines how the person reacts and responds to the change.

Petzall, Parker & Stoeberl (2000: 601) note that it is important for organisations to recognise that it is not necessarily what really happens, but rather what workers perceive as happening that will dictate their reactions to management's actions.

According to (in Liu & Perrewe, 2005: 265), during a change program, people will make a primary appraisal, during which stage they make a global evaluation as to whether the stimulus event is goal relevant and goal congruent (e.g. the program may or may not be perceived as relevant to an individual's well being). As an example, they offer a change of customer base that, despite the strategic significance to the organization, may not be perceived as important by a service worker to the extent that she still practices the same type of daily routine in providing the service required. Conversely, a change in CEO may evoke a sense of unsettlement in every employee. Major planned changes such as mergers and acquisitions should be experienced by a majority of the employees as relevant due to the immediate impact on their career, work environment and work relationships. In addition, a change program may or may not be congruent with one's personal goals. Huy (in Liu & Perrewe, 2005: 267) offers the example that one manager may perceive a change program as holding the potential to solve deep-rooted problems in the organization, and thereby be passionate about it and perceive goal congruence, whereas another manager might perceive goal incongruence when the change program is expected to jeopardize the benefits of the department, or is not consistent with his or her personal strategic view. At this stage of appraisal, employees will make only a general, global evaluation due to limited time and information available.

Liu & Perrewe (2005: 274) concludes their research by stating that, when facing a major organizational change in the environment, people engage in an ongoing sense-making process (i.e. cognitive appraisal based on their perceptions), in

which different meanings may be generated at different stages when the change unfolds. This cognitive process (and perception) elicits emotions, because the meanings of the change to individuals cannot be fully anticipated at its introductory stage. However, during the period when the events unfold, the ambiguity and uncertainty related to the change gradually fade away, and the 'meanings' (i.e. possible gains and losses to the organizations and individuals) gradually surface, until the change process follows its course and gives rise to different attitudinal and behavioural reactions.

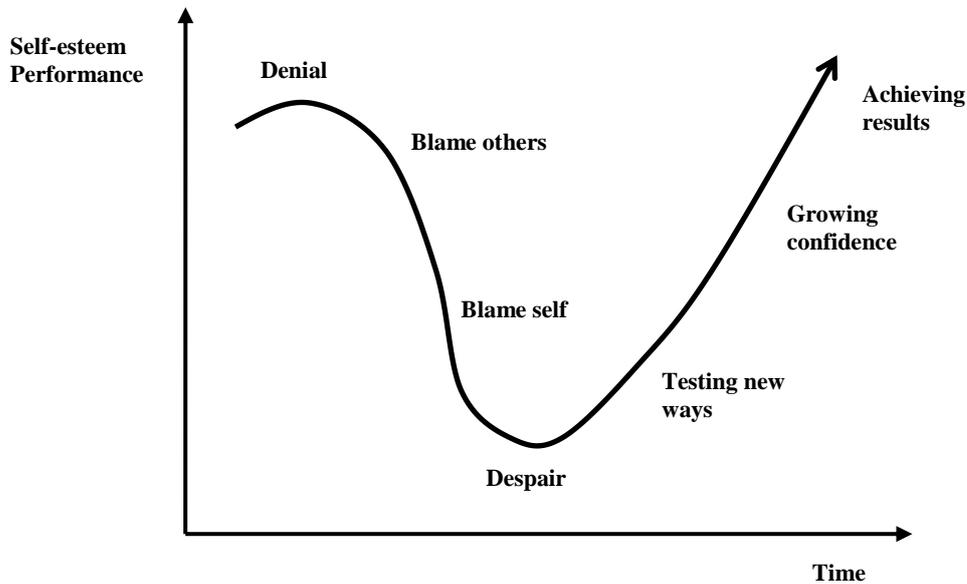
2.4.3 Reaction to change

Beckhard (in Senge et al., 1999: 14) puts it eloquently by stating:

“People do not resist change; people resist being changed.”

What is indisputable is the fact that change has an effect on people, even if just in an effort to restore the equilibrium. A way of viewing peoples' reaction to change is the change curve, which reflects the impact of introducing change on productivity and related elements. In Bourne & Bourne (2002: 15) the graph, which they call the “change roller-coaster” (Figure 2.4), focuses on the impact of introducing change on self-esteem, suggesting that performance lags slightly behind the change in self-esteem. The graph starts with “denial”, the feeling that the change is unnecessary, that it will not happen and will not work. The graph then goes through the stages of the decline before becoming positive again to reach the original level or higher.

Figure 2.4 – The Change Roller-coaster



Source: Bourne & Bourne (2002: 15), adapted from Carnall (1995)

Jaffe & Scott (in Kaye, 1998: 37) have described a four-phase model to identify the stages that people move through when confronted by change:

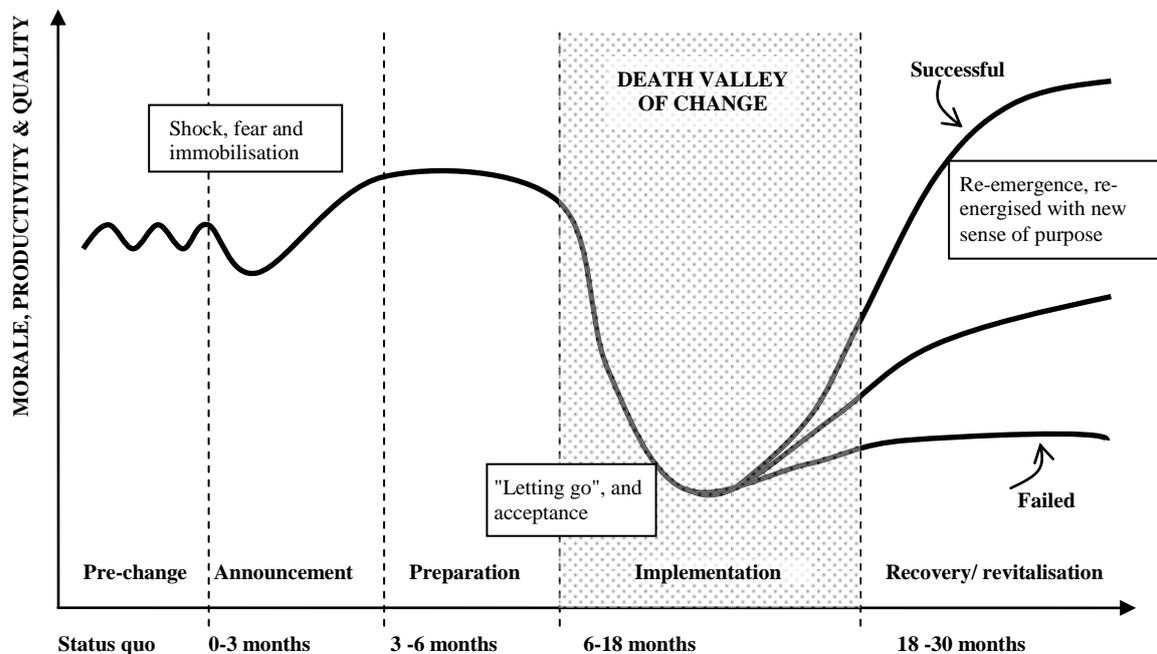
- denial
- resistance
- exploration
- commitment

This compares favourably with Blau's (2006: 17) description of the grieving stages that are central to job loss:

- denial
- anger
- bargaining
- depression
- exploration
- acceptance

The following graphic depiction of the change curve (Figure 2.5) put forward by van Tonder (2004b: 8) is similar to the one in Figure 2.4, but provides an overview of the process of collective transition (as opposed to individual transition) and the effects of major change (Type II change) on morale, productivity and quality. The graph includes estimated timelines for the transitional period, as well as an indication of the effect of successful versus failed projects. Collectively, the stages in this next curve are also similar, starting with shock, fear and immobilisation at the announcement of the change. The preparation phase shows a steady and high level of morale, productivity and quality (a period of acceptance), but is followed by a sharp decline during implementation. The implementation phase is described as the “Death Valley of Change”, continuing either negatively as failed change, or positively with an upward curve to successful recovery, climaxing at re-emergence, re-energisation and a renewed sense of purpose.

Figure 2.5 – Impact of collective “transition” during major organisational change



Source: van Tonder (2004b: 8)

It is interesting to note that both of the above graphs (Figure 2.4 and 2.5) seem to start as if the news is always negative, not allowing for the announcement of the change to be positively received.

What is certain, is that all change, and in particular Type II change because of its paradigm-changing nature (refer to Table 2.1), and has a definite impact on individuals. Knowledge of the phases individuals go through when experiencing major organisation change, can assist change agents and management in sensitising them to the emotions experienced during the change process.

2.4.4 The challenges of change

Many organisations' attempts to implement major change efforts result in wasted resources, burnt-out, scared or frustrated employees (Kotter, 1996: 3).

Senge et al. (1999) put forward a useful model (Table 2.2) to understand the various challenges organisations face when change occurs, as background for recommendations on the management action for each stage of change.

Table 2.2 – Challenges of change

Challenges Of Initiating	
<i>These challenges are often sufficient to prevent growth from occurring, almost before it starts. They are consistently encountered at the early stages of significant organizational change. The capabilities to deal with them must be developed under high pressure; but in managing these challenges effectively, organizations develop capabilities much sooner than otherwise for dealing with challenges down the road.</i>	
1	Not Enough Time: "We don't have time for this stuff!" (Senge et al., 1999: 67) This is the challenge of control over one's time. This challenge is represents a valuable opportunity for reframing the way that workplaces are organized, to provide flexibility and time for reflection and innovation.

2	<p>No Help: "We have no help!" (Senge et al., 1999: 103) People feel like the blind leading the blind. Some managers believe that asking for help is a sign of incompetence; others are unaware of the coaching and support they need. Meeting this challenge means building the capabilities for finding the right help, and for mentoring each other to develop successful innovations.</p>
3	<p>Not Relevant: "This stuff isn't relevant" (Senge et al., 1999: 159) People wonder: "Why are we doing this stuff?" A top priority for pilot groups is a clear, compelling case for learning and change. If people are not sufficiently committed to an initiative's goals, a "commitment gap" develops and they will not take part wholeheartedly. Building relevance depends on candid conversations about the reasons for change and the commitments people can make.</p>
4	<p>"Walking the Talk" – "They're not walking the talk!" (Senge et al., 1999: 193) This challenge summarises leadership values. What happens when there is a mismatch between the things the boss says and his or her actual behaviour? People do not expect perfection, but they recognize when leaders are not sincere or open. If executive and line leaders do not provide an atmosphere of trust and authenticity, then genuine change cannot move forward.</p>
<p>Challenges of Sustaining Momentum</p>	
<p><i>These challenges occur sometime during the first year or two, when the group has clear goals and has discovered that new methods save more than enough time to put them into practice. Now the pilot group's real troubles begin. Sustained activity confronts boundaries - between the work of the pilot group and "internal" attitudes and beliefs, and between the pilot group's needs and the larger-scale company's values and ways of measuring success.</i></p>	
5	<p>Fear and Anxiety: "This stuff is ----" (Senge et al., 1999: 241) The blanks represent the fact that everyone expresses their fear and anxiety with a different form of defensiveness.) How do you deal with the concerns of team members about exposure, vulnerability and inadequacy, triggered by the conflicts between increasing levels of candour and openness and low levels of trust? This is one of the most frequently faced challenges and the most difficult to overcome.</p>
6	<p>Assessment and Measurement: "This stuff isn't working" (Senge et al., 1999: 281) How do you deal with the disconnection between the tangible (but unfamiliar) achievements of a pilot group and the organization's traditional ways of measuring success?</p>
7	<p>True Believers and Non-believers: "They don't understand us!" (Senge et al., 1999: 319) "We have the right way!" say pilot group members. "They're acting like a cult!" say their other colleagues and peers. Riding on a wave of early success, speaking their own language, the pilot group becomes increasingly isolated from the rest of the organization. Outsiders, meanwhile, are put off and then turned off by the new, unfamiliar approaches and behaviour. These misunderstandings easily accelerate into unnecessary, but nearly unavoidable, opposition.</p>

Challenges of System wide Redesign and Rethinking	
<i>These challenges appear as a pilot group's work gains broader credibility and confronts the established internal infrastructure and practices of the organization.</i>	
8	Governance: "Who's in charge of this stuff?" (Senge et al., 1999: 361) There is a distinct feeling of "They won't give up the power." As the pilot group's capabilities and activities increase, it runs into the priorities and established processes of the rest of the organization. This leads to conflicts over power and autonomy and to a destructive, "us-versus-them" dynamic that nobody wants - and that could be avoided if the capabilities are in place for organizational redesign.
9	Diffusion: "We keep reinventing the wheel!" (Senge et al., 1999: 417) Unless organizations learn to recognize and deal with their mysterious, almost unnoticed inability to transfer knowledge across organizational boundaries, people around the system will not build upon each other's successes.
10	Strategy and Purpose: "Where are we going?" and "What are we here for?" (Senge et al., 1999: 487) How do you revitalize and rethink the organization's intended direction for success, its' contribution to its community and its future identity? How do you improve the processes of conversation that lead people to articulate and refine their aspirations and goals for achieving them?

Source: Senge et al. (1999: 66 - 563)

The authors then provide specific strategies for managing the various stages and associated blockages, with particular reference to the Systems Thinking Approach and the 'Learning Organization', incorporating Systems Thinking with continual reinforcement and feedback to maintain the change momentum and to achieve sustainable change, as only these strategies can truly achieve the change objectives.

2.5 CHANGE MANAGEMENT

Whereas the previous section was concerned with the causative factors resulting in change and the effects of change, change management is related to the actual 'engagement' of change.

2.5.1 Change Management versus Change Leadership

Change Management is a well documented term, and there are numerous theories on the management of change, but Van Tonder (2004a: 23) argues that the functionalist notion of change management – as a planned and controlled activity – is limited to a situation of environmental stability and far too constraining to inform organisational practices when, for example, dealing with non-linear change in complex systems. Type I and Type II change (as detailed in Table 2.1), would require a totally different engagement technique. He clearly states that different perceptions and experiences of change, in turn, require different responses from the organisation i.e. different strategies and interventions for dealing with different types of change.

According to Van Tonder (2004a: 23), change management resides in the management influence category, and not the change category. Rose (2002: 1) agrees. He says that the challenge today is that change is not an ‘engineering’ problem. Change involves people, and can call up emotions, uncertainties and inconsistencies. Therefore, simply managing change is insufficient. Successful change requires leadership.

Kotter (1998: 33) states that:

“producing change is about 80 percent leadership - - establishing direction, aligning, motivating, and inspiring people - - and about 20 percent management - - planning, budgeting, organizing, and problem-solving.”

According to Kotter (1996: 20), after examining success stories, one of the repeated patterns of successful change efforts, is when a multi-step process is driven by high-quality leadership, not just excellent management.

Strategic leadership, according to Ehlers & Lazenby (2005: 193) is the ability to:

- anticipate, envision, maintain flexibility and to empower others to create strategic change as necessary,
- articulate a strategic vision for the organisations, and
- motivate others to buy into the vision.

It involves managing through others and influencing human behaviour in order to achieve goals.

2.5.1.1 Challenges experienced by managers and leaders

All institutions need effective leadership, but nowhere is the need greater than in the organisation seeking to transform itself. Kotter (1996: 18) asserts that the greatest challenge is that most managers have no history or legacy to guide them through a change effort, as transformation efforts were not common in the past. Change occurred incrementally and infrequently, as opposed to the current challenges of a globalised economy, necessitating dramatic improvements not only to compete and prosper, but also to merely survive.

Mishra, Spreitzer & Mishra (1998: 84) mentions that managers who must implement layoffs suffer too. The authors say that De Vries and Balazs found that managers often become abrasive, narcissistic, withdrawn, alienated, apathetic, or depressed. Many blame themselves for the harm that they have caused others.

In a longitudinal study conducted by Clarke, Hope-Hailey & Kelliher (2007: 100) it was found that the emotion work managers perform in an organisational change context is often not seen as legitimate in the representation of the rational workplace, even though it appears to form an important and onerous part of their role:

- The feelings that managers suppressed or feigned in this context needed to be sustained over a long period of time and ‘spilled over’ beyond the physical boundaries of the workplace.
- In addition, the emotion work was unscripted; some of the most demanding emotion work carried out in the ‘mobilise’ phase was uncharted territory for these managers, who were given no training and very little guidance around how to carry out redundancy activity, or how to cope with extreme reactions from employees.
- The emotion work was also unsupported; managers felt there was nobody they could really talk to because discussing such issues was seen as a weakness.
- The work was unacknowledged; those senior and junior to these managers did not acknowledge this demanding element included in their role.

These characteristics made the emotional aspect of their role more difficult and demanding than for many other groups. The type of emotion work that is undertaken also appears to change, depending on the stage of organisational change as defined by Balogun and Hope Hailey (in Clarke et al., 2007: 101):

- In the ‘mobilise’ phase the data suggests more heightened emotions, especially in high strength relationships. In addition, this phase was also perceived to be the most uncertain and insecure, with managers experiencing fear and vulnerability around their own roles which often manifested itself in both political and self-protective behaviour. During this phase managerial emotions were often hidden, and most emotion work was invisible. Whilst the organisation is in this stage of change the managers simultaneously had to let go of the (sometimes very painful) past, which often resulted in reported feelings of shock or denial. This

data phase indicated the highest amount of emotion work especially in relation to the rational representation and ambivalence surrounding these tasks.

- During the 'move' phase managers are adapting to the changes, but are also becoming aware of the new behaviours and expectations required. There is an acceptance of the changes, but they are not always 'embraced' whole heartedly. The dynamics included the assessment of what emotions are now acceptable and unacceptable, which in turn influences the nuances of how the expression and suppression of emotion are adjusted.
- Finally, in the 'sustain' phase, there is a certain amount of acceptance, yet managers have had space to reflect on what happened and construct their own interpretations. It also prompted some managers to question their own role in implementing the organisational change, and how they felt about it, with some 'blaming' the organisation, while others questioned their own involvement.
- Once the change has been 'executed' the ramifications at both an emotional and operational level continue for a long time. This is an issue of consequence when viewing change purely from a 'task' point of view because emotional issues and 'fall out' ripple through the organisation long after a particular change has been implemented. For example, 18 months after the downsizing there is still considerable emotion work surrounding the surviving (but diminished in terms of headcount) team members who are now under greater pressure due to increased workloads.

The authors mention the following influential factors in the study: organisational expectations (outwardly a highly rational environment, the idea of the

managerial role); societal expectations (the community, being male); and an understanding of the political and economic context.

Clair, Dufresne, Jackson & Ladge (2006: 135-137) list some of the high risk factors worsening the negative effects on downsizing agents (Human Resources representatives and/or Line Managers) as lack of buy-in, conflicting obligations (when details of the downsizing needs to be kept confidential), feeling stigmatized, personal ties with employees, fear for personal safety (threats by disgruntled employees) and uncertainty about their own future at the organisation.

Chronic exposure to downsizing typically lead to downsizing agents to be less emotionally engaged with downsizing from the beginning of the process, focusing more on the task at hand and less on their emotional reactions to it (Clair et al., 2006: 137). The authors continued to state that although it may seem that prior experience prepared downsizing agents to cope better with the trials of downsizing by providing perspective and emotional distancing, it led to some veteran downsizing agents reporting feeling emotionally numbed or unable to connect. Prior research suggests that experiences of emotional disconnection can be warning signals of emotional trauma, burnout, and stress, rather than an indicator that things were going well. Such outcomes are frequently documented for professionals who engage in prolonged care for others in need or where they are exposed to traumatized individuals.

Nelson & Burke (1998:2) agree that one of the most common pitfalls of change is when executives become detached in an effort to avoid dealing with the personal conflicts that downsizing creates. By becoming detached, senior management often neglect their role in facilitating the change process.

According to Foger & Skarlicki (in Nelson & Burke, 1998: 2) a detachment in executives is more pronounced when layoffs are due to mismanagement. In other instances, executives withdraw to avoid dealing with the personal conflicts

and discomfort created by the downsizing. The authors continue to state that effective leadership is a critical element in the transformation process.

2.5.1.2 Characteristics of successful leaders

The dimensions of leadership according to the King II Report (in Ehlers & Lazenby, 2005: 193) are:

- Efficiency
- Probity
- Responsibility
- Transparency and accountability

Changes in leadership are likely to affect the change process adversely, particularly if trust – a key ingredient – is jeopardised. The way in which senior managers handle layoffs has a major impact on survivor’s attitudes and behaviours (Nelson & Burke, 1998: 9). They list Rosen’s eight characteristics of leaders that constitute ‘wisdom in action’, shown in Table 2.3 and assert that all eight of these attributes are needed to achieve management control during an organisational change:

Table 2.3 – Rosen’s Characteristics of Successful Leaders

1. Vision	to create a common purpose that mobilises people
2. Trust	to form a culture of candour
3. Participation	to unleash and focus followers’ energies
4. Learning	to promote constant innovation
5. Diversity	to create an appreciation of differences and a culture of mutual respect
6. Creativity	to encourage independent thinking
7. Integrity	to reach an understanding that good ethics is good business
8. Community	to form a mutual commitment that inspires high performance

Source: Nelson & Burke (1998: 9)

Kotter (1998: 28) emphasises that transforming an organisation is the ultimate test of leadership. In addition, understanding the change process is essential to many aspects of a leader's job. Two skills in particular -- building coalitions and creating a vision -- are especially relevant to our times.

2.5.2 Preparing for change

If the stability paradigm of 'stability as the norm interspersed with change' is true, it is understandable that the change catalyst is required to 'move' a system from a state of inertia to a new state; hence the notion of change management. If however change is the constant and stability is the exception, then the focus becomes living with change, and change management would not be heard of and we would not pay much attention to change.

Van Tonder (2004b: 2) suggests that as people find themselves in a rapidly evolving society that is speeding up the pace of incremental changes and reducing the periods of relative stability, the change paradigm will replace the stability paradigm (the subjective experience of non-change) by which time competencies for the new experience need to be in place. To survive under the instability or change paradigm people and organisations need to be "change equipped", "change competent" or at worst "change resilient", this learning taking place through awareness of the nature of change. Living with change competencies as a proactive rather than reactive approach will give a sense of being in control, unlike the loss of control experienced during rapid and major change that is unexpected. He continues that part of the problem of moving to this new view of living with change is the comfort and security offered by order and stability. The perceived personal costs of change often inhibit change, and so people try to negate or deny the need for, or presence of, change.

This leads to the concept of Learning Organisations (Senge et al, 1999: 22). Smith (2001: 2) quotes Senge as defining a learning organisation as:

“organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.”

The basic rationale for such organisations is that in situations of rapid change only those that are flexible, adaptive and productive will excel. So instead of 'managing' change, the culture of an organisation is proactively developed into a 'learning organization', tapping people's commitment and capacity to learn at all levels. Kotter (1996: 175) also identifies lifelong learning as a key requirement for successfully dealing with change in the twenty-first century.

The dimension that distinguishes learning organisations from more traditional organisations is the mastery of certain basic disciplines or 'component technologies'. The five that Peter Senge identifies (Senge et al.: 32) are said to be converging to innovate learning organisations. They are:

- Systems thinking
- Personal mastery
- Mental models
- Building shared vision
- Team learning

Senge's (in Smith: 2001: 4) first discipline - System thinking - differs radically from traditional forms of analysis. Where analysis requires the breaking down of the issue into components, system thinking has an expanding view, taking into account the 'bigger picture', e.g. how an issue interacts with other constituents of the system of which it is a part. System thinking is especially effective in dealing with complex or reoccurring problems.

Although the five disciplines are extremely useful and essential in establishing an organisational (and social) system built on principles, practices and essences, in reality only a limited number of companies within a capitalist system will wholeheartedly turn to this human resource-focused approach (Smith, 2001: 9). Another challenge the author identifies is that the process of exploring one's performance, personality and fundamental aims in life (and this

is what Senge is proposing) is a daunting task for most people. Senge may also have underestimated the political and social impact of organisational activity, as well as suggesting a tendency to view plurality and difference as a danger. The political aspect of organisations cannot be transcended, and the key is whether people can learn to respect and engage with each other's ideas, behaviours and beliefs (Smith, 2001: 11).

Johnson & Scholes (1999: 498) confer that a learning organisation is capable of benefiting from the variety of knowledge, experience and skills of individuals through a culture which encourages mutual questioning and challenge around a shared purpose of vision. However, they mention that irrespective of being commendable as an aim for management, there is little evidence of the common existence of such organisations.

2.5.3 Dealing with change

2.5.3.1 Pitfalls of successful change

Kotter (1996: 4) states that, to some degree, the downside of change is inevitable. Pain is ever present, whenever human communities are forced to adjust to shifting conditions. He asserts that most of the waste and anguish is avoidable if the most common errors made are addressed.

After examining the efforts of more than 100 companies to remake themselves into better competitors, Kotter (1996: 3 - 16) identified the most common mistakes leaders and managers make in attempting to create change, as:

- Error # 1: Allowing too much complacency.
- Error # 2: Failing to create a sufficiently powerful guiding coalition.
- Error # 3: Lacking a vision.
- Error # 4: Under-communicating the vision by a factor of 10.
- Error # 5: Not removing obstacles to the new vision.

- Error # 6: Not systematically planning for and creating short-term wins.
- Error # 7: Declaring victory too soon.
- Error # 8: Not anchoring changes in the corporation's culture.

Further research (Kotter, 1998: 27 – 33) brought him to the conclusion that the most common and critical pitfalls of successful change are:

- **Writing a memo instead of lighting a fire** (Kotter, 1998: 27) - Failing to create a sense of urgency (refer to point 1 in Table 2.4). This factor is responsible for at least half of failed change efforts.

"Without motivation, people won't help and the effort goes nowhere... Executives underestimate how hard it can be to drive people out of their comfort zones."

Firstly, factors contributing to complacency should be identified. Thereafter, brainstorm to counter all of these factors and create an action plan to implement ideas. This will bring about the necessary sense of urgency and building the necessary momentum. According to Kotter (Rose, 2002: 2) the lack of a sense of urgency is the reason why 50% of change efforts fail, and is only adequate when 75% of your staff is honestly convinced that business as usual is no longer an acceptable plan.

- **Talking too much and saying too little** (Kotter, 1998: 27) - Failing to communicate the change vision (refer to point 4 in Table 2.4). Successful transformation rests on "a picture of the future that is relatively easy to communicate and appeals to customers, stockholders, and employees. A vision helps clarify the direction in which an organization needs to move". It assists in decision-making and is ambitious, yet achievable. It is more emotional than rational. An effective vision should be clear and concise enough to be communicated to somebody else within 5 minutes or less,

and should result in understanding and interest. An effective change vision should not only include new strategies and structures, but senior executives must also lead by example, as they are closely watched by their immediate subordinates. Most leaders under-communicate their change vision by a factor of ten. And the manner in which this communication takes place is usually of the least convincing variety e.g. speeches and memos. Communication should be creative and consistent. Leaders should deal with major obstacles and ensure that the key players have enough time, resources, assistance and support to make it happen. The organisation should also ensure that the next generation of leaders believe in and embody the new ways.

- **Declaring victory before the war is over** (Kotter, 1998: 27) - Failing to consolidate gains and produce more change (refer to point 7 in Table 2.4). The result of a change vision is not directly proportional to the effort invested. Unfortunately, if the change process is one-third of the way through, only one-tenth of the possible results are likely to be seen. Although it is necessary to celebrate small victories, if managers settle for too little too soon, they will probably lose it all. Kotter warns that urgency levels can drop when it becomes clear to people that major change will take a long time. The commitment to produce 'short-term wins' help keep the urgency level up, force detailed analytical thinking that can clarify or revise visions, and produce compelling evidence to people that their efforts are bearing fruit, providing motivation for continued change. People have to be helped to make the connections between the effort and the outcome, so it is important to communicate how change has improved the organisation. Until changes sink deeply into an organisation's culture (a process that can take five to ten years), new approaches are fragile and inclined to regression. It's easy for the powerful forces of tradition to regain ground, if permitted to. Until new behaviours are rooted in social norms and shared values, they are subject to degradations as soon as the pressure for change is removed.

- **Looking for villains in all the wrong places** (failing to create a guiding coalition – refer to point 2 in Table 2.4). According to Kotter (1998: 27) organisations often unfairly and incorrectly attribute change resistance to middle management. In practice, it is more often than not those individuals that work just a level or two below the CEO that have the most to lose in a change and consequently resist it most. That’s why it is crucial to build a guiding coalition that represents all levels of the organisation. Regardless of the organisation’s size, any guiding coalition needs to have three to five powerful people, as an initial core of believers, leading the effort. Involving respected leaders from key areas in this coalition will pay great dividends later.

Kotter (1998: 27) concludes that these common mistakes suggest three key tasks for change leaders: managing multiple time lines, building coalitions, and creating a vision.

Based on the above mistakes leaders and managers make, Kotter (1996: 22) has consequently compiled the following Change Model (Table 2.4). He describes the eight-stage process of successfully creating major change as:

Table 2.4 – The Eight-Stage Process of creating major change

1. Establish a sense of urgency;	5. Empower broad-based action;
2. Create the guiding coalition;	6. Generate short-term wins;
3. Develop a vision and strategy;	7. Consolidate gains and produce more change;
4. Communicate the change vision;	8. Anchor new approaches in the culture

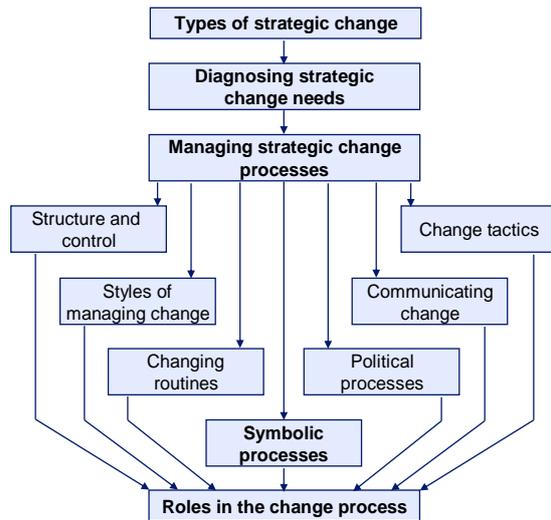
Source: Kotter (1996: 22)

In later research, Kotter (1998: 27), confirmed that mismanaging any of these steps can undermine an otherwise well conceived change process.

2.5.3.2 Managing strategic change

Johnson and Scholes (1999: 495) proposed the following framework (Figure 2.6) for managing strategic change.

Figure 2.6 – A framework for managing strategic change



Source: Johnson & Scholes (1999: 495)

They elaborate on each of the elements within the framework. Styles of managing change would include:

- Education and communication
- Collaboration/ participation
- Intervention
- Direction
- Coercion/ edict

The authors explore the benefits and problems of each style and conclusively assert that the different styles would be appropriate under different circumstances, e.g. education and communication would be more appropriate for incremental change or long-term horizontal transformational change, and coercion would be the appropriate style for a period of rapid change in a crisis situation.

Another area of particular interest within the work of Johnson and Scholes (1999: 515 - 519) is their emphasis on symbolic processes as an important factor for successfully managing strategic change. In a South African context, symbolic processes are of particular importance (see Section 3.4.4 on the exploration of communication across culture). According to the authors, symbolic processes would include:

- The use of rituals (such as rites of: passage, enhancement, renewal, integration, conflict reduction, degradation, sense making, challenge, counter-challenge)
- Changes in organisational systems (e.g. reward systems, information and control systems, reporting structures)
- Changes in physical aspects of work environment (location changes, dress code, office space)
- The behaviour of leaders and change agents
- Organisational stories
- Language and terminology

2.5.3.3 Change Models

Change management is an extensively explored subject. There is an impressive array of 'planned change' and 'change management' models found in the literature. Van Tonder (2005: 52 – 57) gives the following overview and conclusion regarding change management models:

- **Classic Change Management Model**

Few people have had as profound an impact on the theory and practice of social and organisational psychology as Kurt Lewin, especially with regard to his Classic Change Management Model. Lewin's model describes change as the consequence of a disturbance in the force field

surrounding an entity or organisation. The objective is to re-establish a situation of equilibrium. Organisations change by moving through the stages of “unfreezing”, “changing” and “refreezing”. Although this model has been criticised as linear and over-simplistic, it is still comparable with more complex theories and its power is derived precisely because of the fact that it represents an uncomplicated, effective metaphor for the fundamental change management process.

- **N Step Change Models**

The author asserts that most change models available today are based on a generic model consisting of a number of stages or steps (N steps) that follow or unfold in a sequential and seemingly linear manner. These models usually vary between five and seven step configurations and although they vary in the naming of the steps, the underlying premise for dealing with change is consistent. He noted the important observation by the Corporate Leadership Council that organisations they profiled in a study, customised change models to fit their organisational needs. This manifests in variations (e.g. focused training and support/ coping strategies), but does not detract from the core ‘change management process’.

- **Action Research and appreciative inquiry**

The approaches of action research and appreciative inquiry are fundamentally and by design collaborative and participative in nature. These approaches do not focus on current issues, but on essential (needed) issues e.g. what the vision should be. Appreciative inquiry focuses specifically on identifying and building positive organisational success stories, instead of merely problem solving activities. Steps in this process typically entail:

- DISCOVERY – interview based data collection on what has worked best.
- EXTRACTING COMMON THEMES from data
- FORMULATING PROPOSITIONS – ‘the dream stage’. Identifying positive future possibilities from common themes.
- VALIDATION AND IDENTIFICATION OF ACTION STEPS
- ASSESSMENT OF ORGANISATIONAL RESOURCES and identifying areas in need of development.
- PRIORITIES – establishing organisational priorities and action plans.
- IMPLEMENTATION
- EVALUATION

These models can be time intensive, rely heavily on interviewer skills, and need to be able to remain focused on driving the intervention. It should, however, reduce costly and ‘avoidable resistance’ more than conventional models.

2.6 CHAPTER CONCLUSION

This chapter explored change, strategy change, the impact of change on individuals, and change management by reviewing existing literature on the subject. From the literature review, it is evident that the impact of strategy change on individuals cannot be denied.

Change management models mainly address planned change, which is insufficient in dealing with unplanned, emergent strategies and unpredictable change. If change is constant, change management models need to be adapted to address an ever-changing environment. The usefulness of generic change models is limited to providing initial structure and perspective. Van Tonder (2005: 57) summarises the recent arguments of scholars on this subject as:

- A more comprehensive, flexible approach to organisational change is needed – an approach that accounts for both incremental (Type I) and transformational (Type II) change.

- The context specific nature of change is increasingly recognised. This implies that no universal sequence of change activities or events can be applied across organisations. Process orientated models e.g. action research, suggests that change ‘management’ emerges from the data sampled, which is more flexible in terms of the unique requirements of organisations. The strong consultative philosophy behind this model results in greater ownership for the change process and allows for variation. Refer to Section 2.3.4 for an overview and the benefits of a participatory planning process during strategic decision-making. Van Tonder (2005: 53) mentions the similarity of this approach to Dixon’s organisational learning process, which entails the widespread generation of information that is consequently integrated into the fibre of the organisation, collectively interpreted and followed by responsible action. This also shows similarity to Senge et al.’s (1999) learning organisations (refer to Section 2.5.2), which would equip organisations better to deal with both planned and unplanned change.

This demonstrates the importance of a flexible, non-linear change management model addressing the need for continuous learning and enhanced interaction (participation).

The importance of change leadership is another theme that has surfaced continually in the literature review. Authors such as Pixley (2001: 1 - 4), Senge et al., 1999: 193, Mishra (1998: 84), Van Tonder (2004a: 23), Rose (2002: 1), Kotter (1998: 33) Ehlers & Lazenby (2005: 193) explore the importance of strong leadership in effective change management. However, the very people

needed to implement the change process, the managers and leaders, are also adversely affected (Mishra, Spreitzer & Mishra, 1998: 84) (Nelson & Burke, 1998: 3).

The study aims to investigate the effect of constant and numerous strategy changes (downsizing in particular) in a South African environment on the remaining employees' morale, performance and commitment. The next chapter will focus on downsizing as a strategy change, and change implementation in South Africa, in an attempt to concentrate on the focus areas of the topic, i.e. the effect of downsizing on employee morale, performance and commitment in a South African context.

CHAPTER 3

DOWNSIZING AND CHANGE IMPLEMENTATION IN SOUTH AFRICA

3.1 INTRODUCTION AND BACKGROUND

The author of this study is in a Human Resources Management role at a South African-based global Telecommunication Company. The Telecommunication Company being examined opted to change strategy more than three times within ten years (including decentralisation, centralisation, outsourcing, restructuring and downsizing), mainly due to the appointment of new Chief Executive Officers during this time, each time resulting in a substantial shift in company strategy and brand values. During this process, the company has moved from one strategy to another, only to return to the original strategy. The most recent and on-going strategy change involves a restructuring that has commenced in January 2006 and is still taking place at the time of this study. The common and consistent factor during all these strategy changes was the shedding of jobs along the way. All this strategy change occurred without any attempt to assist the employees with their understanding of the necessity or benefits of such changes. In addition, no structures or mechanisms were put in place to facilitate the employees' acceptance of the new strategies, such as those suggested by Kotter (1996: 22), Johnson & Scholes (1999: 495), Mbigi (in Madzivire, 2003: 53) and Madzivire (2003: 360).

In line with the focus areas of this study, this chapter will review existing literature related to downsizing as a strategy change and the impact of downsizing on morale, performance and commitment. In conclusion, it will examine change implementation in a South African context.

3.2 DOWNSIZING AS A STRATEGY CHANGE

3.2.1 The definition of downsizing

Executives often view layoffs as a fast way to fight sagging profits by cutting costs, repositioning their businesses and improving productivity (Hilsenrath, 2001: 1). Even though downsizing has been prevalent and has affected millions of workers, different concepts, levels of analysis and measurement criteria have been applied to this single construct (Cameron, Freeman & Mishra, 1993: 24). Some synonyms of downsizing they've come across include resizing, declining, restructuring, reorganising, re-engineering, leaning-up, streamlining, reduction-in force, rightsizing, retrenching, slimming, researching, non-adapting, and consolidating. In conclusion, they clarify the meaning by stating that:

“Organizational downsizing consists of a set of activities that are undertaken on the part of management, designed to improve organizational efficiency, productivity, and/or competitiveness. It represents a strategy that affects the size of the firm's workforce and its work processes.”

According to the authors, downsizing has four major attributes (Cameron et al., 1993: 25):

- **Intent**

Downsizing is usually undertaken as a strategic, proactive response with the aim of improving organisational effectiveness. The intentional process of downsizing may also involve mergers, acquisitions, sell-offs or restructuring.

- **Personnel**

Downsizing has an effect on personnel, most often in the form of personnel reductions. Even though some new staff members may be acquired, the overall

process results in fewer numbers of workers employed per unit of output as compared to some previous level of employment.

- **Efficiency**

Downsizing is either a proactive, or reactive process undertaken in an attempt to contain costs, enhance revenue and/or bolster competitiveness.

- **Work processes**

When activities are downsized, it results in changes in the work processes, through restructuring, redesigning and eliminating work. Because fewer employees remain, what work gets done and how it gets done, is affected.

Cameron et al. (1993: 27) states that it is important to differentiate between downsizing and layoffs. Whereas layoffs refer to a single tactical, reactive operation used to implement a downsizing strategy, downsizing may be both strategic and proactive. Downsizing includes an array of options and may not even refer to layoffs at all.

Blau (2006: 13) identifies three forms of downsizing:

- 'General downsizing' is the planned elimination of jobs or positions. There are layoff victims/ displaced workers, as well as organisational survivors;
- 'Worksite/function closures' involve the downsizing of all employees at a particular worksite or within an organizational function/ unit at a designated time. There are no survivors, unless employees have the option of being transferred to other worksites or functions, in which case those employees would become organizational survivors.

- ‘Single-unit business closing’, in which all employees lose their jobs without any transfer possibility, resulting in no survivors

3.2.2 Downsizing Strategies

Freeman & Cameron (in Gandolfi, 2005: 60) identified two archetypal approaches to downsizing:

- Reorientation (large-scale organisational changes, typically structural and cultural in nature). Making the organisation different.
- Reinforcement (small-scale incremental changes, typically focussing on jobs or tasks). Making the organisation more efficient.

They found that reorientation approaches were associated with more effective downsizing in the long run than were reinforcement approaches.

Downsizing has further been categorised by Cameron (in Feldheim & Liou, 1999: 56-57) as follows:

- **Workforce Reduction Strategies**

- In workforce reduction strategies, costs are cut by eliminating underutilised resources to increase profitability.
- These strategies are based on capitalism and the economic model, which assumes that:
 1. Individuals are rational, self-interested decision makers driven primarily by economic goals;
 2. Economic relations between individuals are governed by contracts;
 3. Organisational structures are determined by cost-efficiency. The primary goal of the economic model is profit

maximization or maximization of shareholder wealth, and management decisions must be made based on this goal.

- **Organisational Redesign Strategies**

- These strategies focus on cutting work, not workers.
- The focus is on efficiency and competitiveness, consistent with the economic model.

- **Systemic Strategies**

- Downsizing strategies using a systemic approach focuses on quality, which is achieved through a committed workforce.
- What is of importance is the organizational culture and values, the human resource system, the customer; and continuous improvement.
- The underlying assumptions of the quality movement are based on the belief that people are intrinsically motivated to work, to be creative, to succeed.
- Empowerment, training, opportunity, decision-making, accountability and mutual respect are concepts valued in a quality strategy. Of key importance in the quality movement, is the issue of trust between the employee and organisation.

Cameron (1994) summarises the three types of Downsizing Strategies, in terms of the focus of the strategy, what is eliminated, the implementation time, the payoff target, the inhibitions and strategy examples, as demonstrated in Table 3.1 below:

Table 3.1 – Three Types of Downsizing Strategies

	Workforce Reduction	Work Redesign	Systemic
<i>Focus</i>	Headcount	Jobs, levels, units	Culture
<i>Eliminate</i>	People	Work	Status quo
<i>Implementation time</i>	Quick	Moderate	Extended
<i>Payoff target</i>	Short-term payoff	Moderate-term payoff	Long-term payoff
<i>Inhibits</i>	Long-term adaptability	Quick payback	Short-term cost savings
<i>Examples</i>	Attrition Layoffs Early retirement Buy-out packages	Combine functions Merge units Redesign jobs Eliminate layers	Involve everyone Simplify everything Bottom-up change Target hidden costs

Source: Cameron (1994: 197)

In addition to the types of strategies, Cameron et al. (in Gandolfi: 2005: 59) have also compartmentalized downsizing on the basis of the ‘depth’ and ‘breadth’ of available downsizing strategies. This is depicted in Table 3.2.

Table 3.2 – Depth and Breadth of Downsizing

Increasing <i>depth</i>	Increasing <i>breadth</i>			
	Workforce strategy	reduction	Organization redesign strategy	Systemic strategy
	<ul style="list-style-type: none"> ○ Natural attrition ○ Layoffs/ retrenchments ○ Early retirements ○ Buyout packages 		<ul style="list-style-type: none"> ○ Layer elimination ○ Unit combination ○ Product removal ○ Process rearrangeme nt 	<ul style="list-style-type: none"> ○ System analysis ○ Culture change ○ Bottom design

Source: Gandolfi (2005: 60), adapted from Cameron et al. (1991, 1993)

According to Cameron et al. (in Gandolfi, 2005: 60), organisations that incorporate a greater number of actions of the same category of implementation have more ‘depth’, and organisations that employ a variety of strategy types have more ‘breadth’ in their overall downsizing strategy. The results of a four-year study of 30 American organisations that had engaged in downsizing have shown that more organisations had ‘depth’ rather than ‘breadth’ in their overall strategy, because most organisations embarked upon workforce reduction alternatives, instead of employing a multitude of downsizing strategies.

3.2.3 The reasons for downsizing

Although it is accurate to deduce that downsizing as a strategy change is ‘driven’ by the same triggers/ levers/ keys/ drivers or determinants discussed in Section 2.2.2, Nelson & Burke (1998: 1) cite de Vries & Balazs as mentioning that it must also be acknowledged that downsizing is sometimes the price paid

for mismanagement and strategic errors at the top of organisations. They state a variety of outcomes that organisations seek from restructuring, including increased productivity, improved quality, enhanced competitive advantage, potential regeneration of success, lower overheads, less bureaucracy, more effective decision-making, improved communication, and greater innovativeness.

It is interesting to note that although people might like to think that the reasons for downsizing are well thought out and mainly economical of nature, many are strictly social.

Nelson & Burke (1998: 1) cite McKinley, Sanchez, and Schick's three social forces that precipitate downsizing efforts:

1. **Constraining forces** – pressures are placed on executives to do the right thing in terms of legitimate managerial actions. In contemporary organisations, managers are expected to reduce their work forces, drastic cuts are regarded as heroic and 'leaner and meaner' is the perceived right way to go.
2. **Cloning forces** – executives look to other organisations within their industries and follow suit, even without bottom-line evidence that the cloned strategy is effective. Cloning forces are the result of imitation or benchmarking.
3. **Learning forces** – Cost Accounting methods encourage downsizing as a legitimate business activity, and it is thus taking place through educational institutions and professional associations.

Nelson & Burke (1998: 2) state that under certain conditions, constraining, cloning, and learning forces are most likely to constitute pressures for organisations to downsize, including:

- (a) dependence
- (b) ambiguous performance standards
- (c) uncertain core technologies
- (d) frequent corporate interaction patterns

3.2.4 The effects of downsizing

Since the late 1980s, organisational downsizing has been a major organisational strategy emphasised by managers to improve performance (Feldheim & Lion, 1999: 55).

3.2.4.1 The effects of downsizing on company performance

Despite its popularity, there is little evidence that downsizing is effective. Two thirds of firms that downsize, end up doing it again a year later. Nelson & Burke (1998: 2) list numerous studies indicating the dismal and devastating consequences:

- Stock prices of firms that downsized during the 1980s were behind industry averages for the 1990s. Despite lower unit labour costs, less than half the firms that downsized in the United States in the 1990s improved profits or productivity. Seventy-four percent of managers in downsized companies said that morale, trust, and productivity dropped after downsizing;
- Half of the 1,468 firms in a survey done by Henkoff in 1994 also reported that productivity suffered after downsizing. In another survey, a majority of organizations that downsized failed to realize desired results, with only 9% indicating an improvement in quality;
- Another study of 1,005 firms by Bennett in 1991 showed that less than half of these firms had reduced expenses, only one third increased

profits, and one fifth increased productivity. Two thirds of the firms reported that morale was seriously affected by the downsizing.

- Cascio provided recent evidence in 1998 that underscores these findings in a study of 311 companies that downsized employees by more than 3% in any year between 1980 and 1990. He concluded that the level of employee downsizing did not lead to improved financial or stock performance. A pure downsizing strategy, then, is unlikely to be effective.
- In a study by Murphy in 1994 of 281 acute care hospitals, patient deaths were 200% to 400% higher in hospitals that downsized in the traditional head-count reduction, across-the-board way. Moreover, the cost savings associated with downsizing dissipated in 12 to 18 months, and the costs rose to pre-downsizing levels in a relatively short time.
- Another study involved 981 government workers in Finland who remained employed during a period of economic decline as reported by Vahtera, Kivimaki, & Pentti in 1997. Results indicated a linear increase in medically certified sick leave following downsizing. Thus the immediate cost savings of downsizing need to be weighed against the costs associated with increased absenteeism.

Another negative effect of downsizing is that organisational memory and valued skills and experience are often eroded. If the reason for the downsizing was in response to decline, the most competent people seek opportunities elsewhere, leaving the organisation with less mobile and less competent survivors. Nelson & Burke (1998: 2) cite Bedeian & Armenakis' in their description of an organisation suffering from the "cesspool syndrome", in which less qualified employees rise to the top.

Evidence suggests that, following downsizing, quality, productivity, and customer service often decline over time, and financial performance, while often

improving in the short-run due to promised savings and lower costs, diminishes over the long run.

According to Hilsenrath (2001: 1), a study by Watson Wyatt Worldwide found that fewer than half of the companies it surveyed after the 1990 recession met profit goals after downsizing. In addition, a survey done by Bain & Company of 288 Fortune 500 companies found that companies that laid off at least 15% of their workforce performed significantly below average in the three years that followed the layoff. Indeed, the share price of such companies rose by only 4.7% over the initial three years, compared to 34.3% for firms that did not downsize their workforces. Furthermore, research shows that reduction in workforce of 10% of employees results in only 1.5% reduction in overall cost.

Economists maintain that the key is how the layoffs themselves were handled. Nelson & Burke (1998: 3) state that some organisations have benefited from downsizing and restructuring, especially in those organisations that were bloated and needed to right-size by eliminating unnecessary work. The majority of evidence suggests, however, that most downsizing efforts fall short of their objectives.

3.2.4.2 The human cost of downsizing

The human costs of downsizing are immense and far-reaching. According to Marks (in Nelson & Burke, 1998: 3), acquisitions, downsizing, restructuring, reengineering, cultural change, and leadership succession have left workers saturated with changes. The effects of downsizing impact on an individual level (dignity), community level (uprooted families, distrust of business by community) and political level (national insecurity).

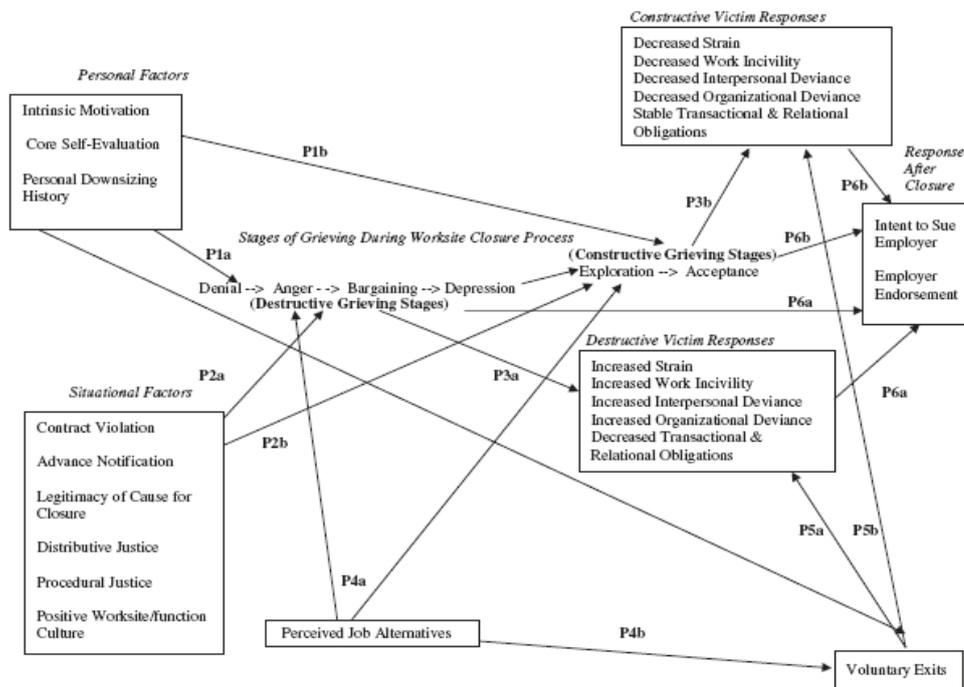
Blau (2006: 16 - 17) cites the following authors who have done research to determine the effects of downsizing on survivor or victim feelings:

- Bennett, Martin, Bies and Brockner (1995) – Angrier victims were more likely to engage in job-search activities, and to ask family and friends for financial assistance.
- Brockner & Greenberg (1990) – guilt experienced by survivors for not being laid off.
- Brennan and Skarlicki (2004) found that the relationship of survivors' interactional justice to organizational commitment and intent to quit was significant only when survivors had lower anger.
- Greenglass et al (2003) found that survivors' higher workload directly contributed to their depression, partially mediated by feeling of anger and cynicism.
- Tourish, Paulsen, Hobman, and Bordia (2004) found that over a two-year period, downsizing had a similar negative impact on the amount of trust that survivors and victims had for management. However, victims reported lower trust feelings towards their colleagues (i.e. peers) compared to survivors.
- Over a three-year period, Armstrong-Stassen (2002) found downsizing to have a long-term negative impact on trust and morale for all study participants.
- In their study of organizational “death” or closing, Harris and Sutton (1986: 11) acknowledged that:

“because of this loss, a closing is emotionally charged; it causes mourning, anger, depression, sorrow, and fear of the unknown, the future and the ambiguous present”.

Blau (2006: 17) states that the grieving stages of denial, anger, bargaining, depression, exploration and acceptance are central to job loss. Various factors influence the manner in which individuals move through these grieving stages. He consequently developed a model (Figure 3.16) to demonstrate these factors, as well as make suggestions on how constructive grieving can lead to more constructive responses. Although this model looks specifically at closure victims, it gives insight into the factors that would impact on an individual's manner of handling a job loss.

Figure 3.1 – A process model of victim worksite/ function closure



Source: Blau (2006: 16)

Based on the above model (Figure 3.1), the author suggests the following factors influencing the manner in which victims will move from destructive to constructive grieving during the closure process:

- The victim's intrinsic motivation and core-self-evaluation (whether they believe they will find another job).

- Personal downsizing history (whether they've been downsized before and the consequent results).
- Victims' perceptions of advance notification, legitimacy of cause for closure, distributive justice, procedural justice, more positive worksite/function culture, contract violation.
- Victims' perceived job alternatives.

Some of the propositions Blau (2006: 21 - 23) makes based on the above model, include:

- There will be positive relationships between victims' destructive grieving stages and their destructive responses, i.e., increased strain, work incivility, interpersonal and organizational deviance, and decreased transactional and relational obligations.
- Victims' destructive grieving stages and destructive responses will be positively related to intent to sue the employer and negatively related to employer endorsement.
- There will be stronger positive relationships between voluntary exits and destructive victim responses for victims with lower intrinsic motivation and core self-evaluation and higher personal downsizing history.

From the above, it is suggested that individuals' sense of self worth, their personal downsizing history and their perception of fairness will influence how fast they move from destructive to constructive grieving. Destructive grieving has negative effects for both the individual and the employer, including deviance, negative employer endorsement, resistance to voluntary exits, and lack of fulfilling contractual obligations.

While layoffs often do not have the desired quantitative effect of securing the financial position of the firm, an intangible effect might be to undermine the effectiveness of the downsizing.

Some research suggests that layoffs sometimes hurt productivity by not paying enough attention to the surviving employees, who are often left overburdened and demoralised. Poor employee morale is one of the most prominent reasons the benefits of cutbacks are not achieved.

3.2.5 The survivor syndrome

Related to the thinking reflected in the graphs (Figure 2.4 and 2.5) pertaining to the effect of change on individuals and organisations, is the discussion in the literature on resistance to change and how 'survivors' of the major change should be treated (Van Tonder 2004b; Bourne & Bourne 2002; Bridges 1991).

After a major change has taken place, the surviving employees often suffer from what experts call "survivor syndrome", which begins with the destruction of a psychological contract between the employer and the employee. The contract includes the assumptions that the employee makes based on his employer's past behaviours. These assumptions are:

- Trust
- Job security
- Promotional Opportunity
- Loyalty
- Fairness
- Respect
- Appreciation

According to Clark & Koonce (1997: 12), the psychological contract gives employees a sense of control over their environment, allowing them to invest

their time and effort into their careers. Downsizing, however, introduces feelings of unpredictability and loss of control. Employees feel mistrust and betrayal and spend more time wondering if they will be laid off in future rounds of downsizing than they spend actually concentrating on their jobs.

Mishra (1998: 84) states that survivors reduce their commitment if they perceive that the company's downsizing process is unfair. Several studies also have shown that survivors often exhibit resistance to change, fear, withdrawal, and paralysis due to increased cynicism and burnout as their workload doubles or triples and their department size shrinks by one-half to two-thirds.

While the destruction of the psychological contract affects all surviving employees of a layoff process, two distinct groups of employees tend to form after the initial downsizing announcement (Kaye, 1998: 34) called HOBBOs and SOBBOs.

- **HOBBOs** (Hanging On But Bummed Out)
 - o Get stuck in feelings of anger, sadness and mistrust.
 - o Feel trapped in jobs they are no longer interested in.
 - o Mourn the loss of the pre-layoff organisational culture.
 - o Expect the 'axe to fall again'

- **SOBBOs** (Staying On But Building Options)
 - o Able to move beyond the organisational negativity of the downsizing.
 - o Retool ideas about current jobs and professional futures.
 - o Valuable contributors who actively seek a match between their capabilities and the future within or outside of their current company

Kaye (1998: 37) states that SOBBOs seem to move on after experiencing the initial denial, as well as the consequent unfairness, fear and anger in the resistance stage. However, they are able to shift to the exploration stage and see not only the danger, but also the opportunity. HOBBOs, on the other hand,

get stuck in the denial or resistance phase. HOBBO's, in essence, hang back from their professional futures, while SOBBO's confront the situation head-on by recognising that their careers depend on the opportunities they make themselves. It is important to recognise which of these groups employees identify most clearly with and how they can then be treated according to their specific needs.

The effects of downsizing on surviving employees have been extensively studied by a large number of authors. West (2000) conducted a meta-analysis of the effects of downsizing on survivors, and as part of this process confirmed the findings of 48 independent studies. The findings showed that most survivors of organisational downsizing experienced a greater number of negative effects than any other category of effects. One of the positive incidents during downsizing involved co-workers supporting each other through the uncertainty of downsizing and finding ways to stay in touch with each other after downsizing. (Erlebach, Amundson, Borgen & Jordan, 2007: 7). West (2000: 26) confirms that co-worker support and supervisor support are positively correlated as a positive effect during downsizing. This support is defined as how much other people in one's work group go out of their way to make the person's life easier for him or her, can be relied on when things get tough at work, and are willing to listen to the person's personal problems, and whether or not the person is at ease talking with his or her co-workers. According to O'Hare and Vilardi (in West, 2000: 26) correlation exists between co-workers support and organizational commitment, as well as job security.

Although some survivors in the study by West (2000) reported some other positive effects such as promotional advantages, increased level of responsibility and different types of work, the study confirmed the idea that most organisations do not realise the desired or expected results from organisational downsizing efforts, but in addition get unexpected negative results.

Noer (in Blau, 2006: 16) describes 'layoff survivor sickness' as the

“set of attitudes, feelings and perceptions that occur in employees who remain in organizational systems following involuntary employee reductions.”

Feelings commonly associated with layoff survivor sickness include: anger, depression, fear, distrust and guilt. Noer found in interviews of survivors, five years after the initial downsizing, that feelings of depression, anger and distrust remained.

Helping survivors cope with the trauma of the transition should be a major focus area in an organisation dealing with change. Nelson & Burke (1998: 7) quote Noer as stating that the symptoms experienced by layoff survivors do not disappear, and some even intensify over time. These lead to an increase in resignation, fear and depression; a deepening sense of loss of control; and heightened, more focussed anger. Role confusion, uncertainty, ambiguity, guilt and grieving are common factors. Managers must allow for a period of disrupted productivity following a downsizing, and support groups can help with the expression of feelings.

Bridges (1991: 23) emphasises the importance of permitting employees to:

- 1) Let go of the old
- 2) Pass through the neutral zone between the old and new
- 3) Make a new beginning

According to him, this transition cannot be planned or managed with a rational formula. Managers must expect and accept these grieving stages as a necessary step to enable moving towards a new beginning. People have to go “through it, not around it” (Bridges, 1991: 25).

The results of the vote count studies conducted by West (2000: 90), provides suggestions for implementing more effective downsizing, such as:

- Communication. Researchers state that well-planned and executed communications are essential.
- The establishment of internal programs to assist the survivors in coping with the organisational changes.
- The training of managers to handle downsizing activities. Managers need to provide the survivors with information about what is happening as well as what is likely to take place in the future. West (2000: 61) quotes Armstrong-Stassen who found that supervisor support (informational and emotional) played a crucial role in survivors' reactions to a downsizing. Survivors, who felt that their supervisor was willing to listen to them, would go out of his or her way to make the supervisor's work life easier for them. These survivors were the ones who could be relied upon when things got tough. Survivors with these feelings reported higher levels of commitment to the organization, higher job performance, and were less likely to be thinking of leaving the organisation.
- It is also important to supply the survivors with information about how those employees who lost their jobs were treated. This would improve the image of the organisation, present the organisation as caring about those who lost their jobs, and send a message to survivors in case they should become a layoff victim in the future, that the organization will care for them also.

Many of the issues come from the fact that a different relationship between the employee and the organisation is emerging. Organisations need to renegotiate the psychological contract and establish new terms that reflect the new

organisational conditions rather than ignore and violate the terms of existing agreements.

It is an obvious conclusion that one of the challenges of management is to administer layoffs in such a way as to elicit the most positive attitudinal and behavioural reactions from survivors. In addition, the essential task and challenge for organisations that have cut back are to resuscitate remaining employees to full and creative contribution (Kaye, 1998: 37).

3.3 IMPACT OF DOWNSIZING ON MORALE, PERFORMANCE AND COMMITMENT

3.3.1 Definition of Morale

Webster's on-line Third New International Dictionary (2002: 1) defines morale as:

“the mental and emotional condition (as of enthusiasm, confidence, or loyalty) of an individual or group with regard to the function or tasks at hand ... a sense of common purpose or a degree of dedication to a common task regarded as characteristic of or dominant in a group”

and

“a confident, resolute, willing, often self-sacrificing and courageous attitude of an individual to the function or tasks demanded or expected of him by a group of which he is a part that is based upon such factors as pride in the achievements and aims of the group, faith in its leadership and ultimate success, a sense of fruitful personal participation in its work, and a devotion and loyalty to the other members of the group”

and

“a state of individual psychological well-being and buoyancy based upon such factors as physical or mental health, a sense of purpose and usefulness, and confidence in the future”.

It is therefore possible to deduce that the most common characteristics of employees with positive morale would be:

- A sense of belonging (influencing such factors as absenteeism, unity, teamwork, trust, politics and faith in leadership)
- Enthusiasm
- Devotion and loyalty
- A sense of security and confidence in the future
- Creativity, initiative
- Recognition based on purpose and usefulness, participation
- Freedom of expression, communication

3.3.2 Definition of Performance

Performance is commonly termed ‘Efficiency’. Webster’s on-line Third New International Dictionary (2002: 1) regards ‘efficiency’ and ‘performance’ as synonyms and defines ‘efficiency’ as “the capacity to produce desired results with a minimum expenditure of energy, time, or resources” and Performance as “the act or process of carrying out something: the execution of an action” and the ability to perform as the “capacity to achieve a desired result”.

Grote (2002: 14) defines performance as those work-related activities which are observable; provide objective evidence and which are easily recorded in quantifiable terms.

Performance measurement is an entire discipline of its own, and the means of measurement employed by organisations are varied and complex. This

research focuses on employees' perceptions of their own performance following a downsizing.

This is defined in terms of the following:

- Whether employees regard their performance evaluation as being fair/ accurate.
- Whether employees believe that they have the skills/ competency required to perform their jobs.
- Whether employees believe that they have adequate resources to perform their jobs.
- Whether employees believe that their performance objectives are attainable.
- Whether employees' roles are clearly defined.
- Whether adequate benchmarks and feedback exist as an evaluation tool.
- Whether employees have faith in the values, culture and politics of the organisation.

3.3.3 Definition of Commitment

Webster's on-line Third New International Dictionary (2002: 1) defines commitment as "the obligation or pledge to carry out some action or policy or to give support to some policy or person".

Meyer and Allen (1991: 67) describe commitment as the “psychological state that (a) characterizes the employee’s relationship with the organization and (b) has implications for the decision to continue membership in the organization.”

West (2000: 27) explores a variety of authors’ definitions of organisational commitment. She cites:

- O’Hare & Vilardi: Organisational Commitment is composed of the individual’s loyalty (concern about the fate of the company) and morale (affective or emotional responses towards the company) with respect to the organization.

- Mowday, Porter and Steers: After a review of ten studies on organization commitment:

“...the relative strength of an individual’s identification with and involvement in a particular organization. Conceptually, it can be characterized by at least three factors: (a) a strong belief in and acceptance of the organization’s goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization.”

- Price and Mueller:

“Commitment is loyalty to the organization. A loyal employee identifies with an organization and is involved in being an employee of that organization”

- Buchanan: Defined loyalty as “a feeling of affection for and attachment to the organization.”

For the purpose of this research, and based on the definitions provided by the literature, commitment will be measured in terms of:

- An employee's loyalty to the organisation.
- An employee's dedication. Are they motivated to put in extra time/ exceed expectations?
- Attrition. Is the employee looking for other opportunities?
- Will the employee recommend the company to others?
- Does the employee have hope for the future in terms of personal development, career growth and job security?

3.3.4 Impact of downsizing on Morale, Performance and Commitment

Most employees are enthusiastic when they start a new job, but in a survey done by Sirota Survey Intelligence on about 1.2 million employees at 52 primarily Fortune 1000 companies from 2001 to 2004 (Sirota, Mischkind & Meltzer, 2006: 1), in about 85% of companies, there was a sharp decline in employee morale after six months, and this continued to deteriorate afterwards. The authors identify three major goals that the majority of workers seek from their work, and that need to be fulfilled in order to maintain a positive morale:

- Equity (pay, benefits and job security)
- Achievement (proud of personal output, accomplishments and employer)
- Camaraderie (good, productive relationships with fellow employees)

They continue to state that the most crucial factor is to provide employees with a sense of security "and one in which layoffs is considered an extreme last resort, not just another option for dealing with hard times". Most companies treat employees (routinely referred to as 'our greatest asset'), as disposable and they become expendable at the first sign of business difficulty.

In a similar light, the Corporate Leadership Council (2004: 77) has identified three essential components of a high-engagement culture:

- Connection
- Contribution
- Credibility

Note the similarities between Connection and Camaraderie; Contribution and Achievement; and Equity and Credibility. What is of particular importance is the aspect of Credibility and/or Equity, which pertains to job security and/or trust.

Richard Layard (in Selden 2006: 1) suggests that people who feel insecure about retaining their job, suffer a loss of happiness (relative to those who do feel secure) that is 50% greater than the loss of happiness suffered by people whose income drops by a third.

Job satisfaction is also one of the factors that determine an employee's motivation to attend work (Spector: 2000: 5), which has an impact on absenteeism and enthusiasm to go to work. Different researchers cited an employee's level of job satisfaction in the workplace as a factor influencing absenteeism (Josias, 2005: 4) However, a study conducted by the same author (Josias, 2005: 2) indicated a weak, inverse relationship between both the number and frequency of sick leave days and the job satisfaction levels of employees.

A major strategy change within an organisation compromises the trust relationship between the employee and organisation. Several authors, including Morrison and Robinson, Elangovan and Shapiro, Mishra and Spreitzer (in Feldheim & Lion, 1999: 58), have raised the issue of trust and have linked downsizing strategies with a reduction of trust in organisations. They state that

workforce reduction downsizing strategy is the strategy most noted to erode trust within organisations.

Feldheim & Lion (1999: 63) further assert that an employee's perception of betrayal by the organisation is based on how he or she perceives the situation and the type of psychological contract they operate from. The psychological contract between employee and organisation can either be evaluated by the employee as based on a transactional contract (where trust is calculated and an employee is always weighing the possibility of the organisation acting in an untrustworthy way) or on a relational contract (where the employee evaluates the relationship as ethical, based on integrity and honesty). When downsizing occurs, the employee evaluating their contract with the company as a relational contract, experiences the betrayal more violently. When organisations violate employee trust, especially relational trust, the ethical implications are significant for the employee, the organisation and society.

A 1993 survey by Right Associates found that only 31% of survivors of layoffs agreed that they still trusted organisations after downsizing (Mishra, 1998: 84). This can translate into financial loss for the organisation implementing the strategy change.

Lower status and lower paid employees are likely to display worsening performance and lower morale after downsizing strategies than employees in the middle management and higher level positions. This is because low paid employees perceive higher job insecurity following layoffs. Perceived fairness of layoff decisions relates strongly to employee commitment and productivity following a layoff. Employees who feel the downsizing process was conducted fairly and professionally are less likely to contemplate leaving the company or display low motivation (Grunberg, Anderson-Connolly & Greenberg, 2000: 11).

According to Brockner et al (in West, 2000: 27), researchers of organisational commitment in relation to job survivors indicate in their findings that there is a

significant decrease in organisational commitment following a work force reduction. Mishra (1998: 84) also noted that if the employees' perceive the company's downsizing process as being unfair, survivors reduce their commitment.

Of primary concern to employees who remain following a layoff, is the damage to the commitment towards the employer and toward the immediate line manager (Grunberg et al., 2000: 21). The apparent job insecurity and perceived risk to the value of their role in the organisation may lead to deterioration in this relationship and, ultimately, to productivity and job commitment (Balogan & Hailey, 1998: 68).

A 2006/7 Watson Wyatt Worldwide research study suggests that in addition to employee enablement and integrity, employee engagement has a strong impact on an organisation's bottom line (Wyatt, 2007: 1). One of the key findings was that:

“Engagement is a leading indicator of financial performance. Companies that increase their engagement levels can expect to significantly improve their subsequent financial performance”.

West (2000: 26) quotes Armstrong-Stassen's hypothesis on the possible correlation between commitment to the organisation and performance on the job. This hypothesis is presented primarily in the context of its association with control type coping strategies. This means that those individuals engaging in control coping will be more likely to be committed to the organisation and have a higher assessment of job performance. If layoffs damage the employee's commitment to the organisation, this will translate into negatively effected performance.

Another key finding of the research was that engagement is closely linked to communication. The study found that high-engagement employees receive communication from their supervisors and senior management far more

frequently than low-engagement employees. This will also manifest in a downsizing situation, where communication is of paramount performance.

In addition, they found that, despite the conventional wisdom that immediate supervisors play a key role in driving retention and engagement, strong senior leaders who communicate effectively and frequently are a far more important factor. This resonates with the points discussed in Section 2.5.1, which emphasises the importance of strong leadership during a strategy change.

Petzall et al. (2000: 602) quote Henkoff, Bennet and Hoskisson describing the conclusion of three 1990 studies that downsizing resulted in deterioration of morale, trust and productivity. Brockner, Grover, Reed & Dewitt (in West, 2000: 7) mention that some managers report that layoffs have a decidedly negative effect on their subordinates' productivity, morale, and overall commitment to the organization.

Mishra (1998: 84) also state that employee trust and empowerment decline considerably during downsizing for various reasons. Survivors may no longer trust top management's openness because communication is not credible or information is withheld. Survivors may not believe that management cares about employees' needs if they see that their welfare has been sacrificed for top managers' personal gain. Their trust in top management's competency may also suffer. Finally, survivors may also think that the company is unreliable if it has reneged on promises or been inconsistent in stated intentions and subsequent actions.

Mishra (1998: 84) mentions the irony that downsizing companies are unwittingly destroying the very qualities they need for competitive advantage, namely their employees' trust and empowerment. At the same time they are downsizing, many companies are advocating the implementation of high-involvement work systems and total quality management strategies. Yet employee trust and

empowerment, often shattered in the process of downsizing, are the engines that make these initiatives work.

From the literature, it is obvious that the strategy of downsizing has further reaching and more negative effects than management realises when making the decision to resort to a process of downsizing.

If the reason for reducing the workforce is cost related, managers should consider cutting costs elsewhere (Nelson & Burke, 1998: 6). Process improvements may be more effective than reducing head count. According to Knowdell, Branstead & Moravec (in Nelson & Burke, 1998: 6) there are also several short-term alternatives to be considered, e.g. attrition, hiring freezes, wage containment, limits in work hours and alternative forms of termination, each with advantages and disadvantages.

3.3.5 The issue of Trust

The literature review suggests that the underlying construct of Morale, Commitment and Performance is an element of 'Trust'. Feldheim & Liou (1999: 60) compare the different types of strategies as defined by Cameron (as demonstrated in Table 2.3), in terms of its impact on assumptions, psychological contracts and trust. They believe that the type of downsizing strategy an organisation uses leads to the development of a certain type of psychological contract envisioned by the employee, resulting in a particular type of trust or distrust. They propose a model (Table 3.3) of downsizing trust, which identifies the assumptions underlying trust relationships (the trust continuum) combined with downsizing strategies, to demonstrate the reason for and manner in which downsizing impacts employee and organisational trust.

Table 3.3 – Model of Downsizing Trust

Workforce Reduction & Comparisons		Systemic Strategies
Work Redesign		
Assumes individuals are:	Assumptions	Assumes individuals are:
<ul style="list-style-type: none"> - Rational - Self-interested - Economically motivated 		<ul style="list-style-type: none"> - Emotional - Self-interested and altruistic - Motivated to meet human needs to create or to be useful
Transactional Contracts	Psychological Contracts	Relational Contracts
<ul style="list-style-type: none"> - Monetary base - Quid pro quo - Clear obligations and compensation 		<ul style="list-style-type: none"> - Socioemotional base - Reciprocated interpersonal caring - Shared ideals and values with a shared identity
Economic Trust	Form of Trust	Relational Trust
<ul style="list-style-type: none"> - Based on economic exchange - Short term focus - Exchanges vigilant and wary - Calculated 		<ul style="list-style-type: none"> - Based on ethical relationship - Developed over time - Exchanges provide psychic benefits - Unguarded

Source: Feldheim & Liou (1999: 60)

The authors emphasise that, in conjunction with their research, this model demonstrates that workforce reduction and work design strategies based on an economic model focus on self-interest or power and demonstrate the lowest level of moral development. They argue that the systemic strategies of downsizing are post-conventional because of the emphasis on the social contract and the necessity of honesty, integrity, fairness or justice in order to maintain the relational ‘psychological contract’. Feldheim & Liou (1999: 64) also states:

“For systemic strategies to be effective, principled implementation focused on the philosophy behind the quality movement is required along with respect for the concepts and the principles of participative management.”

This position echoes the growing call for managers or leaders to act in ethical ways and recognise the importance of the psychological contract in terms of trust. This is mirrored in popular management literature, which has replaced

‘management’ with “leadership based on the ideals of trust and power”, which implies that there is a mutual loyalty and commitment between leaders and workers based on trust and honesty.

3.4 CHANGE IMPLEMENTATION IN SOUTH AFRICA

3.4.1 South African Legislation and change

In South Africa, the strategy change of downsizing affecting personnel is most often called retrenchment, which translates into fair dismissal of staff for operational reasons.

From a legal perspective, Section 198 of the Labour Relations Act of 1995 (the LRA) provides a regulatory framework for retrenchments, including (Israelstam, 2007: 2):

- The onus is on the employer to follow a fair procedure, in correlation with a good-faith consultation with employees and/or their representatives, aimed at an attempt to find alternatives to retrenchment;
- Fair or agreed criteria are used to decide which employees to retrench;
- There is an acceptable reason for the need of retrenchment.

The reasons for retrenchment may be based on economic, technological, structural or similar needs of the employer, as per Section 213 of the LRA.

- Economic reasons have a financial connotation. It is based on the organisation’s need to make money or retain efficient funds to continue operations. As yet, the courts are undecided whether the desire to increase profits is a fair reason for retrenchment (Israelstam, 2007: 2).

- Technological reasons include the introduction of new technology that might reduce the need for labour.
- Structural reasons include a change in management structure or switching to a project-based or similar structure.
- Similar needs relate directly to reasons related to operational requirements, which may fall outside the economic, technological or structural reasons specified in the quote.

The possible reasons for retrenchment offered by the LRA are similar to the triggers, levers, keys, drivers and determinants of change as discussed in Section 2.2.2 of this study. This implies that the reasons for downsizing in a South African environment are positively comparable to the reasons for downsizing on a global scale.

3.4.2 The challenging South African change environment

The effects of retrenchments on South African employees are troublesome. Given South Africa's deeply troubled history, very specific problems are faced with regards to labour market and employment relations. In an article in the British Journal of Industrial Relations (Donnelly and Dunn, 2006: 2), an in-depth look is taken at South African employment relations, 10 years after the negotiated revolution. The main challenges the authors identified were:

- Reforms were introduced precisely when its economy was exposed to free trade, based on the lifting of international sanctions. The country's attempt to legislate for ambitious social dialogue on a national level, encouraging industry-wide bargaining and promoting work council bodies, could easily be overwhelmed by the rush to markets.

- The employers of the past (prior to the negotiated revolution) had already been exposed to capitalism and instead of changing to an entirely new pattern of ownership, they were required to put the antagonism of the past behind them and adapt to the requirements of the new system. This was not always the case in practice.
- The role of Trade Unions (as previous resisters to the white regime) in a new South Africa.
- Democracy has been fragile in post-colonial Africa. Liberation hopes have frequently degenerated into corruption, dictatorship, one-party rule and/or civil war, as freedom succumbed to economic and social stress. In South Africa, an articulated employment relations system was used as the key to reconcile between social liberation and economic advancement. This was a challenge to employers, looking to greater labour market flexibility in the name of competition, and to unions, insisting on greater state intervention to uplift members in the name of equality. It is a real threat that a strong state can be tempted to resolve to authoritarian solutions.
- Unemployment is a core issue (Donnelly and Dunn, 2006: 19). Taking the narrow rate, which includes only job seekers, it has increased from 19.3 per cent (1996) to 30.5 per cent (2002), while the broader rate, which also encompasses the 'discouraged' (HIV/ AIDS is a factor here), has grown from 33 to 41.8 per cent over the same period. Almost all (97 per cent) of the latter are black or coloured, the racial groups that make up 88 per cent of the total population and a similar proportion of the available workforce. Less than 10 per cent of whites are unemployed, compared to almost half of blacks and coloureds.

Much of the energy of South Africa's transition to democracy was generated in the field of labour relations (Anstey, 1998: 1), such as the establishment of

NEDLAC (National Economic Development and Labour Council), the negotiation of the LRA (Labour Relations Act) and the creation of the CCMA (Commission for Conciliation, Mediation and Arbitration). Because of the vanguard role of the labour movement in the political struggle, Trade unions serving the interests of black workers grew rapidly, using strike and stay-away action to pressure for change on a wide front of labour and political issues. Employers were pressured into collective agreements at enterprise level and then increasingly at industrial level. Within a decade, the independent trade union movement had consolidated its influence across South Africa's mining and manufacturing sectors. The labour movement did not confine its energies to the labour field, but extended its actions to resist government reform in the political arena and to mount campaigns for political transformation on its own terms.

Collective bargaining and institutionalised dispute settlement systems are founded on a particular balance of forces in society. Current forces for change have seen the balance of power shift in favour of employers. This does not mean that there is less conflict in places of work. As organisations achieve higher levels of performance with fewer resources, there is evidence of increased emotional and physical stress amongst managers and workers alike. Wages, benefits and job security are under threat. Prospects beyond corporate employment are perceived as limited for many. Social security nets are pressured in developed countries and non-existent in most developing ones. Transformation has become a frightening rather than a challenging concept for many employees implying job-loss or erosion of benefits. Traditionally workers used their collective strength to block, redirect, slow, or trade off against change perceived to be threatening. Their capacity to do this was founded on an employer's dependence on them to produce or deliver services. In an environment in which labour militancy might ward off investment, where capital can relocate to more 'friendly' environs, and where job security is uppermost in people's minds, the strike becomes an increasingly untenable tool. It may be a useful instrument to extract improved benefits in a growing economy or curb

managerial abuses, but it has very definite limitations in fostering the organisational competitiveness which underpins job security. If enterprises must downsize, restructure, outsource and so on, and it is fruitless to resist the forces giving rise to these activities, then how is the consequent tension to be responded to in places of work? How will it express? If it is too dangerous or pointless to resort to activism in the workplace, then the prospects of rising crime and social unrest may rise in the context of increasing unemployment and poverty.

All of the above factors make retrenchment or downsizing a particularly sensitive issue in a South African context. The conflict between social and free markets fuel antagonism when retrenchment is discussed and retrenchment is invariably perceived as a racial issue by the people involved.

Under colonialism and apartheid, workplaces and management were characterised by racial discrimination, which affected development opportunities and educational levels of previously disadvantaged individuals. As Borat (1998:1) contends, unemployment mostly affects the unskilled workers who have low levels of education and this raises concern about the probability of retrenchees' finding a job after retrenchment.

Seidman (1993: 29) conducted a study on the effects of retrenchment in the mining industry. He contended that retrenchment leads to a growing level of distrust between mine workers and management, and adds to a growing trend of inequality and underdevelopment by decreasing job opportunities and access to land, education, skills and social services. The effect of retrenchments extends to families and communities that depend on income from the retrenchees.

But just how receptive are South Africans of change? And how well is change managed, given the sensitive social, political and business environment?

Sacht, et al. (2004: 2) reports that the HILL School for Business developed a Beehive Model of organisational renewal, which lists seven critical workplace practices that must be implemented and entrenched for companies to have the competitive edge. In an exploratory study conducted by the school, they collected 249 survey questionnaires from current and past MBA students drawn from various business schools and asked respondents to rate the degree to which their companies implemented seven workplace practices: strategy; structures; business disciplines and processes; talent creation; seeking commitment from all stakeholders; pay and incentives; and change leadership. The rationale for the study was to determine the degree to which South African business is making the shift from a business as usual (Old Economy) paradigm to a New Economy style of managing organisational and people performance. The major difference between New and Old Economy leadership is that New Economy leadership focuses on building nimble organisations characterised by high performance workplace practices and processes, capable of quickly and effectively responding to chaotic conditions and challenges produced by constant change. Old Economy leadership rigidly adheres to the status quo through directing and predicting events.

The bottom line message that emerged from the research was that South African business is still far from capable of entrenching the critical strategic leadership and workplace practices required to create a high performance and change resilient business culture capable of rapidly transforming itself to compete in the global arena. The two key drivers of business transformation as predicted by the Beehive Model were Strategy and Change Leadership, and the results of the survey showed that these two factors were rated the lowest out of the seven Beehive dimensions.

The survey assessed the degree to which South African companies use proven leadership practices for implementing change, and turning strategy into operational reality that delivers competitive performance. Change leadership involves excelling in the implementation of performance planning processes; communicating the rationale behind changes; adequately developing new skills

across all levels of the organisation; a continuous evaluation of any resistance to change; assessing and responding to any problems; and an awareness of the consequences of non-delivery.

The fact that South African companies rate themselves only half as good as their global competitors when it comes to embedding a change resilient culture makes for a high risk of business failure in the face of relentless competition from both developed and developing economies. Change leadership fared the lowest among respondents, suggesting a lack of good leaders able to implement change and put strategy into effect.

This could present particular challenges, and Madzivire (2003: 3) quotes Mbigi as stating that Africa is an adolescent continent requiring strong parenting. He argues that:

“Africa was thrown into the throes and waves of transformation with limited preparation and collective knowledge to meet the challenges”.

The implication is that organisations in Africa need to learn faster than the rate of transformation to revitalise the economy. It is critical is that organisations in emerging economies must become more flexible, more responsive, and more willing to change and adapt, if they are to survive. According to Mbigi (in Madzivire, 2003: 16), there are three developmental phases: civil liberation, political liberation, and economic liberation. Mbigi argues that the whole of the African struggle is in the third phase – the economic struggle - and no African country has won its economic struggle against poverty. From this premise, all African countries are emerging economies, with varying levels of poverty.

Based on an extensive literature review and case studies of four Zimbabwean companies embarking on organisational change, Madzivire (2003: 354) identified fourteen constructs (Figure 3.2) that form the basis of transformation for organisations in emerging economies.

Figure 3.2 – The Fourteen Constructs

CONSTRUCT	DEFINITION	REFINED DEFINITION
Triggers of transformation	Critical incidents that the organisation has to respond to for its survival.	Clusters of forces that create motion in and around an organisation.
Best practices of transformation	Tried and tested ideas and ways of conducting business that can be migrated within and across organisations and environments.	Tried and tested ideas and ways of conducting business that can be benchmarked against.
Key players	Those actors influencing others through their credibility, capability and commitment.	Any stakeholders operating as the “seed carriers” of new ideas and new practices.
Time	Pilot group’s flexibility and control over its own energy and priorities.	Enough flexibility and control of events allowing people involved in change to devote energy towards reflection and practice.
Help	Coherent, consistent, knowledgeable coaching, guidance and support.	Coherent, consistent, knowledgeable coaching, guidance and support to develop internal resources needed to build capacity for ongoing transformation.
Relevance	Presence of a clear, compelling business case for learning.	Making a case for transformation, articulating an appropriate business focus and showing why new efforts, such as developing learning capabilities are important for individuals and business.
Walking the talk	The match between espoused values and actions.	Fully living up to the new values espoused by the transformation.
Fear and anxiety	Concerns about exposure, vulnerability and inadequacy triggered by the conflict between increasing levels of candour and openness among members of the pilot group.	Concerns about exposure, vulnerability and inadequacy triggered by the conflict between increasing levels of candour and openness and low levels of trust among people involved in transformation.
Assessment and measurement	Establishing the degree of success of the transformation effort.	Establishing whether the transformation effort has achieved the desired results/ outcomes.
Belief	The extent of polarisation in belief about the transformation effort.	The extent to which the convictions of organisational members over the transformation efforts are polarised.
Governance	The legitimate autonomy of a pilot group to act in tune with existing power and accountability structures.	Power and accountability structures set up to focus the transformation effort.
Diffusion	The ability to transfer knowledge across organisational boundaries, making it possible for people around the system to build upon each other’s success.	The process by which an entire organisation and its external partners learn more from the experiences of the transformation.
Strategy and purpose	Where the business is going and what the business is there for.	Revitalising and rethinking the organisation’s intended business focus, its contribution to the community and its identity.
Success	The achievement of desired results/ outcomes.	Meeting, and better still, exceeding stakeholder needs and expectations.

Source: Madzivire (2003: 354)

Based on the fourteen constructs, he developed a list of sixteen challenges for organisations that transform in emerging nations.

These are:

1. Change has to be anchored on national culture to narrow global inequities between developed and emerging nations.
2. Relevant national languages have to be used to convey and embed the new different ways of doing business to all relevant stakeholders.
3. An equitable pattern of land redistribution needs to be promoted.
4. Business must be conducted aimed at sustaining long-term high rates of economic growth driven by agriculture in order to alleviate poverty.
5. Employment needs to be created and entrepreneurship upscaled to enable the state to restructure the economy and compete globally.
6. Engagement in safety, health and environmental programmes is essential to enhance the quality-of-life of employees and communities.
7. Organisations must contribute towards the reduction/ elimination of (trans)national conflicts, crime (including corruption) in order to boost investor confidence.
8. (Re)branding of value-enhanced products and services for the global market.
9. In order to successfully lead change, managers need to force and institutional framework and process for consultation and consensus building amongst stakeholders on the make up of reform programmes.

10. Institutional capacity needs to be built to minimise/ eliminate the gap between designed plans and their implementation.
11. There is a need to move to a higher level of consciousness in gender relations by engaging in gender analysis in order to empower women.
12. In the design and implementation of reform programmes, non-state actors will have to assist governments in assessing the role of international lending institutions. Business leaders will have to play a pivotal role.
13. Privatisation processes need to be undertaken transparently, informed by a stakeholder-driven team. Such privatisation is to be an effective role for the indigenisation of the economies.
14. There is a need to attract and retain capable staff to arrest the movement of non-performing staff across the public sector, non-governmental organisations and the private sector.
15. The cultivation of trust and credibility between key stakeholders in the constitution making process is critical. Business leaders have to play a critical role.
16. Positive methodologies used during the struggles for political liberation need to be harnessed to foster economic liberation.

3.4.3 Organisational Transformation in a South African context

Whereas it is tempting to apply generic change management or leadership models to all organisations, Madzivire (2003: 2) quotes Greiner as saying that:

“researchers are just beginning to study specific developmental problems of structure, control, rewards, and management style in different industries and in a variety of cultures.”

Madzivire (2003: 361) notices a distinct absence of studies focusing on the challenges of organisational transformation in emerging economies. He cites various authors who emphasise the need for a unique approach to African challenges:

- Booyesen and Beaty states that the South African workplace is a cultural cocktail, reflecting many diverse cultures including European, African, Asian, Middle Eastern, and others, and people from the same cultures in South Africa frequently differ along regional and ethnic lines.
- Harvey, Carter & Mudimu argue that there is increasing evidence showing that Western management theories, of motivation and work values in particular, need to be adapted to the local cultural features of independent African countries.
- Tidjani & Noorderhaven suggest that existing studies show that national cultures influence governance and economic performance. Sub-Saharan Africa, however, is sparsely covered in international comparative culture studies, and the existing studies suffer from a Western bias.

Van Tonder (2005: 52) mentions a South African study conducted by Grobler that surveyed the opinions of a number of managers and staff in a large retail institution in terms of how the planned major change should be approached and implemented. The results emphasised a systematic process, based on solid research and with clear objectives. It was also clear that a carefully crafted communications strategy is essential, as employees should be involved, their fears recognised and attempts made to maintain/ improve motivation levels. The communication strategy needs to follow specific implementation

parameters and the incorporation of education and training, as well as a monitoring process. It is safe to deduce that the above study emphasises the importance of structure (systematic process), vision (objectives) and effective communication. Education and training, and a monitoring process are also essential.

In order to embark on effective change management in South Africa, Mbigi (2000: 36) recommends that organisations must deal with past grievances before embarking on a cultural renaissance. Organisations have to know where they are coming from to find out where they can go. They have to know who they are before they can know what they can become. Strategic visioning and values exercises have failed because of their lack of a “spiritual dimension”, as he mentions, for want of a better term. He asserts that organisational transformation isn't just an intellectual journey; it's also an emotional and spiritual journey.

He consequently developed the 'African Spirit Model' (Mbigi, 2000: 38), which he uses as a metaphor to capture an organisation's prevailing climate, culture, energy and consciousness and to use as a framework for managing and transforming an organisation's social capital (its emotional and spiritual resources).

Mbigi (2000: 36) has used the African spirit model to transform many South African business and state organisations, including:

- South African Post Office (26 000 employees);
- Spoornet – SA National railway (66 000 employees) and
- Agricultural Rural Development Corporation.

From oral tradition, the 'spirit' is the total being which includes the depth of the soul. The model proposes creative spirits that may be considered as archetypes with generic values and orientations that, when awakened, become the basis for both personal and organisational transformation (Madzivire, 2003: 18).

Mbigi (2000: 38) describes the archetypes (spirits of management) as follows:

- **The destructive spirit.** Witch Spirit Mutakati is the lowest spirit in the hierarchy of African spirits. This is a negative spirit meant to promote evil and cause human suffering. In terms of the corporate collective spirit, it's characterized by destructive cynicism, negative thinking, and passive and active sabotage. This spirit devours an organization's energy. It is a dominant spirit in sluggish businesses and government bureaucracies.
- **The powerless spirit.** Avenging Spirit Ngozi is usually good but has been treated unjustly. As a result, it harbours anger, bitterness, and revenge. It is the dominant spirit among marginalized and powerless groups in society and organizations. This is the predominant spirit in dispossessed groups and the underclass of any society and organization. Unless such groups can overcome their bitterness and anger, they won't be able to negotiate a new reality and new vision for themselves or their organizations. They can also become a danger to themselves and society as a whole.
- **The innovative spirit.** Wandering Spirit Shave is the spirit of an outsider who comes to the family or clan as a White Knight on a specific issue or area. This is an unusual individual who has a particular obsession and unique creative ability. It is the spirit of innovation. This is a weak spirit in many modern organizations in which innovators aren't accepted or rewarded but, at best, just tolerated. The key strategic lesson is that innovative ideas may have to be sourced externally or managed outside of the formal structure, giving rise to the need to create parallel structures for innovation.

- **The family spirit.** Clan Spirit Mudzimu Wemhuri is the spirit of a deceased relative that is focused on the survival of its group. This spirit enhances group solidarity through specified rituals, activities, ceremonies, and symbols. It's important for building team-based, world-class organizations.
- **The personal spirit.** War Spirit Majukwa is a competitive spirit of personal power, conflict and gamesmanship. It helps us understand power cultures and how to create power and influence in organizations. The rise of spider-web structures in modern organizations makes it imperative for individuals to develop power skills for personal influence in order to accomplish objectives.
- **The spirit of truth.** Spirit of Divination Sangoma knows its own truth and is not open to other views. Experts, specialists and most traditionalists in organizations typically personify this spirit. It characterises the work of soothsayers, particularly in helping traumatised groups and societies positively to contribute to society. However, because this spirit reduces the rate of learning in an organization and its ability to adapt to change, it is preferable to populate action learning teams with non-experts and mavericks.
- **The restless spirit.** Hunter Spirit Shavi Rudzimba is the wandering spirit of entrepreneurship with an eye for opportunity and innovation. It is part of a crowd, yet remains distant from it. This spirit has a marked quest for pragmatic, creative solutions to survival and competitive challenges. The rituals and ceremonies surrounding this spirit help an organization to develop practices to manage entrepreneurship in organizations.
- **The relationship spirit.** Rainmaker Spirit Gobwa is an earthly representative of God, concerned about an individual's interdependence

and relationship with the organization, other people, as well as the ecological, social, political, economic and spiritual environments. This spirit is concerned with truth, morality, balance, and human dignity, and helps to clarify the stewardship role of the CEO, the need to take accountability for the whole organization, as well as being its conscience. The primary role of a CEO is to look after the spirit of the organization and its total social capital.

Madzivire (2003: 53) states:

“Afrocentric culture centred around the hierarchy of African spirits is an expression of a number of Ubuntu principles. It is a culture that is inclusive of all the spirits, accepting that each contributes to consultation and consensus building in its own unique way. Each spirit has a legitimate place requiring people to treat it with dignity, compassion and care for collective solidarity to be realized.”

According to Mbigi (in Madzivire, 2003: 53):

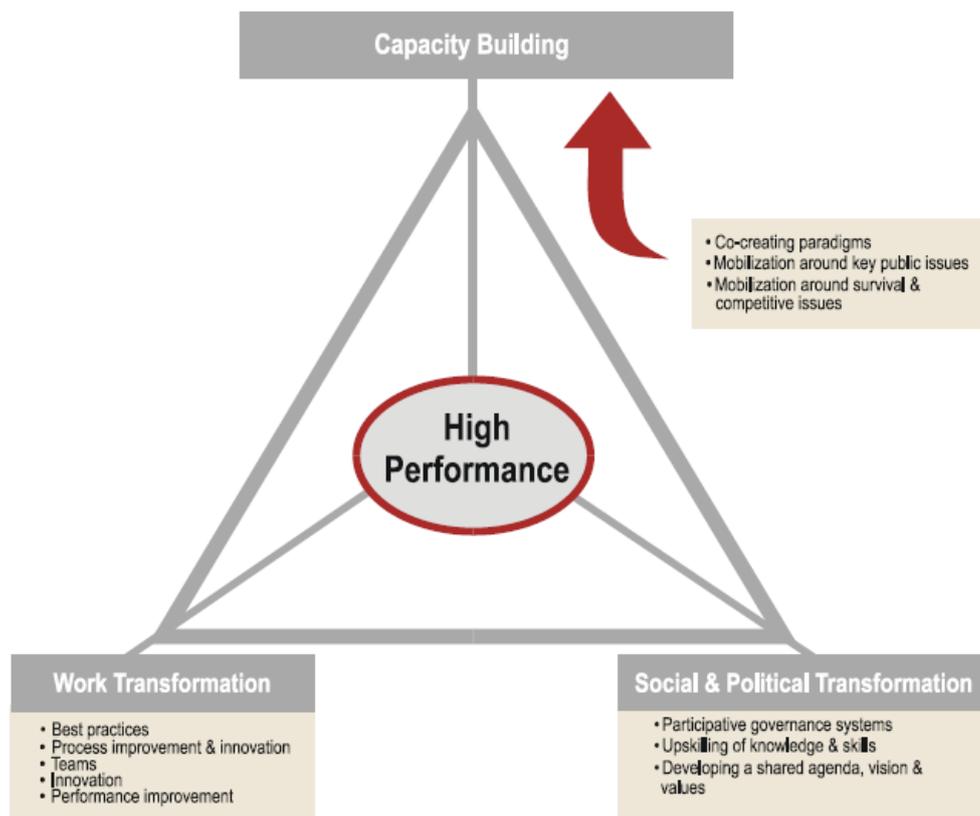
“in transitional societies where issues of governance and redistribution have not been resolved, the political reform of organisations has to be tackled simultaneously with issues of reform and efficiency”.

He developed the Ubuntu Transformation model (Figure 3.3), which claims that in order to achieve creative high performance and competitive alignment, successful organisational transformation involves three key activities:

- **Capacity building** - aims at increasing the capability of a worker to understand survival challenges at five levels: the global perspective, the national perspective, the industry perspective, the organisation perspective, and the personal perspective. This process emphasizes the shifting of mindsets around governance and public accountability through participative co-creation of new paradigms.

- **Work transformation** - emphasises the management of work, product development and technology.
- **Political and social transformation** - the creation of inclusive practices focusing on issues of governance, distribution, economic, justice and fairness. It is this aspect of the transformation model that is value laden and is critical for the creation of the legitimacy of the change effort on the other dimensions of work transformation and capacity building.

Figure 3.3 – Ubuntu Transformation Model

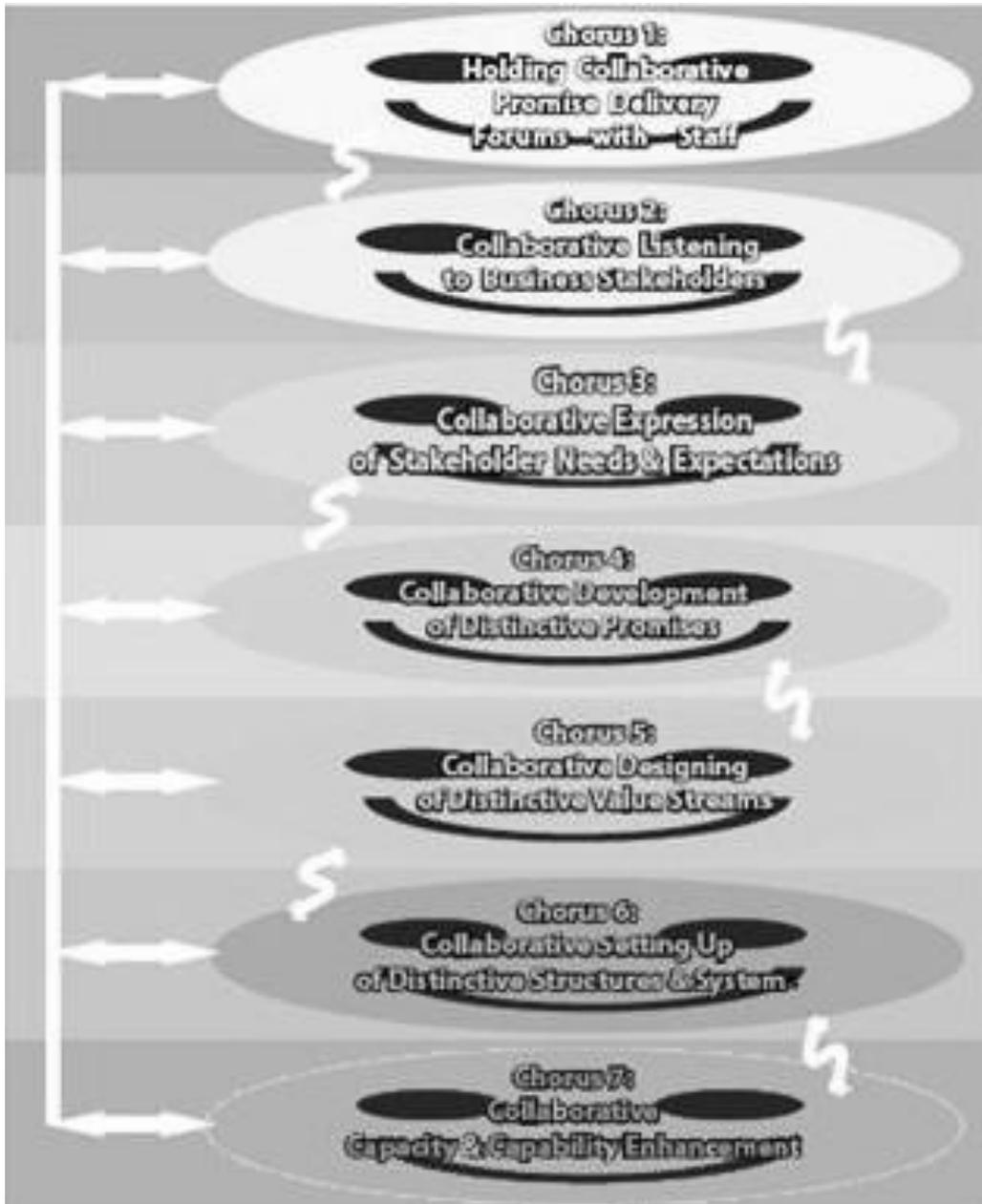


Source: Madzivire (2003: 53)

After in-depth analysis of global change theories and the identification of the sixteen challenges faced by organisations that transform in emerging nations, Madzivire (2003) proposes the following model, which he calls the Madzivire

Collaborative Transformation (MaCoTra) Model (Figure 3.4), which places great emphasis on collaboration and participation within the organisation.

Figure 3.4 – The MaCoTra Model



Source: Madzivire (2003: 360)

The MaCoTra model is based on the metaphor of choruses, reflecting both non-linear and linear linkages. The metaphor of a chorus is used to depict the significance of songs in African bonding, with the organisational song

connecting all organisational members in a choir of transformation. Personal commitment to transform an organisation with others calls for a focus on both independence and interdependence, and the bonding around values, visions, missions and strategies. This model is remarkably different from the steps, phases, and stages espoused in most of the cited Western change literature, and makes provision for the fact that change does not necessarily occur and cannot be implemented in a neat, clear-cut fashion. It also pays attention to the aspect of leadership and/or the quality of leadership, which is often regarded as a given by Western change literature.

In comparison with the study mentioned by Van Tonder (2005: 52), it is clear that the above model is structured, a vision is defined in Chorus 4 when promises are developed, and collaborative communication is emphasised throughout. On a higher level, it is important to note that the entire process should be lead and monitored effectively.

3.4.4 Communicating across cultures

One of the factors of successful change management mentioned in a myriad of research is the importance of communication. This section addresses cross-cultural communication in terms of different levels of understanding, cultures, decision-making and communication methods.

3.4.4.1 Level of understanding

Van Tonder (2005: 52) asserts that one of the challenges within the South African context of change, is that staff operating at non-managerial level would describe the change process in language significantly different from the way the change models do. For change to be understood by that segment of the work force that is most likely to resist the change, it is important to adapt the language and terminology for understanding at those levels. This will imply that change models not only need to be adapted by organisations to fit their unique

requirements, but also that the communication of the change should take place appropriately to the level and language of the target population.

Mbigi (2000: 36) agrees with this argument, stating that the results of traditional, sophisticated cultural surveys and psychological techniques used within organisations can be skewed because it might not be understood by some employees due to a lack of basic literacy skills.

3.4.4.2 Culture

Madzivire (2003: 17) declares that the common thread in an African's way of life is the concept of *Ubuntu*. According to him, Mbigi & Maree and Lessem describe Ubuntu as a collective personhood and collective morality.

Karsten & Illa (2005: 615) state that the hegemony of the modernist Western management approach generally has ignored local cultural values. In the process of changing that modernist perspective, *Ubuntu* may provide a solution to the problems African workplaces face.

Archbishop Desmond Tutu is renowned for having given the most definitive perspective of *Ubuntu* in 1994. Mbigi (in Madzivire, 2003: 17) quotes Tutu as saying:

“Africans have a thing called *Ubuntu*; it is about the essence of being human, it is part of the gift Africa is going to give to the world. It embraces hospitality, caring about others, being willing to go that extra mile one for another. We believe that a person is a person through other persons; that my humanity is caught up, bound up inextricably in yours. When I dehumanize you, I dehumanize myself. The solitary human being is a contradiction in terms, and therefore you seek work for the common good because your humanity comes into its own in community, in belonging”.

A politically visible example of '*Ubuntuism*' can be found in Thabo Mbeki's African Renaissance programme, which aims at uniting Africa for the common good of all Africans alike. The 'Proudly South African' campaign launched by government to encourage South African businesses and individuals to buy locally manufactured goods and services is another example of *Ubuntu* in practice.

Shutte (1993) states that the concept of *Ubuntu* is common to all African languages and traditional cultures. It is, however, not synonymous with either Western individualism or collectivism. This idea allows us to see the self and others as equi-primordial or as aspects of the same universal field of force. However, as Shutte observes, this "solution" of the contradiction posed by the *Ubuntu* conception of individuality, comes at a price:

"...in the perspective opened up by the African idea of the universe as a field of forces, it is difficult to see how the existing individual can have any enduring reality at all, much less how he can be possessed of the freedom and responsibility that is usually reckoned the most valuable mark of personhood."
(Shutte, 1993:56)

Furthermore, Shutte observes that, like the *Ubuntu* desire for consensus, this inclusivist, collectivist or communalist conception of individuality can easily derail into an oppressive collectivism or communalism. But Ndaba (1994: 14) points out that:

"the collective consciousness evident in the African culture does not mean that the African subject wallows in a formless, shapeless or rudimentary collectivity...[It] simply means that the African subjectivity develops and thrives in a relational setting provided by ongoing contact and interaction with others".

Ubuntu is used as 'Ubuntu' in both the Zulu and Xhosa languages. It is a translation of the expression 'Umuntu ngumuntu ngabantu', meaning that the

person is a person through other persons, and this expresses a typical African conception of a person (Karsten & Illa, 2005: 612).

The Tswana call this collective unity *botho*, the Shona *unhu*, Afrikaans *broederbond*, English *brotherhood*, Xhosa *ubuntu*, Tsonga *bunhu* and Venda *vhuthu* (Madzivire, 2003: 13). The concept also has namesakes in different terms in African countries. Ramose (1999: 49 - 51) states that the whole population of Sub-Saharan Africa believes in the Ubuntu or equivalent African philosophy of a family atmosphere, “a kind of philosophical affinity and kinship among and between the indigenous people of Africa”. In Senegal (West Africa) the concept of ‘Teranga’ reflects a similar spirit of collective hospitality between people. Zimbabwe’s concept of ‘Ubukhosi’ also mirrors itself metaphorically in the statement ‘umuntu ngumuntu ngabantu’.

Ramose (2001: 1) explains that Ubuntu consists of two words in one, namely the prefix ‘ubu’ and the stem ‘ntu’. Ubu evokes the idea of being in general. It is enfolded being before it manifests itself in the concrete form or mode of existence of a particular entity (‘ntu’), and thus ‘ubu’ is always oriented towards ‘ntu’. At the ontological level there is no strict separation between ‘ubu’ and ‘ntu’ and they are mutually founding: two aspects of being, two sides of “oneness” that becomes an indivisible whole. Whereas ‘ubu’ is the ontological side, ‘ntu’ is the nodal point, where it assumes a concrete form. Accordingly,

“‘ubuntu’ is the fundamental ontological and epistemological category in the African thought of the Bantu-speaking people”.

The principles of Ubuntu can be equated to the characteristics found in ‘collective’ people (Dwairy: 2002: 346-347):

1. The self is not autonomous but is connected to an in-group. It directs its energy towards achieving group rather than personal goals.

2. The behaviour of the individual is more situational and contextual rather than dispositional. It is controlled by external, rather than internal, factors that emphasize roles and norms rather than personal attribution of behaviour.
3. Priority is given to interpersonal responsibilities rather than to justice and individual rights.
4. Experience more other-focused emotions (e.g., sympathy and shame) rather than ego-focused ones

The main source of anxiety is external (punishment or shame) rather than internal (guilt), while the main source of happiness is external (social approval) rather than internal (self-actualization). Social coping skills, rather than psychological defence mechanisms are needed to avoid punishment or shame. Central to these mechanisms are identification, respect, obedience, and adherence to the social authority, while unacceptable trends may be expressed not in view of the social authority.

Presently, about 80% of the people (Africa, Asia, and South America) in the world still live in a collective system (Dwairy, 2002: 343). In the Arab society (as an example of collective societies), four social coping skills are needed to balance the conflict between the individual and society (Dwairy, 2002: 349).

Variations of these four social coping skills are found in all collective societies under different names. These mechanisms enable the individual to survive and the social system to maintain the status quo. Just as defence mechanisms distort reality and deceive the consciousness, social coping mechanisms deceive the others. An individual distorts expression of unacceptable content in both cases. These coping skills are:

1. **Mosayara** (Dwairy, 2002: 349)

“Mosayara is to get along with others’ attitudes, wishes, and expectations by concealing one’s real feelings, thoughts, and attitudes”.

By accommodating the expectations of others and cultivating the extremely positive value of obedience, it is a reasonable social means to avoid confrontation and maintain good relationship and support. People in such societies avoid saying “no” because it is considered rude rather than assertive. Contrary to western expectation, it is the comfortable way to communicate without threatening the social approval and support that is vital for the people.

2. **Istighaba** (Dwairy, 2002: 349)

Istighaba is a quality that is not appreciated. It is when socially unacceptable verbal and non-verbal actions are expressed away from the “eye of society” or in solitude, to avoid isolation or punishment. This method serves to discharge and ventilate forbidden wishes without losing vital social approval and support, or violating social rules. People usually deny using istighaba or rephrase it: “I did not tell him what I really think because I did not want to insult him” or “I did not tell my father what I really want to do because I did not want him to worry.”

3. **Fahlawia** (Dwairy, 2002: 350)

Fahlawia is a combination of mosayara and istighaba that enables people to survive within social injustice and/or have their needs met without confronting the system:

- Projection of responsibility onto others or external factors
- Humour to ease stress and avoid confrontation

- Cleverness
- Verbal exaggeration of one's achievement by denying one's shortcomings
- Indirect methods of managing one's life without challenging the social system
- Bribery, which is common among collective societies.

4. Identification with the oppressor (Dwairy, 2002: 350)

Oppression is inevitable in collective societies. Freiri (in Dwairy, 2002: 350) described a social mechanism in Brazil that helps victims of oppression coexist with the oppressor by providing them with an illusion of power in order to give meaning to the oppression. Consequently, oppressed people in many Asian and African societies, especially women, identify with and justify the oppressing norms and values from which they suffer on the one hand, and endorse the same oppressing attitudes on the other hand.

By understanding the characteristics and coping skills of collective people, such as Arabs or those who live by the principles of the African concept 'Ubuntu', change can be managed appropriately. The positive characteristics of 'Ubuntu' can not be ignored.

In the last decade, the term 'Ubuntu' has been re-energised in a liberated South Africa. It has been introduced as a new management concept in the South African popular management literature by Lascaris and Lipkin, Mbigi and Maree (in Karsten & Illa, 2005: 607). According to the authors, Mbigi has listed the following relevant principles of Ubuntu: The spirit of unconditional African collective contribution, solidarity, acceptance, dignity, stewardship, compassion and care, hospitality and legitimacy. They continue to quote Mbigi as saying that it can be translated to what he calls "The African Dream in Management" (Karsten & Illa, 2005: 613).

As summarised by Donald, Lazarus and Lolwana (1999:150):

“Ubuntu may be very powerful, because emphasis is placed on the good of the community as a whole, and on the social responsibility of its members towards one another”.

If applied within a business context, Ubuntu can help organisations foster an environment of togetherness and co-operation amongst the organisations’ members towards the mutual success of the organisation and the individual, despite cultural differences.

Karsten & Illa (2005: 613) state that the introduction of Ubuntu as a management concept will not replace the transfer of knowledge, like management concepts, from the Western world but can support the development of a hybrid management system operating in Africa within which these Western concepts can find their proper African translation.

The authors list some examples of South African success stories (Karsten & Illa, 2005: 615):

- Durban Metrorail adopted Ubuntu as one of its guiding principles and resulted in the company being named the Most Progressive Company in Kwazulu-Natal by the Black Management Forum in 1999.
- They quote Patricia and Scheraga as saying that South African Airways illustrates how a major non-American corporation uses the various dimensions of Ubuntu.
- CS Holdings (a New South Africa IT company) implemented Ubuntu because of the belief that “the reputation of a company as perceived by the market is as important as the actual services rendered by the

company”. As part of this philosophy, the company forms alliances with firms such as Ubuntu Technologies to provide “expertise and knowledge exchange as well as some infrastructure, enabling Ubuntu Technologies to tender for business from which they were previously excluded”. The integration of Ubuntu guidelines made it possible for CS Holdings to improve its management style and its performance and integrate these guidelines into routines and daily practices as normal attitudes.

To assist with the coordination of personnel in organisations, in support of economic revitalisation, Ubuntu’s underlying concept of humanness, manifested in caring and community, harmony and hospitality and respect and responsiveness could add real value to society and organisations. With the increased interest in participatory planning processes, emphasis on meta-physical concepts such as values, principles, spirituality and emotions, and the tendency of recent literature to promote leadership (based on vision and doing the right things) over management (based on control and doing things right), there is a definite need to explore the potential of African concepts like Ubuntu.

Nussbaum (2003: 7) is convinced that business practices, which are truly infused with Ubuntu, can lead to a new business paradigm, which:

“...frees workplaces in the west from the tyranny of soulless technical professionalism and the culture of emotional denial at work”.

Karsten & Illa (2005: 617) concludes that the values Ubuntu stands for do not reflect a fixed human nature. Diversity in organisations has shown clearly that that cannot be the case. But it does indicate that actors in organizations have some common nature, which in some cultures is more respected than in others. This common human nature makes intercommunication possible. That is what Ubuntu tries to express as a pathway of understanding and living our common humanity.

3.4.4.3 Decision-making

Madzivire (2003: 13) states that traditionally, Africans found peaceful solutions to problems through village meetings. These were convened under a 'big tree' to debate issues until consensus was reached. The village meetings are called pitso by the Xhosa, ndaba by the Zulu, kgotla by the Tswana, asetena kese by the Asante, and dare by the Shona. According to Avithey (in Madzivire, 2003: 13), Westerners solve political problems by majority vote, Africans do so by consensus. Majority vote ignores minority positions while consensual decision-making takes minority views into account.

Ubuntu, by definition, strengthens an attitude of open conversations. It includes the voice of all participants in the organisation and the building of consensus (Karsten & Illa, 2005: 613). Storytelling, inclusive decision-making and participatory community meetings are key features in traditional rural African communities. Majority of opinion did not count in the council of elders: unanimity was the rule. In face-to-face communities in control of their own destinies these "wisdom circles" were widespread. Glock-Gueneich (in Karsten & Illa, 2005: 613) explains that instead of responding with argument and debate to what is said,

"Rather what is sought is a deepening of understanding and the spontaneous emergence of a solution or decision."

Madzivire (2003: 363) observes another interesting feature around the African perspective of collaboration, which is characterised by intense background lobbying. Opinion leaders play a critical role in the process and the importance of power and politics can not be underestimated. It is therefore essential that these opinion leaders are identified by the organisation, and their energy harnessed to spearhead transformation.

3.4.4.4 Communication methods

It is a fact that all Managers need to develop cross-cultural communicative competencies – a *savoir-faire* – to enable a conducive and collaborative atmosphere in companies, which strengthens the values *Ubuntu* stands for (Karsten & Illa, 2005: 617). Where traditional management approaches (like Taylorism and Fordism) focus on formal language as a means to transfer information in an efficient way, *Ubuntu* is based on conversation. Managers who are good conversationalists are able to tell a story, which does not only refer to the facts but can also be liveable for all those involved.

Mangaliso (2001: 26) is of the opinion that the craze for efficiency and accuracy of language has to be countered by an emphasis on conversation.

The Corporate Leadership Council (2004: 81) reports that Continental Airlines, the sixth-largest airline in the United States, has realised the importance of connecting to employees on an emotional level. The company believes that effective communication must speak to employee's emotions, over and above the provision of facts and logic. Storytelling, in particular, has been identified as an important tool in increasing leaders' abilities to forge connections with their employees, generate emotional commitment from their teams and increase performance and staff retention.

This approach could be particularly useful in a South African context, where *Ubuntu*'s focus on conversation and the majority of the population's interest in symbolism will make this a particularly effective medium of communication.

Mbigi (2000: 37) emphasises the importance of the ritualistic and collective elements in the workshops addressed to a South African audience, including:

- Dancing
- Singing

- Drumming
- Storytelling
- Mythography (when a facilitator captures the collective story of the group in the form of a heroic mythology with distinctive events and characters to dramatise the message)

He states that, in order to access the emotional and spiritual resources of an organisation, appropriate bonding symbols, myths, ceremonies, and rituals are needed to raise consciousness regarding work views, world views, power, and public accountability, and to help people think through who they are, why they are, and what they can become.

By constructing a story about the history of the organization or the various participating social groups, communicating it as a heroic, mythological drama with appropriate props, a particular theme and well-selected positive aspects, management can access the spiritual and emotional resources and create a positive spirit within the organization.

Dwairy (2002: 358) agrees that for collective societies, imagination, metaphors, rituals, and mind–body techniques must be employed to fit those individuals who have a different concept of reality, and who describe their problems in metaphoric language.

Mbigi (2000: 37) states that the ritualistic elements are based on a Shona renewal ceremony called Dandaro. Literally translated, it means "relaxing together in a meaningful and renewing way." The ceremony is open to all and is facilitated by an outside soothsayer. It includes collective singing, dancing, drumming, and eating, as well as a search for future direction.

The Corporate Leadership Council (2004: 81) suggests the following steps to build a high-engagement culture within an organisation through storytelling:

- Teach the basics of storytelling (incorporate own values into story content and use emotions and symbols in addition to logic and data when delivering stories to an audience).
- Develop Managers' storytelling abilities through practical exercises (designing a story, telling the story and receiving feedback, tailoring the story for specific audiences and for specific objectives).

Continental Airlines used this method to incorporate storytelling as a skill taught to all executives (Corporate Leadership Council, 2004: 85). More than 95% indicate that they have improved their communication skills. In part due to strong leadership and emotional engagement, Continental has reported positive financial results – particularly relative to peers – for three years after this method has been implemented. CEO Gordon Bethune states that using stories is a highly effective means of transmitting the company's values and teaching behaviours expected of employees.

3.5 CHAPTER CONCLUSION

From the literature review, it is evident that the impact of strategy change (and in particular downsizing) on morale, performance and commitment cannot be denied. Numerous studies conducted by various authors such as Henkoff, Bennett, Cascio, Murphy, Vahtera, Kivimaki & Pentti, Bedeian & Armenakis, Marks (in Nelson & Burke, 1998), Watson Wyatt Worldwide (in Hilenrath, 2001a), Bennett, Martin, Bies & Brockener, Brockner & Greenberg, Brennan & Skarlicki, Greenglass, Tourish, Paulsen, Gobman & Bordia, Armstrong-Stassen, Harris & Sutton (in Blau, 2006) extensively investigated the impact of downsizing on organisational performance and surviving staff members. It is suggested by these studies that downsizing has a negative effect on the remaining employees at organisations that embarked on this type of strategy change.

Madzivire (2003: 2) notes a distinct absence of studies focusing on the challenges of organisational transformation in emerging economies. A unique approach to South African challenges is needed when considering organisational change in a South African context (Donnelly and Dunn, 2006: 2).

In a South African context, a study conducted by the HILL School for Business (Sacht et al., 2004: 2) found that South African companies rate themselves only half as good as their global competitors when it comes to embedding a change resilient culture. In addition, change leadership fared the lowest among respondents, suggesting a lack of good leaders able to implement change and put strategy into effect. Change management within a South African environment was explored, with particular reference to the work of Mbigi (2000) regarding the incorporation of ritualistic elements and symbolism, Madzivire (2003) with his proposed model for change implementation in an emerging economy, Karsten & Illa (2005) with their examination of 'Ubuntu' and Dwairy (2002) with his research on collective societies.

The author of this study is in a Human Resources Management role at a South African-based global Telecommunication Company that implemented strategy change on more than three occasions in a period of ten years (most notably consistent downsizing programmes). The study aims to investigate the effect of these constant and numerous strategy changes (downsizing in particular) on the remaining employees' morale, performance and commitment.

Having reviewed the relevant literature, the methodology that was used to conduct the empirical research will be presented in the next chapter.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

Chapter 3 reviewed literature pertaining to the impact of strategy change (in particular downsizing) on employee morale, performance and commitment. The current chapter focuses on the research methodology with emphasis on research methods used in the study, the research design, population, sampling, data collection, data analysis, reliability and validity.

The empirical aims of the study are to:

- Investigate the approach followed by a South African-based Telecommunication Company in implementing change;
- Determine the level of influence of strategy change on morale;
- Determine the level of influence of strategy change on performance;
- Determine the level of influence of strategy change on commitment;
- Recommend how strategic managers, companies and South African industry in general could implement strategy change more effectively;
- Provide useful information to managers regarding the impact of strategy change on South African-based employees.

The consequent hypotheses formulated based on the above aims are as follows:

H₁: South African companies lack a proper model of implementing the process of strategic change. The effects of this are low morale, reduced performance and lack of commitment among staff members.

H₀: Although South African companies lack a proper model of implementing the process of strategic change, this does not have any significant effect on staff morale, performance and commitment.

H₂: While it is recognised that strategic change in the company is always encountered with resistance, the level of resistance differs significantly between employees at various levels.

H₀: While it is recognised that strategic change is always encountered with resistance, there is no significant difference among employees at various levels with regard to their response to strategic change.

H₃: Employees are in fact not against strategic change but the process followed.

H₀: The process followed in the implementation of strategic change has no significant impact on employee resistance.

4.2 RESEARCH METHOD

In research, researchers often use sample survey methodology to obtain information about a large aggregate or population by selecting and measuring a sample from the population (Cooper & Schindler, 2001: 102). Due to the variability of characteristics among items in the population, research methodology applies scientific sample designs in the sample selection process to reduce the risk of a distorted view of the population, and it makes inferences

about the population based on the information from the sample survey data. This section will discuss the research design and data analysis.

4.2.1 Research Design

Non-experimental, quantitative and inferential methods were employed for the study. Data was collected using questionnaires (Appendix I). This method, commonly referred to as a survey was chosen based on consideration that it enables the researcher to gather data faster and more efficiently. The questionnaire is one of the most widely used survey data collection techniques in research. Sekaran (2000: 233) defines a questionnaire as “a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives”. Because each person (i.e. a respondent) is asked to respond to the same set of questions, it provides an efficient way of collecting reactions from a large sample prior to quantitative analysis.

4.2.2 Population and Sampling

The entire collection of units, usually people, about which one wishes to draw conclusions is the population (Cooper & Schindler, 2001: 66). Generally, populations of interest are too large to obtain measurements of all the units. In such instances a subset of the population is selected. This subset of the population is called a sample (Snedecor & Cochran, 1980: 123).

Sample may refer to the part of a statistical population which is actually observed or the selected part of population, which represents all organism of specific area (Zar, 1984: 40). According to Sekaran (2003: 266), it is:

“the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population elements.”

Researchers often use sample survey methodology to obtain information about a large aggregate or population by selecting and measuring a sample from the population. Due to the variability of characteristics among items in the population, research methodology applies scientific sample designs in the sample selection process to reduce the risk of a distorted view of the population.

The population of this study was the entire full time equivalent employees of a Telecommunication Company that has a headcount of 1900 and four big divisions. All racial groups of both genders were included in the study.

According to Sekaran (2003: 294), a population size of 1900 should have a sample size of at least 322 participants. This approach was adopted and implemented in the study. The detailed breakdown of the sample for each of the categories of employees surveyed is shown in Figure 4.1.

Figure 4.1. – A breakdown of sample sizes of studied population

Division	Management	Supervisors	General	TOTAL
Consumer	4/13*	19/137	127/751	150/801
Corporate	2/13	11/89	62/330	73/432
Finance	1/12	8/12	53/361	64/385
Network	1/12	6/12	39/258	47/282
TOTAL	8/50	44/200	281/1650	333/1900

* Sample/Population

4.2.3 Data Collection/ Instrument

Churchill & Peter (1984: 375) have shown empirically that the measuring instrument has the greatest influence on the reliability of data. These authors suggest that the characteristics of measurement are best controlled by the careful construction of the instrument, such that a well-designed questionnaire can boost the reliability and validity of the data to acceptable tolerances. For this study, the instrument used was a structured electronic questionnaire (Appendix I).

The use of a questionnaire to survey respondents has several advantages. These advantages include an ability to respond anonymously which can lead to more accurate results, designs can be simple and clear, providing accurate information without complicated explanations, respondents self-administer the instrument which allows them flexibility in completing and returning the survey, they are inexpensive to administer and they can be created easily.

While questionnaires could be considered to be a commonly used research tool, disadvantages must also be considered. They include low response rates that may reflect a non-representative sample, misunderstandings of what is being asked because of knowledge or experience deficits, and those polled may not be the ones actually completing the survey, thus providing skewed results.

The above advantages for this survey outweigh the disadvantages indicated because the sample utilised was within a closed and controlled environment.

To overcome some of the disadvantages, a pilot study was used to test the respondents' understanding of the questions, and the questions were assessed by a Human Resources management representative at the Telecommunication Company to determine its relevance to employees and the objectives of the study.

The questionnaire (see Appendix 1) was entitled “Weighting of Employee Morale, Performance and Commitment during and after Downsizing” and was designed based on the research conducted in the Literature Review. It consisted of 21 questions that were aimed at eliciting relevant information from employees regarding their level of morale, performance and commitment. The questionnaire was based on a Likert scale where respondents were expected to rate their responses as strongly disagree (SD), disagree (D), neutral (N), agree (A) or strongly agree (SA).

The questionnaire was divided into the following sections:

- Eight questions measured the employee’s level of morale.
- Eight questions measured the employee’s level of performance.
- Five questions measured the employee’s level of commitment.

4.2.3.1 Questionnaire items measuring morale

Hilsenrath (2001: 1-3) states that economists and consultants who studied the relationship between layoffs and corporate performance say that downsizing harmed the morale of the surviving workers, by leaving employees overburdened and demoralised.

In the literature review, it was found that the most common characteristics of employees with positive morale are:

- A sense of belonging (influencing such factors as absenteeism, unity, teamwork, trust, politics and faith in leadership)
- Enthusiasm
- Devotion and loyalty
- A sense of security and confidence in the future
- Creativity, initiative
- Recognition based on purpose and usefulness, participation

- Freedom of expression, communication

For positive morale to be maintained, workers need to feel a sense of equity, achievement and camaraderie (Sirota, Mischkind & Meltzer, 2006: 1) and connection, contribution and credibility (Corporate Leadership Council, 2004: 77). When morale is negatively affected, the employee lacks the motivation to express his/ her creativity and initiative in the workplace, the enthusiasm to go to work and a sense of belonging. Low morale also negatively affects the employee's sense of security and trust in the organisation and/or team (Feldheim & Liou, 1999, Mishra, 1998).

Based on these characteristics, the level of morale was measured in the questionnaire by constructing the following questions:

1. I am not motivated to come up with new ideas at work
2. I look forward to getting to work every day
3. My talent and potential are recognized in my workplace
4. I am allowed room to apply my creativity at work
5. I stay away from work more often than before
6. Team issues are dealt with in an open and direct way
7. Team members do not trust one another
8. As a team, we are energetic and proactive

4.2.3.2 Questionnaire items measuring performance

Mishra (1998: 85) states that downsizing survivors' competency may also be threatened as they take on the jobs of laid-off co-workers, which often require different skills. Their sense of personal control may suffer because of unclear or constantly changing job responsibilities or frequent layoffs that leave them wondering if they are next.

The questions focused on the employees' perceptions of their own performance following strategic change in the form of downsizing. Grote (2002: 14) defines

performance as those work-related activities which are observable, provide objective evidence and which are easily recorded in quantifiable terms. The questions were aimed at measuring the respondents' perception of their ability to perform their work-related activities.

The questionnaire was aimed at determining:

- Whether employees regard their performance evaluation as being fair/ accurate.
- Whether employees believe that they have the skills/ competency required to perform their jobs.
- Whether employees believe that they have adequate resources to perform their jobs.
- Whether employees believe that their performance objectives are attainable.
- Whether employees' roles are clearly defined.
- Whether adequate benchmarks and feedback exist as an evaluation tool.
- Whether employees have faith in the values, culture and politics of the organisation.

These objectives were translated into the questionnaire items measuring performance.

- | |
|--|
| <p>9. My performance on the job has declined</p> <p>10. My performance is not evaluated fairly</p> <p>11. The objectives I am measured against are attainable</p> <p>12. I do not have enough resources to do my job well</p> <p>13. I am appropriately skilled to deliver on my job's objectives</p> <p>14 I am clear about my roles in my team</p> <p>15. There are clear measures of how we perform as a team</p> <p>16. There is meaning and value in our work</p> |
|--|

4.2.3.3 Questionnaire items measuring commitment

Bridges (1991) explores the impact of downsizing on employee commitment. Of primary concern to employees who remain following a layoff, is the damage to the commitment towards the employer and toward the immediate line manager (Grunberg et al., 2000: 21). The apparent job insecurity and perceived risk to the value of their role in the organisation may lead to deterioration in this relationship and, ultimately, to productivity and job commitment (Balogan & Hailey, 1998: 68).

West (2000: 27) explores a variety of authors' definitions of organisational commitment. For the purpose of this research, and based on the definitions provided by the literature, the objectives were to measure commitment in terms of:

- An employee's loyalty to the organisation
- An employee's dedication. Are they motivated to put in extra time/ exceed expectations?
- Attrition. Is the employee looking for other opportunities?
- Will the employee recommend the company to others?
- Does the employee have hope for the future in terms of personal development, career growth and job security?

The commitment questions were consequently derived from these objectives.

- | |
|---|
| 17. I never put extra time to complete my work |
| 18. I am exploring other possibilities outside of my organization |
| 19. I would recommend someone to work in this company |
| 20. I feel hopeful about my future in the company |
| 21. Would you work for the same organization in future |

4.2.3.4 Questionnaire distribution

The questionnaires were distributed via email with a covering letter (see Appendix 2). Sekaran (2003: 280) describes Probability and Nonprobability sampling designs. A Nonprobability sampling design of 'Quota Sampling' was chosen, where subjects were conveniently chosen from targeted groups (most easily accessible members) according to some predetermined number or quota. For follow up, a personal presentation was given to management and supervisors so as to encourage the return of questionnaires. A total of 334 questionnaires were distributed and a total of 302 responses received. The response rate of Managers was 100% (8 out of 8 questionnaires were returned), the response rate of Supervisors were 100% (43 out of 43 questionnaires), whereas only 88.7% (251 of 283 questionnaires) of General Staff responded.

4.2.3.5 Ethical considerations

During the study, the following ethical considerations were adhered to:

- Permission to conduct the study was obtained from senior management at the Telecommunication Company, as well as the Durban University of Technology.
- Respondents were informed that participation was anonymous, voluntary and they were explained the purpose of the study and data collection method.
- No monetary benefits were given to respondents for their participation.

4.2.4 Data Analysis and Interpretation

Collected data was processed using Microsoft Excel. The descriptive and inferential statistical analysis of data was done through computer based

statistical software, SPSS® version 13.0. This was combined with Microsoft Excel's capabilities of processing and analysing data.

Statistical testing included the Chi-square Goodness of fit test, which was used to determine whether any of the responses (Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), Strongly Disagree (SD)) was selected significantly more often than the other responses. This was done for each of the questions. The Chi-square test of independence was used to test (amongst others) whether there was a relationship between the type of employee and their response to each question. A t-test was used to determine whether the average response score was equal to 3 (i.e. neutral) or significantly different from 3. Lastly, ANOVA was used to test whether the average scores for the three employee types were the same or significantly different.

The overall purpose of data analysis was to determine the relationship between the elements for which responses were obtained. These were queried for variability in the sample with regard to particular variables of theoretical interest using statistical tools such as analysis of variance (ANOVA), correlation analysis and probability theory. Querying data is called statistical inference. The statistical inference attempts to create a reality using observed patterns of relationship between the variables, thus addressing the uncertainty about the hypotheses.

The objectives of the data analysis were to get a feel for the data, test the accuracy of the data, compare results amongst the three different employee types, identify any trends in the responses, test the hypotheses developed for the research and make statistical inferences about the reality as represented by the sample.

4.2.4.1 Descriptive Analysis

In order to represent Qualitative data in a manageable form, descriptive statistics are used (Zar, 1984: 45). The descriptive statistics used in this study are frequency, measures of central location and measures of dispersion/variability.

a) Frequency Distribution

The frequency is the number of times a certain value or class of values occurs. In practice, this descriptive analysis determines the number (and or percentages) of people who choose each response for each item (Zar, 1984: 47). In this study for each element of data collected, observed frequencies were calculated. These were used to determine the proportional representation of the population. The expected frequencies were compared statistically using the Chi-Square (χ^2) analysis. Calculated proportions were correlated to each other, e.g. the mean of each respondent against his/her job level.

b) Measures of Central Location

A central location statistic represents a typical or middle data point of a set of observations and is useful for comparing data sets (Zar, 1984: 43-46). There are three measures of central location. These are:-

- Arithmetic mean (arithmetic average),
- Mode, and
- Median (also called the second quartile or the 50th percentile)

By nature of the data collected, only the arithmetic mean was calculated and used for statistical inference.

c) Dispersion/ Reliability

Measures of dispersion provide useful information with which the reliability of the central value may be judged (Zar, 1984: 52). Widely dispersed observations indicate low reliability and are less representative of the central value. Conversely, a high concentration of observations about the central value increases confidence of reliability and representativeness of the central value. The measures that are used to describe dispersion are:-

- Range
- Interquartile range
- Quartile deviation
- Variance
- Standard deviation

Among these, this study used variance and standard deviations only. This was motivated by the observation that these two measures are the most useful and reliable measures of dispersion. The reason being that they take every observation into account and that they are based on the average deviation from a central value.

Since research is always dependent upon measurement, it is essential that every measuring instrument should be valid and reliable. "Reliability" is the extent to which a measuring device is consistent in measuring whatever it measures (Cooper & Schindler, 2001: 65). Reliability refers to the repeatability of a test's score on the same test on different occasions, or in different tests with equivalent items, or under different examination conditions. It refers to the degree of correspondence between two sets of scores so that certain deductions may be derived from the results. With this consideration, every effort was made to ensure that the questionnaire used in this research was valid and met these criteria. To ensure the validity of the questionnaire, it was subjected to a validation process for face and content validity. Face and content validity

have been defined by McBurney (1994: 123). He defines face validity as the idea that a test should appear superficially to test what it is supposed to test; and content validity as the fact that a test should sample the range of behaviour represented by the theoretical concept being tested.

A detailed comparison between construct and objectives was done and services of an expert statistician were sought to assess the questionnaire. Having validated the questionnaire, a pilot study was conducted to check for any misinterpretations or difficulties, using 10 staff members at the Telecommunication Company to ascertain:

- If the research method was effective
- If the items were understood
- If the items were unambiguous
- Staff members' reactions to the questionnaire e.g. their willingness to complete the questionnaire
- The relevance of certain items

The pilot study was also conducted as a pre-test to check for any misinterpretations or difficulties and the questionnaire was modified to address these difficulties. A pre-test is a trial run with the aim of determining whether the instrument is clearly worded, free from major biases and whether it solicits the desired information (Polit & Hungler, 1997: 257).

To assess the reliability of the data, Cronbach's alpha coefficient was used, which recommends a value above 0.7 for reliability of any scale items (Pallant, 2005: 90).

4.2.4.2 Inferential Statistics

Inferential statistics is that area of statistics which extends the information extracted from a sample to the actual environment in which the problem arises

(Snedecor & Cochran, 1980: 102). Inferential statistics is the second category of statistical analysis performed on the data, including Analysis of Variance (ANOVA) and Correlation Analysis. The inferential statistics will be discussed in Chapter 5.

a) Analysis of Variance (ANOVA)

Analysis of variance (ANOVA) is a useful tool which helps the user to identify sources of variability from one or more potential sources, sometimes referred to as “treatments” or “factors” (Zar, 1984: 206). This method is widely used to identify whether variation in measured output values is due to variability between various influences, or within them. By varying the factors in a predetermined pattern and analyzing the output, one can use statistical techniques to make an accurate assessment as to the cause of variation. An Analysis of Variance (ANOVA) in the collected data is discussed in Chapter 5.

b) Correlation Analysis

Correlation analysis is the statistical tool that is used to describe the degree to which one variable is linearly related to another (Zar, 1984: 226). Frequently, correlation analysis is used in conjunction with regression analysis to measure how well the least squares line fits the data. Correlation analysis can also be used by itself, however, to measure the degree of association between two variables (Zar, 1984: 228). A Correlation Analysis in the collected data is done in Chapter 5.

4.3 CHAPTER CONCLUSION

The research methodology constitutes an important part of the total research process and while there are many definitions of research design, no one definition imparts the full range of important aspects. The objectives of the study

were identified to measure perceptions of employees to strategy change. Research methodology included considerations on formulation of hypotheses, sample selection and size, measurement and procedures. This was followed by the administration of the questionnaires to the respondents of the target population. The data gathered from the questionnaires were captured on Microsoft Excel and analysed using SPSS® version 13.0.

In the next chapter, the findings produced by this research methodology will be presented.

CHAPTER 5 PRESENTATION OF RESULTS

5.1. INTRODUCTION

The analysis of data extracted from the questionnaires returned encompasses both descriptive and inferential statistics. To enhance the accuracy of analysis, collected data was converted into percentages. This thus indicates that results provided are proportional representations of the respondents' perceptions.

This chapter will only present results (frequencies) i.e. descriptive statistics. A mean analysis of these results (inferential statistics and interpretations) will be done in the next chapter (Chapter 6).

5.2. RESPONSE TURNOVER

A total of 302 questionnaires (i.e. 8 (Managers), 43 (Supervisors) and 215 (General staff) were electronically distributed to selected respondents. Of 302 questionnaires distributed, the response rate was 100% among Managers, 99% among Supervisors and 95% among General staff. Not all questions were answered; this thus created a slight variation on samples (n). The effect of this variation is reflected in the results (see Tables 5.1 to 5.21). The variation can be attributed to the fact that some respondents were not willing to express their opinions of certain aspects of the questionnaire. To mitigate the effects of this on results and conclusions made, each section of the questionnaire was analysed separately, with inferences and conclusions drawn on individual sections of the questionnaire.

5.3. DESCRIPTIVE ANALYSIS

Descriptive statistics provide simple summaries about the sample and measures i.e. they present quantitative descriptions of data in a manageable form such as tables and graphs. In this section the proportional representation of responses for each question asked are thus provided, where necessary measures of central location (i.e. mean) and measures of dispersion (i.e. standard deviation) are provided. This has been done so as to obtain a broader view of the patterns of data.

5.3.1 Morale

Data collected indicated that 42.9% of managers felt that they were not motivated to come up with new ideas at work. The same proportion (i.e. 42.9%) opted to remain neutral, while 25.6% of supervisors and 23.9% of general staff strongly disagreed (Table 5.1).

Note: Among managers there is a strong feeling that they are not motivated to come up with new ideas. A relatively high proportion among managers (42.9%) and supervisors (37.2%) avoided this question by opting for neutral. Inferential statistics and interpretations will be done in the next chapter (Chapter 6).

Table 5.1: I am not motivated to come up with new ideas at work

	SD	D	N	A	SA
Managers	0.0	0.0	42.9	42.9	14.3
Supervisors	25.6	16.3	37.2	14.0	7.0
General Staff	23.9	24.3	17.0	18.6	16.2

Asked whether they are looking forward to get to work everyday, 50% of management staff opted to remain neutral, 37.5% of managers, 42.9% of supervisors and 30.8% of general staff agreed that they look forward to getting to work everyday (Table 5.2).

Note: Almost all employees still have interest to go to work. Notably however is that a highest proportion of managers avoided this question by opting for neutral.

Table 5.2: I look forward to getting to work every day

	SD	D	N	A	SA
Managers	0.0	12.5	50.0	37.5	0.0
Supervisors	7.1	4.8	16.7	42.9	28.6
General Staff	6.9	9.3	29.1	30.8	23.9

With regard to the recognition of potential and talent at work place, 37.7 % of managers, 34.9 % of supervisors and 23.2% of general staff agreed that their talents are being recognised (Table 5.3).

Note: There is a general acknowledgement that their talents are being recognised at work.

Table 5.3: My talent and potential are recognized in my workplace

	SD	D	N	A	SA
Managers	0.0	12.5	50.0	37.5	0.0
Supervisors	23.3	16.3	18.6	34.9	7.0
General Staff	19.5	19.1	25.6	23.2	12.6

On whether they are allowed room for creativity, 37.5% of management staff, 34.9% of Supervisors and 22.7% of general staff disagreed. Notably a highest proportion of managers i.e. 37.5% of management staff agreed that they were allowed room to apply their creativity at work (Table 5.4).

Note: there is a general feeling that employees are not allowed room to apply their creativity at work.

Table 5.4: I am allowed room to apply my creativity at work

	SD	D	N	A	SA
Managers	0.0	37.5	25.0	37.5	0.0
Supervisors	16.3	34.9	20.9	20.9	7.0
General Staff	17.4	22.7	29.3	22.3	8.3

While it could be expected that during strategy change many employees stay away from work due to stress and some problems, 60.5% of supervisors, 50.2% of general staff and a comparatively low proportion i.e. 37.5% of Managers strongly disagreement with the suggestion that they stay away from work often that before. Notably under this question 25% of managers and supervisors disagreed (Table 5.5).

Note: Employees are not discouraged to come to work, this indicate there are less incidences of stress. A good point to note.

Table 5.5: I stay away from work more often than before

	SD	D	N	A	SA
Managers	37.5	25.0	25.0	12.5	0.0
Supervisors	60.5	25.6	4.7	7.0	2.3
General Staff	50.2	20.5	14.5	8.8	6.0

During strategic change team work and relationship is critical. This can take place in the form of sympathetic unity, which manifests itself through strike or solidarity with a view of achieving a common goal. On this aspect, 50% of Managers opted to remain neutral, 37.5% disagreed with that team issues are dealt with in open and direct way. Notably, 52.4% of supervisors and 31.6% of general staff agreed (Table 5.6).

Note: There is a strong feeling of togetherness.

Table 5.6: Team issues are dealt with in open and direct way

	SD	D	N	A	SA
Managers	0.0	37.5	50.0	12.5	0.0
Supervisors	4.8	7.1	14.3	52.4	21.4
General Staff	17.6	11.5	19.7	31.6	19.7

In measuring the extent of cohesion, 42.9% of management staff, 31% of supervisors and 30.4% of general staff strongly disagreed with that team members do not trust one another (Table 5.7).

Table 5.7: Team members do not trust one another

	SD	D	N	A	SA
Managers	42.9	42.9	14.3	0.0	0.0
Supervisors	31.0	33.3	19.0	7.1	9.5
General Staff	30.4	19.4	23.5	14.2	12.6

As far as group force is concerned, 50% of management team, 48.8% of supervisors and 34.7% of general staff agreed that as a team they are energetic and proactive. Notably a comparatively high percentage of managers 37.5% opted to be neutral. Hence 32.6% of supervisors and 34.3% of general staff strongly agreed with the view that as a team they are energetic and proactive (Table 5.8).

Table 5.8: As a team, we are energetic and proactive

	SD	D	N	A	SA
Managers	0.0	0.0	37.5	50.0	12.5
Supervisors	7.0	2.3	9.3	48.8	32.6
General Staff	6.5	7.7	16.9	34.7	34.3

5.3.2 Performance

Fifty percent of managers, 56.1% of supervisors and 33.5% of general staff strongly disagreed that their performance on the job has declined. Notably 25.0% of managers and 24.9% of general staff opted for neutral response.

Note: This indicates positive self assessment, which could mean that staff is less frustrated or that their performance is less affected by the strategic change. Inferential statistics and interpretations will be done in the next chapter (Chapter 6).

Table 5.9: My performance on the job has declined

	SD	D	N	A	SA
Managers	50.0	12.5	25.0	12.5	0.0
Supervisors	56.1	24.4	12.2	4.9	2.4
General Staff	33.5	23.3	24.9	14.3	4.1

37.5% of managers, 29.0% of supervisors and 22.0% of general staff strongly disagreed that their performance were not evaluated fairly. Notably 37.5% of managers, 45.2% of supervisors and 26.4% of general staff disagreed that there their performances were not evaluated fairly.

Note: Again this reflect that the staff members still have trust on the system although they were being evaluated under uncertain environment.

Table 5.10: My performance is not evaluated fairly

	SD	D	N	A	SA
Managers	37.5	37.5	25.0	0.0	0.0
Supervisors	19.0	45.2	19.0	14.3	2.4
General Staff	22.0	26.4	23.2	17.9	10.6

37.5% of managers, 42.5% of supervisors and 34% of general staff agreed that the objectives against which they are measured are attainable. Notably a comparatively high proportion (50%) of managers and general staff (34.5%) opted to remain neutral.

Note: Again this reflect that the staff members still have trust on the system although they were being evaluated under uncertain environment.

Table 5.11: The objectives I am measured against are attainable

	SD	D	N	A	SA
Managers	0.0	0.0	50.0	37.5	12.5
Supervisors	7.5	10.0	27.5	42.5	12.5
General Staff	6.7	8.4	34.5	34.0	16.4

41.9% of supervisors, 37.5% of managers and 28.7% of general staff disagreed that they do not have enough resources to do their job. Notably a high proportion of staff (23%) agreed that they do not have enough resources to do their job.

Note: This indicates that staff members are aware of the availability of resources that could make them to perform.

Table 5.12: I do not have enough resources to do my job well

	SD	D	N	A	SA
Managers	12.5	37.5	37.5	0.0	12.5
Supervisors	11.6	41.9	30.2	11.6	4.7
General Staff	17.2	28.7	16.8	23.0	14.3

37.5% of management staff, 46.5% of supervisors and 24.9% strongly agreed that they are appropriately skilled to deliver on their jobs. 37.5% of management staff, 44.2% of supervisors and 44.9% of general staff agreed that they are appropriately skilled to deliver on their jobs.

Note: This indicates that staff members are confident that they are well trained for the job.

Table 5.13: I am appropriately skilled to deliver on my job’s objectives

	SD	D	N	A	SA
Managers	0.0	0.0	25.0	37.5	37.5
Supervisors	4.7	2.3	2.3	44.2	46.5
General Staff	3.7	5.7	20.8	44.9	24.9

50% of management staff, 41.9% of supervisors and 39.8% of general staff agreed that they are clear about their roles in the team. 25% of management staff, 34.9% of supervisors and 34.1% of general staff strongly agreed that they are clear about their roles in the team.

Table 5.14: I am clear about my roles in my team

	SD	D	N	A	SA
Managers	0.0	0.0	25.0	50.0	25.0
Supervisors	4.7	4.7	14.0	41.9	34.9
General Staff	3.7	6.5	15.9	39.8	34.1

50% of management staff, 46.5% of supervisors and 45.1% of general staff agreed that they clear measures of how they perform as a team. 25% of management staff, 30.2% of supervisors and 29.7% of general staff strongly agreed that they have clear measures of how they perform as a team.

Table 5.15: There are clear measures of how we perform as a team

	SD	D	N	A	SA
Managers	0.0	0.0	25.0	50.0	25.0
Supervisors	4.7	7.0	11.6	46.5	30.2
General Staff	4.1	7.7	13.4	45.1	29.7

While a comparatively high proportion (37.5%) of managers opted to remain neutral, 25% of management staff, 42.9% of supervisors and 37.8% of general staff agreed that there is meaning in their work. 25% of management staff, 38.1% of supervisors and 31.7% of general staff strongly agreed that there is meaning in their work.

Note: Here there is a slight point of concern, one wonders why 50% of managers opted for neutral and a comparatively low proportion (25%) agreed that there is a meaning in their work.

Table 5.16: There is meaning and value in our work

	SD	D	N	A	SA
Managers	0.0	12.5	37.5	25.0	25.0
Supervisors	0.0	4.8	14.3	42.9	38.1
General Staff	0.0	9.8	15.4	37.8	31.7

5.3.3 Commitment

25% of managers, 32.6% of supervisors and 24.6% of general staff agreed that they never put extra time to complete their work. However, a comparatively, a small proportion (12.5%) of managers and relatively high proportion of supervisors (39.5%) and general staff (40.3%) strongly disagreed (Table 5.17). Notably a high percentage i.e. 50% of managers opted to be neutral

Note – an indication of high level of stress, this is despite that the managers deny it, the fact that 50% opted to be neutral indicate that they did not want to be identified or associated with laziness or incapability to perform. Inferential statistics and interpretations will be done in the next chapter (Chapter 6).

Table 5.17: I never put extra time to complete my work

	SD	D	N	A	SA
Managers	12.5	25.0	50.0	12.5	0.0
Supervisors	39.5	32.6	18.6	7.0	2.3
General Staff	40.3	24.6	14.9	12.1	8.1

25% of managers, 33.3% of supervisors and 27.2% of general staff agreed that they were exploring other possibilities outside the company. Notably again a higher proportion of managers opted to be remain neutral (Table 5.18). Hence 23.8% of supervisors and 24.3% of general staff strongly agreed that they were exploring other possibilities outside the company.

Note: Irrespective of the fact that staff members appear to be satisfied with their jobs, their loyalty to the organisation appears to have been negatively affected by strategic change.

Table 5.18: I am exploring other possibilities outside of my organization

	SD	D	N	A	SA
Managers	0.0	12.5	50.0	25.0	12.5
Supervisors	11.9	11.9	19.0	33.3	23.8
General Staff	12.8	11.1	24.7	27.2	24.3

31.8% of general staff, 26.5% of supervisors and a comparatively small proportion of managers agreed that they would recommend someone to work for the company. High proportion of managers (50%) opted to remain neutral.

Note: Here again there is an expression of dissatisfaction about the company. This is more expressed among the managers, supervisors and general staff are quite happy with the company.

Table 5.19: I would recommend someone to work in this company

	SD	D	N	A	SA
Managers	12.5	12.5	50.0	12.5	12.5
Supervisors	11.9	9.5	23.8	26.2	28.6
General Staff	12.7	8.2	15.9	31.8	31.4

37.5% of managers and 25.1% of general staff agreed that they were hopeful about their future in the company. 21.4% of supervisors and 30.8% of general staff strongly agreed that that were hopeful with their future in the company.

Note – an element of confusion among managers and uncertainty about their future is expressed here, this is shown by that 0% would strongly agree and 37.5% opted to remain neutral.

Table 5.20: I feel hopeful about my future in the company

	SD	D	N	A	SA
Managers	12.5	12.5	37.5	37.5	0.0
Supervisors	21.4	16.7	28.6	11.9	21.4
General Staff	17.4	10.9	15.8	25.1	30.8

37.5% of managers, 28.6% of supervisors and 28.2% of general staff agreed that they would work for the same company in the future. 35.7% of supervisors and 30.6% of general staff strongly agreed that they would work for the same organisation in future.

Note, again an element of uncertainty is note. This in the form of 0% of managers who can confidently expressed that they would work for the same organisation in future.

Table 5.21: Would you work for the same organization in future?

	SD	D	N	A	SA
Managers	12.5	12.5	37.5	37.5	0.0
Supervisors	9.5	9.5	16.7	28.6	35.7
General Staff	13.3	6.9	21.0	28.2	30.6

5.4. CHAPTER CONCLUSION

This chapter presented the results of collected data, converted into percentages (frequencies). Inferential analyses and interpretation of these findings are provided in the next chapter.

CHAPTER 6 INTERPRETATION OF RESULTS

6.1 INTRODUCTION

Various analyses were carried out on the collected data from this study in order to make deductions about attitudes with regard to changes in the workplace.

Chi-square goodness-of-fit tests were applied to each question in order to ascertain whether any one of the responses, 'Strongly Agree'; 'Agree'; 'Neutral'; 'Disagree' or 'Strongly Disagree', was selected significantly more often than the others.

Average scores were calculated for each question and these were tested, using a t-test, to find out whether the average score was significantly different from a neutral score of 3. An average value that is found to be significant will indicate optimism if the average is greater than 3 and, if less than 3, will indicate pessimism.

Chi-square tests of independence were applied to the data in order to find whether significant relationships exist between the three employee types (Management, Supervisors and General Staff) and their responses to the different questions.

Analysis of variance was applied to test whether the average scores were equal for the three employee types.

The above analyses were used to gain inferences regarding general attitudes as well as for the specific breakdowns of morale, performance and commitment. Finally, Pearson's correlation analysis was applied to ascertain whether the responses to the morale, performance and commitment questions correlated in any way.

6.2 DATA HANDLING AND MANIPULATION

Before doing an inferential analysis of the results obtained in Chapter 4, it was necessary to recode some of the questions. This was done so that all the questions could be coded in the same conceptual direction. Thus a score of 5 (Strongly Agree) will indicate a positive view and a score of 1 (Strongly Disagree) will indicate a negative view. The questions recoded included 1, 5 and 7 from Morale; 9, 10 and 12 from Performance; and 17 and 18 from Commitment.

6.3 RELIABILITY ANALYSIS

Since Likert scale measures provide values (1 to 5) with which to work, it is possible, in this case, to add scores together for the three groupings (Morale, Performance and Commitment) so as to get a single average score for each. In order to ascertain whether these total scores are indeed a reliable measure for these parameters, Cronbach's alpha analysis was carried out. This indicates whether or not the grouped questions are consistent and indeed can be grouped together as a single measure for that parameter.

The results are summarised below in Table 6.1.

Table 6.1. Cronbach's Alpha – various categories

	Morale Q1 - Q8	Performance Q9 - Q16	Commitment Q17 - Q21	Q1 - Q21
Management	0	0.8647	0.7963	0.8453
Supervisors	0.612	0.6894	0.7623	0.8567
General Staff	0.6534	0.5932	0.6943	0.8006
All respondents	0.6471	0.618	0.7044	0.8087

A commonly acceptable minimum value for alpha is 0.7 (Pallant, 2005: 90). Most of the above values are close to this accepted value. The one that is of concern is the value of 0 as measured for the management respondents against the morale questions. This indicates that a single total score for this category is not necessarily a reliable measure for management/Morale. This value of alpha can be increased to .7455 if Questions 1, 7 and 8 are omitted from the grouping.

It was noted that the alpha values in the right hand column (Table 6.1) (Q1 – Q21) are all higher than for subsets of the questions. This is because it often happens that the more items (questions) included in the subset, the higher the value of alpha.

6.4 ANALYSIS OF QUESTION RESPONSES

A number of different statistical methods were used to analyse responses to the questions. These include the t-test which is used to make inferences about the mean; the Chi-square goodness-of-fit test which is used, in this case, to test whether certain responses are selected significantly more often than others; the Chi-square test of independence to ascertain whether relationships exist in cross-tabulated data; Analysis of variance which test the equality of more than two means; and Pearson's correlation which examines whether one variable is correlated to another.

As detailed in sections 6.4.1 – 6.4.4, analyses were carried out on various subsets/ breakdowns of the data. These include:

- (i) The entire sample, i.e. all three employee types taken together
- (ii) Sections of the sample - separated out by employee type
- (iii) All 21 questions taken as a whole and
- (iv) The three separate question groupings - Morale (M), Performance (P)

and Commitment (C)

6.4.1 Analysis - Question by Question

In this section, each question was analysed in two ways. Firstly a t-test was applied to test the hypothesis:

H_0 : Average score equals a neutral score of 3
versus H_1 : Average score differs from a neutral score of 3

This test helps to identify the extent of agreement for each question.

The second method used in this section was a Chi-square goodness of fit test.

This test was used to test the hypothesis:

H_0 : Each response option (SD – SA) is equally likely to be chosen.
versus H_1 : A specific response occurs more often than others

Statistical runs of the analyses described below are found in Appendix 3.

6.4.1.1 Question 1: I am motivated to come up with new ideas at work

Table 6.2. Analysis of responses to Question 1

<i>Question 1</i>	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.22	0.007	7.36	0.118
Management	2.29	0.047	1.14	0.565
Supervisors	3.40	0.039	11.77	0.019
General Staff	3.21	0.018	7.27	0.122

a) All respondents taken together

As demonstrated in Table 6.2., the average score for this (recoded) question taken over all respondents is 3.22. This is significantly different ($p=0.007$) from an average score of 3, and indicates agreement with the statement.

b) Analysis to compare employee grouping

Management scored a mean of 2.29 (Table 6.2.) on this question which is significantly different ($p=0.047$) from an average of 3, indicating disagreement.

Supervisors scored an average of 3.40 (Table 6.2.) which is significantly different ($p=0.039$) from 3 and more than expected supervisors remained neutral on this issue ($p=.019$).

General staff scored an average of 3.21 (Table 6.2.) which is significantly different from 3 ($p=0.018$) and indicates agreement.

6.4.1.2 Question 2: I look forward to getting to work every day

Table 6.3. Analysis of responses to Question 2

Question 2	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.58	0.000	80.36	0.000
Management	3.25	0.351	1.75	0.417
Supervisors	3.81	0.000	21.10	0.000
General Staff	3.55	0.000	61.89	0.000

a) All respondents taken together

As demonstrated in Table 6.3., the average score for this question taken over all respondents is 3.58. This is significantly different ($p=0.000$) from an average

score of 3, and indicates fairly strong agreement with the statement. More than expected respondents selected 'agree' for this statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.25 on this question (Table 6.3), which was not significantly different ($p=0.351$) from an average of 3.

Supervisors scored an average of 3.81 (Table 6.3), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they agree with the statement ($p=0.000$).

General staff scored an average of 3.55 (Table 6.3), which is significantly different ($p=0.000$) from 3 and "Agree" was selected significantly more often by them ($p=0.000$).

6.4.1.3 Question 3: My talents and potential are recognised in my workplace

Table 6.4. Analysis of responses to Question 3

Question 3	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	2.91	0.210	19.41	0.001
Management	3.25	0.351	1.75	0.417
Supervisors	2.86	0.492	8.98	0.062
General Staff	2.90	0.242	11.97	0.018

a) All respondents taken together

The average score for this question taken over all respondents is 2.91 (Table 6.4.). This is not significantly different ($p=0.210$) from an average score of 3, thus indicating a neutral response, on average, to the statement.

b) Analysis to compare employee grouping

Management scored a mean of 3.25 on this question (Table 6.4.), which was not significantly different ($p=0.351$) from an average of 3.

Supervisors scored an average of 2.86 (Table 6.4.), which is not significantly different ($p=0.492$) from 3.

General staff scored an average of 2.90 (Table 6.4.), which is not significantly different ($p=0.242$ from 3 and “Neutral” was selected significantly more often by them ($p=0.018$)).

6.4.1.4 Question 4: I am allowed room to apply my creativity at work

Table 6.5. Analysis of responses to Question 4

Question 4	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	2.80	0.004	37.02	0.000
Management	3.00	1.000	0.25	0.882
Supervisors	2.67	0.080	8.74	0.068
General Staff	2.81	0.017	29.61	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 2.80 (Refer to Table 6.5.). This is significantly different ($p=0.004$) from an average score of 3, and indicates disagreement with the statement. Further analysis shows significantly more respondents than expected indicated that they remained neutral with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.00 on this question (Table 6.5.), which was not significantly different ($p=1.000$) from an average of 3.

Supervisors scored an average of 2.67 (Table 6.5.), which is not significantly different ($p=0.080$) from 3.

General staff scored an average of 2.81 (Table 6.5.), which is significantly different ($p=0.017$) from 3 and “Neutral” was selected significantly more often by them ($p=0.000$).

6.4.1.5 Question 5: I stay away from work less often than before

Table 6.6. Analysis of responses to Question 5

Question 5	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	4.05	0.000	205.73	0.000
Management	3.88	0.064	1.00	0.801
Supervisors	4.35	0.000	51.30	0.000
General Staff	4.00	0.000	157.24	0.000

a) All respondents taken together

The average score for this (recoded) question taken over all respondents is 4.05 (Table 6.6). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they strongly agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.88 on this question (Table 6.6.), which was not significantly different ($p=0.064$) from an average of 3.

Supervisors scored an average of 4.35 (Table 6.6.), which is significantly different (0.000) from 3 and more than expected supervisors indicated that they strongly agree with the statement ($p=0.000$).

General staff scored an average of 4.00 (Table 6.6.), which is significantly different ($p=0.000$) from 3 and “Strongly Agree” was selected more often by them ($p=0.000$).

6.4.1.6 Question 6: Team issues are dealt with in an open and direct way

Table 6.7. Analysis of responses to Question 6

Question 6	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.31	0.000	42.63	0.000
Management	2.75	0.351	1.75	0.417
Supervisors	3.79	0.000	31.10	0.000
General Staff	3.24	0.006	25.88	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.31 (Table 6.7.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 2.75 on this question (Table 6.7.), which is not significantly different ($p=0.351$) from an average of 3.

Supervisors scored an average of 3.79 (Table 6.7.), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they agree with the statement ($p=0.000$).

General staff scored an average of 3.24 (Table 6.7.), which is significantly different ($p=0.006$) from 3 and “Agree” was selected more often by them ($p=0.000$).

6.4.1.7 Question 7: Team members trust one another

Table 6.8. Analysis of responses to Question 7

<i>Question 7</i>	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.47	0.000	36.16	0.000
Management	4.29	0.004	1.14	0.565
Supervisors	3.69	0.001	12.05	0.017
General Staff	3.41	0.000	25.85	0.000

a) All respondents taken together

The average score for this (recoded) question taken over all respondents is 3.47 (Table 6.8.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they strongly agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 4.29 on this question (Table 6.8.), which is significantly different ($p=0.004$) from an average of 3 and indicates strong agreement.

Supervisors scored an average of 3.69 (Table 6.8.), which is significantly different ($p=0.001$) from 3, and more than expected supervisors indicated that they strongly agree with the statement ($p=0.017$).

General staff scored an average of 3.41 (Table 6.8.), which is significantly different ($p=0.000$) from 3 and “Strongly Agree” was selected more often by them ($p=0.000$).

6.4.1.8 Question 8: As a team, we are energetic and proactive

Table 6.9. Analysis of responses to Question 8

Question 8	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.85	0.000	127.14	0.000
Management	3.75	0.020	1.75	0.417
Supervisors	3.98	0.000	34.09	0.000
General Staff	3.83	0.000	94.78	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.85 (Table 6.9.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.75 on this question (Table 6.9.), which is significantly different ($p=0.020$) from an average of 3.

Supervisors scored an average of 3.98 (Table 6.9.), which is significantly different ($p=0.000$) from 3, and more than expected supervisors indicated that they agree with the statement ($p=0.000$).

General staff scored an average of 3.83 (Table 6.9.), which is significantly different ($p=0.000$) from 3 and “Agree/Strongly Agree” was selected more often by them ($p=0.000$).

6.4.1.9 Question 9: My performance on the job has not declined

Table 6.10. Analysis of responses to Question 9

Question 9	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.77	0.000	91.95	0.000
Management	4.00	0.050	3.00	0.392
Supervisors	4.27	0.000	39.37	0.000
General Staff	3.68	0.000	61.51	0.000

a) All respondents taken together

The average score for this (recoded) question taken over all respondents is 3.77 (Table 6.10.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they strongly agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 4.00 on this question (Table 6.10.), which is significantly different ($p=0.050$) from an average of 3.

Supervisors scored an average of 4.27 (Table 6.10.), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they strongly agree with the statement ($p=0.000$).

General staff scored an average of 3.68 (Table 6.10.), which is significantly different ($p=0.000$) from 3 and “Strongly Agree” was selected more often by them ($p=0.000$).

6.4.1.10 Question 10: My performance is evaluated fairly

Table 6.11. Analysis of responses to Question 10

Question 10	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.38	0.000	33.59	0.000
Management	4.13	0.007	0.25	0.882
Supervisors	3.64	0.000	20.62	0.000
General Staff	3.31	0.000	18.27	0.001

a) All respondents taken together

The average score for this (recoded) question taken over all respondents is 3.38 (Table 6.11.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 4.13 on this question (Table 6.11.), which is significantly different ($p=0.007$) from an average of 3.

Supervisors scored an average of 3.64 (Table 6.11.), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they agree with the statement ($p=0.000$).

General staff scored an average of 3.31 (Table 6.11.), which is significantly different ($p=0.000$) from 3 and “Agree” was selected more often by them ($p=0.001$).

6.4.1.11 Question 11: The objectives I am measured against are attainable

Table 6.12. Analysis of responses to Question 11

<i>Question 11</i>	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.45	0.000	108.62	0.000
Management	3.63	0.049	1.75	0.417
Supervisors	3.43	0.018	17.50	0.002
General Staff	3.45	0.000	86.83	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.45 (Table 6.12.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.63 on this question (Table 6.12.), which is significantly different (0.049) from an average of 3.

Supervisors scored an average of 3.43 (Table 6.12.), which is significantly different ($p=0.018$) from 3 and more than expected supervisors indicated that they agree with the statement ($p=0.002$).

General staff scored an average of 3.45 (Table 6.12.), which is significantly different ($p=0.000$) from 3 and “Agree” was selected more often by them ($p=0.000$).

6.4.1.12 Question 12: I have enough resources to do my job well

Table 6.13. Analysis of responses to Question 12

Question 12	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.17	0.025	27.02	0.000
Management	3.38	0.402	2.00	0.572
Supervisors	3.44	0.006	20.60	0.000
General Staff	3.11	0.179	16.37	0.003

a) All respondents taken together

The average score for this (recoded) question taken over all respondents is 3.17 (Table 6.13.). This is significantly different ($p=0.025$) from an average score of 3, thus indicating a positive response to the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.38 on this question (Table 6.13.), which is not significantly different ($p=0.402$) from an average of 3.

Supervisors scored an average of 3.44 (Table 6.13.), which is different ($p=0.006$) from 3 and more than expected supervisors indicated that they agree with the statement ($p=0.000$).

General staff scored an average of 3.11 (Table 6.13), which is not significantly different ($p=0.179$) from 3 and “Agree” was selected more often by them ($p=0.003$).

6.4.1.13 Question 13: I am appropriately skilled to deliver on my job’s objectives

Table 6.14. Analysis of responses to Question 13

Question 13	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.89	0.000	172.61	0.000
Management	4.13	0.007	0.25	0.882
Supervisors	4.26	0.000	46.19	0.000
General Staff	3.82	0.000	136.61	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.89 (Table 6.14.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 4.13 on this question (Table 6.14.), which is significantly different ($p=0.007$) from an average of 3.

Supervisors scored an average of 4.26 (Table 6.14.), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they strongly agree with the statement ($p=0.000$).

General staff scored an average of 3.82 (Table 6.14.), which is significantly different ($p=0.000$) from 3 and “Agree” was selected more often by them ($p=0.000$).

6.4.1.14 Question 14: I am clear about my roles in my team

Table 6.15. Analysis of responses to Question 14

Question 14	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.95	0.000	161.84	0.000
Management	4.00	0.007	1.00	0.607
Supervisors	3.98	0.000	25.95	0.000
General Staff	3.94	0.000	130.38	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.95 (Table 6.15.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 4.00 on this question (Table 6.15.), which is significantly different ($p=0.007$) from an average of 3 and indicates strong agreement.

Supervisors scored an average of 3.98 (Table 6.15.), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they agree/strongly agree with the statement ($p=0.000$).

General staff scored an average of 3.94 (Table 6.15.), which is significantly different ($p=0.000$) from 3 and “Agree/Strongly Agree” was selected more often by them ($p=0.000$).

6.4.1.15 Question 15: There are clear measures of how we perform as a team

Table 6.16. Analysis of responses to Question 15

Question 15	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.89	0.000	179.65	0.000
Management	4.00	0.007	1.00	0.607
Supervisors	3.91	0.000	27.58	0.000
General Staff	3.89	0.000	146.18	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.89 (Table 6.16.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 4.00 on this question (Table 6.16.), which is significantly different ($p=0.007$) from an average of 3.

Supervisors scored an average of 3.91 (Table 6.16.), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they agree with the statement ($p=0.000$).

General staff scored an average of 3.89 (Table 6.16.), which is significantly different ($p=0.000$) from 3 and “Agree” was selected more often by them ($p=0.000$).

6.4.1.16 Question 16: There is meaning and value in our work

Table 6.17. Analysis of responses to Question 16

Question 16	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.85	0.000	127.85	0.000
Management	3.63	0.140	1.00	0.801
Supervisors	4.14	0.000	17.05	0.001
General Staff	3.81	0.000	97.94	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.85 (Table 6.17.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.63 on this question (Table 6.17.), which is not significantly different ($p=0.140$) from an average of 3.

Supervisors scored an average of 4.14 (Table 6.17.), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they agree/strongly agree with the statement ($p=0.001$).

General staff scored an average of 3.81 (Table 6.17.), which is significantly different (0.000) from 3 and “Agree” was selected more often by them ($p=0.000$).

6.4.1.17 Question 17: I put in extra time to complete my work

Table 6.18. Analysis of responses to Question 17

Question 17	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.79	0.000	99.85	0.000
Management	3.38	0.285	3.00	0.392
Supervisors	4.00	0.000	22.00	0.000
General Staff	3.77	0.000	82.44	0.000

a) All respondents taken together

The average score for this (recoded) question taken over all respondents is 3.79 (Table 6.18.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they strongly agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.38 on this question (Table 6.18.), which is not significantly different ($p=0.285$) from an average of 3.

Supervisors scored an average of 4.00 (Table 6.18.), which is significantly different ($p=0.000$) from 3 and more than expected supervisors indicated that they strongly agree with the statement ($p=0.000$).

General staff scored an average of 3.77 (Table 6.18.), which is significantly different ($p=0.000$) from 3 and “Strongly Agree” was selected more often by them ($p=0.000$).

6.4.1.18 Question 18: I am not exploring other possibilities outside of my organisation

Table 6.19. Analysis of responses to Question 18

Question 18	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	2.60	0.000	34.53	0.000
Management	2.63	0.285	3.00	0.392
Supervisors	2.55	0.031	6.81	0.146
General Staff	2.61	0.000	27.10	0.000

a) All respondents taken together

The average score for this (recoded) question taken over all respondents is 2.60 (Table 6.19.). This is significantly different ($p=0.000$) from an average score of 3, and indicates disagreement with the statement. Further analysis shows significantly more respondents than expected indicated that they disagree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 2.63 on this question (Table 6.19.), which is not significantly different ($p=0.285$) from an average of 3.

Supervisors scored an average of 2.55 (Table 6.19.), which is significantly different ($p=0.031$) from 3.

General staff scored an average of 2.61 (Table 6.19.), which is significantly different ($p=0.000$) from 3 and “Disagree” was selected more often by them ($p=0.000$).

6.4.1.19 Question 19: I would recommend someone to work in the company

Table 6.20. Analysis of responses to Question 19

Question 19	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.58	0.000	60.98	0.000
Management	3.00	1.000	4.50	0.343
Supervisors	3.50	0.019	6.33	0.176
General Staff	3.61	0.000	58.98	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.58 (Table 6.20.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they agree/strongly agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.00 on this question (Table 6.20.), which is not significantly different ($p=1.000$) from an average of 3.

Supervisors scored an average of 3.50 (Table 6.20.), which is significantly different ($p=0.019$) from 3.

General staff scored an average of 3.61 (Table 6.20.), which is significantly different ($p=0.000$) from 3 and “Agree/Strongly Agree” was selected more often by them ($p=0.000$).

6.4.1.20 Question 20: I feel hopeful about my future in the company

Table 6.21. Analysis of responses to Question 20

Question 20	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.33	0.000	24.13	0.000
Management	3.00	1.000	2.00	0.572
Supervisors	2.95	0.830	3.24	0.519
General Staff	3.41	0.000	30.71	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.33 (Table 6.21.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they strongly agree with the statement ($p=0.000$).

b) Analysis to compare employee grouping

Management scored a mean of 3.00 on this question (Table 6.21.), which is not significantly different ($p=1.000$) from an average of 3.

Supervisors scored an average of 2.95 (Table 6.21.), which is not significantly different ($p=0.830$) from 3.

General staff scored an average of 3.41 (Table 6.21.), which is significantly different ($p=0.000$) from 3 and “Strongly Agree” was selected more often by them ($p=0.000$).

6.4.1.21 Question 21: Would you work for the same organisation in the future

Table 6.22. Analysis of responses to Question 21

Question 21	One-Sample t-Test		Chi-square goodness of fit test	
	Mean value	p-value	Test statistic	p-value
Whole sample	3.57	0.000	59.01	0.000
Management	3.00	1.000	2.00	0.572
Supervisors	3.71	0.001	11.57	0.021
General Staff	3.56	0.000	49.54	0.000

a) All respondents taken together

The average score for this question taken over all respondents is 3.57 (Table 6.22.). This is significantly different ($p=0.000$) from an average score of 3, and indicates agreement with the statement. Further analysis shows significantly more respondents than expected indicated that they strongly agree with the statement ($p=0.000$).

6.4.2.1 All respondents taken together

Table 6.23. Analysis of responses to question groupings – all respondents

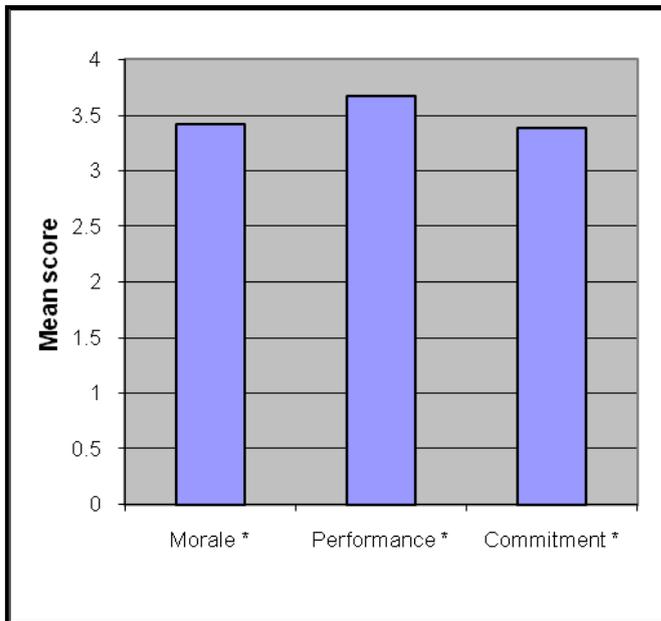
<i>Whole Sample</i>	One-Sample t-Test	
	Mean value	p-value
Morale	3.41	<.005
Performance	3.67	<.005
Commitment	3.38	<.005

Average scores of 3.41, 3.67 and 3.38 are scored for the morale, performance and commitment respectively, as indicated in Figure 6.1 and Table 6.23.

Results of the t-test show that these averages are all significantly higher than an average score of 3.

This indicates that, for the sample taken as a whole, i.e. across all employee types, attitudes in the categories morale, performance and commitment are all significantly positive. When looking at the responses to all questions across all employee types, it is evident that all staff members were inclined to choose positive responses in their replies to the questionnaire, indicating an overall high level of morale (positivity), performance (positive self evaluation) and commitment (loyalty).

Figure 6.1 – T-Test Mean score of Morale, Performance and Commitment questions for all respondents taken together



6.4.2.2 Employee groupings

a) Morale

Table 6.24. Analysis of responses to Morale questions

<i>Morale</i>	One-Sample t-Test		Analysis of Variance	
	Mean value	p-value	Test statistic(F)	p-value
Management	3.31	0.064	} 1.67	0.191
Supervisors	3.58	<.005		
General Staff	3.39	<.005		

Average scores were calculated for responses to Morale questions (questions 1 – 8, aimed at determining the positivity of respondents in terms of: motivation to come up with new ideas at work; looking forward to getting to work; recognition of talent and potential; room to apply creativity; attendance; dealing with team issues openly and directly; trust amongst team members and an energetic and proactive team).

As shown in Table 6.24., average scores of 3.31, 3.58 and 3.39 are scored by management, supervisors and general staff respectively. Analysis shows that the scores for Supervisors and general staff are significantly higher than an average score of 3, thus indicating agreement (high level of morale) from supervisors and general staff.

On the basis of the results from the analysis of variance, the hypothesis that all three averages are equal cannot be rejected.

b) Performance

Table 6.25. Analysis of responses to Performance questions

<i>Performance</i>	One-Sample t-Test		Analysis of Variance	
	Mean value	p-value	Test statistic(F)	p-value
Management	3.86	0.009	} 4.04	0.019
Supervisors	3.89	<.005		
General Staff	3.63	<.005		

Average scores were then calculated for the responses to the Performance questions (questions 9 – 16, aimed at determining the positivity of respondents in terms of: job performance; job evaluation, attainable objectives, resources, skills, role clarity, performance measures, job meaning and value).

Average scores of 3.86, 3.89 and 3.63 are scored by management, supervisors and general staff respectively (Table 6.25). Analysis shows that the scores for management, supervisors and general staff are all significantly higher than an average score of 3, thus indicating agreement (high level of performance) from managers, supervisors and general staff.

Results from the analysis of variance show the average score for supervisors is significantly higher than that for general staff. This indicates that, in the area of performance, supervisors are significantly more in agreement that general staff.

c) Commitment

Table 6.26. Analysis of responses to Commitment questions

<i>Commitment</i>	One-Sample t-Test		Analysis of Variance	
	Mean value	p-value	Test statistic(F)	p-value
Management	3.00	1.000	} 0.77	0.464
Supervisors	3.35	0.014		
General Staff	3.39	<.005		

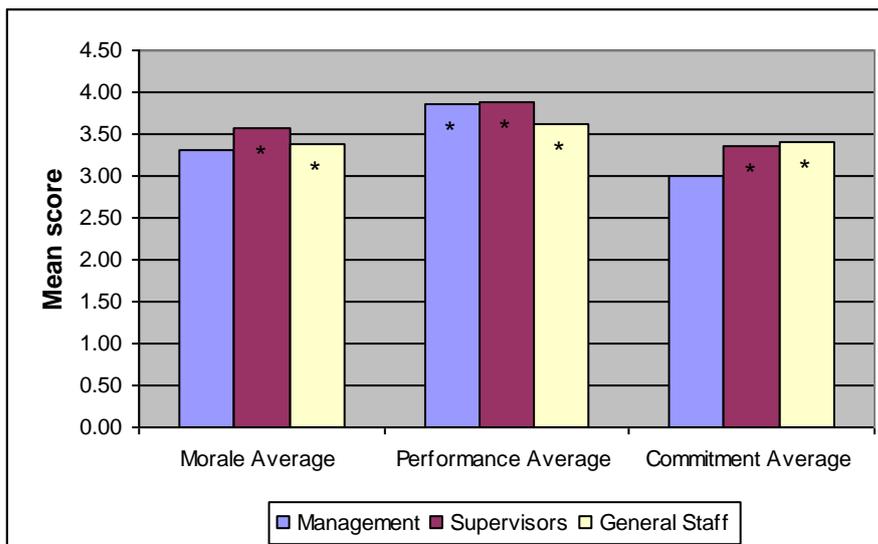
In conclusion, average scores were calculated for the responses to the Commitment questions (questions 17 – 21), aimed at determining the positivity of respondents in terms of: extra time to complete work, exploring other possibilities, recommending company to others, hopeful about future in company and willingness to work for the same company in the future).

As presented in Table 6.26., average scores of 3.00, 3.35 and 3.39 are scored by management, supervisors and general staff respectively. Analysis shows that the scores for Supervisors and general staff are significantly higher than an average score of 3, thus indicating agreement (high level of commitment) from supervisors and general staff.

On the basis of the results from the analysis of variance, the hypothesis that all three averages are equal cannot be rejected.

The results from the analyses above are summarised in Figure 6.2 below.

Figure 6.2 – Average scores for the 3 employee types across all areas of study



* indicates significantly higher value than an average 3

6.4.3 Analysis of relationships between employee types and their opinions on Morale, Performance and Commitment

For this analysis, a Chi-square test of independence was used to test whether a relationship exists between the type of employee and their choice of response options in terms of morale, performance and commitment.

Results of these analyses are summarised in the table below (Table 6.27) and also found in Appendix 5.

Table 6.27. Analysis of responses to Commitment questions

	Chi-square test of independence		
	Value	df	p-value
All areas of study	53.29	8	<.0005
Morale	33.13	8	<.0005
Performance	26.15	8	0.001
Commitment	24.33	8	0.002

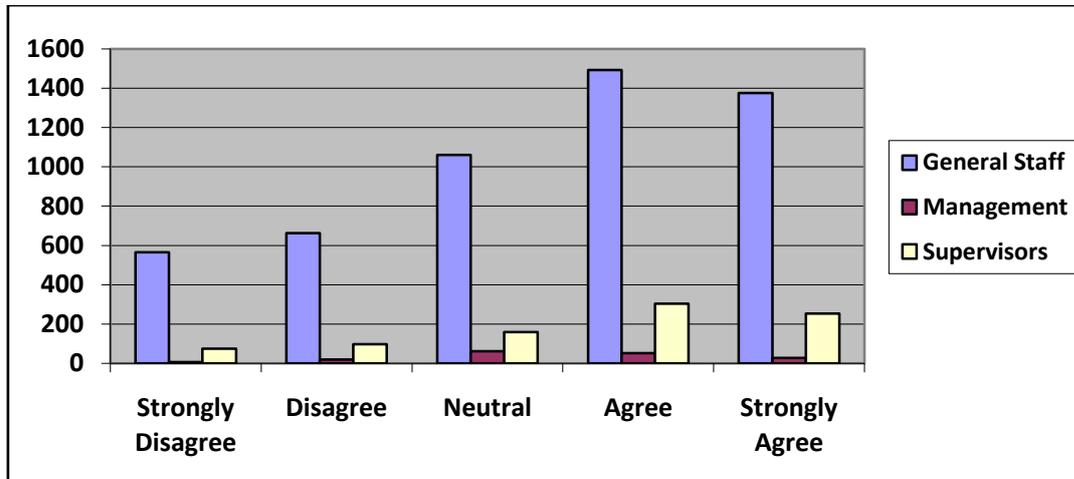
6.4.3.1 General Opinion

Table 6.28. Frequencies of responses across all areas of study

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Management	6	20	61	52	27
Supervisors	75	97	160	303	254
General Staff	566	663	1061	1493	1376

The number of times each response (strongly agree to strongly disagree) was chosen by each employee type (across the three study areas taken together) is calculated and the results are found in Table 6.28 and presented in Figure 6.3 below.

Figure 6.3 – Graphic presentation of response frequencies across all areas of study



A Chi-square test of independence on this table of frequencies revealed that a significant relationship between employee type and response does exist. Further study of the results shows that significantly more than expected: managers are neutral; supervisors agree; and general staff agree strongly. Thus optimism regarding work is highest with general staff and lowest with management

6.4.3.2 Opinions on Morale

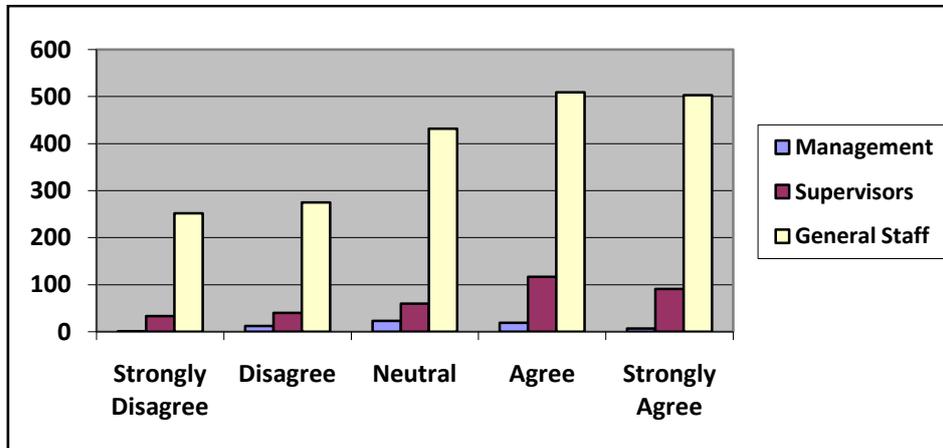
Frequencies of the responses of the three employee categories for the questions associated with Morale (Q1 - Q8) are calculated. These are displayed in Table 6.29 and represented in Figure 6.4 below.

Table 6.29. Frequencies of responses to Morale questions

<u>Morale</u>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Management	1	12	23	19	7
Supervisors	33	40	60	117	91
General Staff	252	275	432	509	503

Analysis shows that a significant relationship exists between employee type and response to the morale questions.

Figure 6.4 – Graphic presentation of response frequencies for Morale questions



Further analysis of the results shows that managers remain neutral, while supervisors agree in the area of morale. Thus it appears that general morale is higher in supervisors than in managers.

6.4.3.3 Opinions on Performance

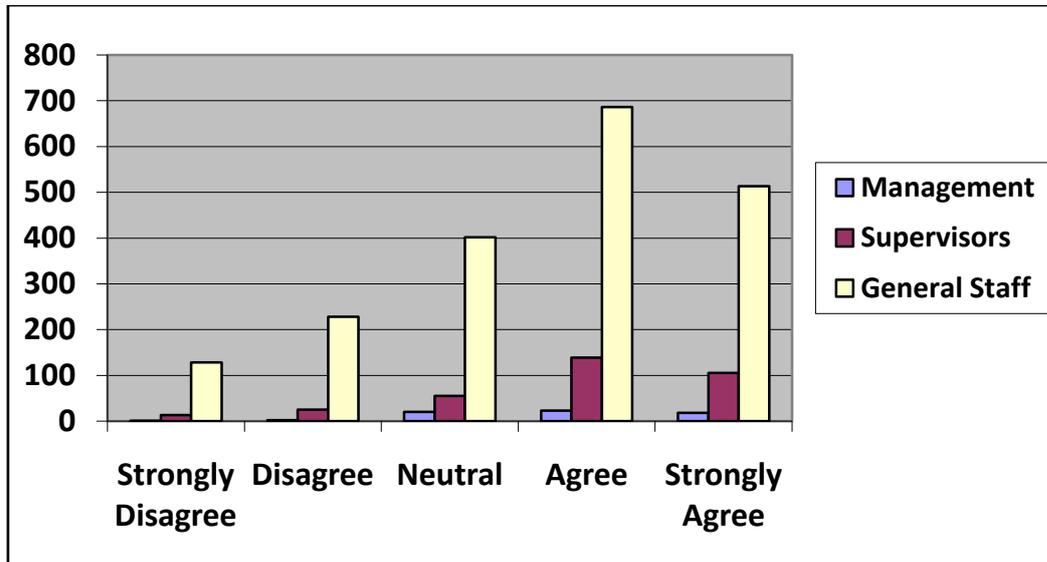
This time, frequencies are calculated for the questions pertaining to performance, i.e. Q9 - Q16. These are tabulated below in Table 6.30.

Table 6.30. Frequencies of responses to Performance questions

Performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Management	1	2	20	23	18
Supervisors	13	25	55	139	105
General Staff	128	228	402	686	513

Analysis shows that a significant relationship exists between employee type and response to the performance questions.

Figure 6.5 – Graphic presentation of response frequencies for Performance questions



Analysis of the results shows that significantly more than expected: management are neutral; and supervisors agree/strongly agree to the statements related to performance. Thus, again, supervisors show more positivity towards their performance than do management.

6.4.3.4 Opinions on Commitment

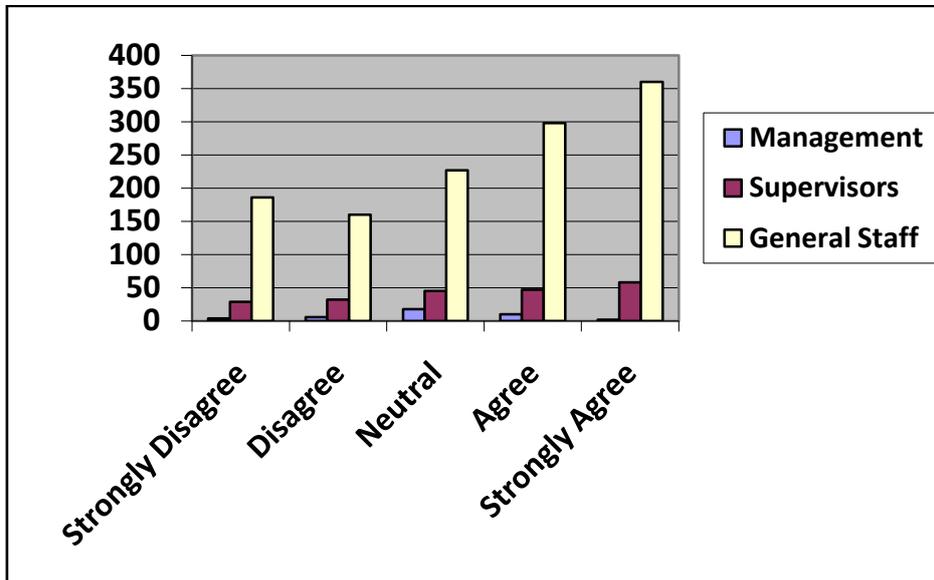
Frequencies for this analysis are calculated for the questions associated with Commitment. These are Q17 to Q21. The frequencies are displayed in Table 6.31 and also represented in Figure 6.6.

Table 6.31. Frequencies of responses to Commitment questions

<u>Commitment</u>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Management	4	6	18	10	2
Supervisors	29	32	45	47	58
General Staff	186	160	227	298	360

Analysis shows that a significant relationship exists between employee type and response to the commitment questions.

Figure 6.6 – Graphic presentation of response frequencies for Commitment questions



From the figures, it appears that supervisors and general staff are generally positive about commitment.

A significant result from this analysis is the neutral outlook of management with regards to commitment.

6.4.4 Correlation between opinions on Morale, Performance and Commitment

Pearson's correlation coefficient was calculated to see if there is a correlation between opinions on morale, performance and commitment.

Analyses were carried out for the whole sample across employee type as well as for the three individual employee categories.

Results of these analyses can be found in Appendix 6.

The results show that:

1. For all employees taken together: - A positive relationship exists between morale average score and performance average score; morale average score and commitment average score and performance average score and commitment average score.
2. For Management only: - A positive relationship exists between morale average score and performance average score.
3. For Supervisors only: - A positive relationship exists between morale average score and performance average score; morale average score and commitment average score and performance average score and commitment average score.
4. For General Staff only: - A positive relationship exists between morale average score and performance average score; morale average score and commitment average score and performance average score and commitment average score.

6.5 CHAPTER CONCLUSION

In order to make deductions about attitudes regarding changes in the workplace, analyses such as Chi-square goodness-of-fit test, Chi-square tests of independence, t-tests and Analysis of variance (ANOVA) were carried out on the data collected.

It was found that for the entire sample (when looking at each question separately), responses were significantly different than an average of 3, with the exception of Question 3 (talent being recognised), which received neutral responses.

Furthermore, when looking at the responses to separate questions by employee grouping, it was evident that Management tended to opt for neutral and did not score significantly different than the average of 3 in a total of 12 out of the 21 questions: Question 2 (looking forward to work), Question 3 (talents recognised), Question 4 (room to apply creativity), Question 5 (staying away from work more often than before), Question 6 (team issues dealt with in an open and direct way), Question 12 (enough resources to perform job), Question 16 (meaning and value in work), Question 17 (putting in extra time to complete work), Question 18 (exploring other possibilities outside organisation), Question 19 (would recommend company to others to work at), Question 20 (hopeful about future) and Question 21 (would work for same organisation in future).

Supervisors' scores were significantly different than the average of 3 in response to the majority of questions, with the exception of scores not significantly different to 3 in Question 3 (talents recognised), Question 4 (room to apply creativity) and Question 20 (hopeful about future).

General Staff' scores were significantly different to the average, with the exception of neutral responses to Question 3 (talents recognised) and Question 12 (enough resources to perform job).

Furthermore, when assessing responses to the question groupings in terms of Morale, Performance and Commitment, it was evident that all respondents, both individually and by employment grouping, provided responses significantly different from the average score of 3.

ANOVA results indicated that "Agree" and more specifically "Strongly Agree" were chosen more often than expected. This analysis showed that, across all employee types, attitudes in the categories morale, performance and commitment were all significantly positive, indicating an overall high level of morale (positivity), performance (positive self evaluation) and commitment

(loyalty). Average scores were the highest in Performance, followed by Morale, thereafter Commitment.

In the Morale question grouping, the analysis of variance results indicated that the hypothesis that all three averages are equal cannot be rejected.

In the Performance question grouping, results from the analysis of variance in this question grouping shows that supervisors are significantly more in agreement with the Performance questions than general staff, indicating acceptance of the alternate hypothesis that averages for the grouping are not equal.

In the Commitment section of the questions, based on the results from the analysis of variance, the hypothesis that all three averages are equal cannot be rejected.

Finally, Pearson's correlation analysis was applied to ascertain whether the responses to the morale, performance and commitment questions correlated in any way. The results of this analysis showed that for all employees taken together, as well as for supervisors and general staff, a positive relationship exists between the average scores in the three question groupings. However, in the management employment grouping, a positive relationship was only indicated between the average scores in the morale and performance sections. This means that management tended to answer differently in response to the commitment questions, than they have in the other two question groupings.

From the results of the various tests, it is evident that all employees are in general positive about the strategic change at the company. However, management tended to opt for neutral in a significant number of questions, and Supervisors appears to be more positive than General Staff and Management.

In the next chapter these findings and their interpretations will be discussed relative to the literature, implications will be provided and recommendations made.

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

The aim of this chapter is to present a brief overview of the study, present observations and conclusions, make recommendations for further research and present a conceptual model specifically geared to addressing South African circumstances, with the aim of balancing and making the theory of strategy change implementation easier to understand, more effectively applied and consequently more readily accepted by employees on all levels.

7.2 OVERVIEW OF THE STUDY

The aim of the study was to determine the impact of strategy change (with particular reference to downsizing) on morale, performance and commitment in a South African-based Telecommunication Company. The theoretical aims of the study were to define strategy change and its dimensions; review the effect of change on individuals; define and explore the validity of downsizing as a strategy change; explore the impact of downsizing on employee morale, performance and commitment and review strategy change in a South African context. All these factors were explored and discussed in great detail in Chapters 2 and 3 (the Literature Review) of this study.

The empirical aims of the study were to investigate the approach followed by a South African-based Telecommunication Company in implementing change; determine the level of influence of strategy change on morale; determine the level of influence of strategy change on performance; determine the level of influence of strategy change on commitment; recommend how strategic managers, companies and South African industry in general could implement

strategy change more effectively and provide useful information to managers regarding the impact of strategy change on South African-based employees.

7.3 OBSERVATIONS IN TERMS OF RESPONSES

7.3.1 The Approach followed by a South-African based Telecommunication Company in implementing change

The structure of the Telecommunication Company investigated as part of the study can be described as a Machine Bureaucracy (Mintzberg and Quinn in Jarvis, 2005: 3): a large well-oiled structure managed as an integrated, regulated system using specialised, routine methods and tasks, formal operating procedures, well defined rules and regulations, formal organisational communication systems, structured functional areas and defined systems, departments and staff sections. Decision-making is centralised. If decision-making is decentralised it is governed by well-defined authorities and monitoring methods. Strategy making is made by strategic management, with generalist skills at the top, based on information from more specialised members below. Strategic objectives are then communicated down for implementation at unit/operational level.

The Telecommunication Company had undergone three major strategy changes within a period of ten years, triggered (Van Tonder, 2004a: 22) by the appointment of new Chief Executive Officers, each time resulting in a substantial shift in company strategy and brand values. The type of change can be described as major, paradigm-altering, system-wide and unpredictable, which resonates with Type II change as described by Van Tonder (2004a: 20), or Reactive Transformational Change (forced transformation as orchestrated by management) (Johnson and Scholes, 1999: 497).

A common and consistent factor during all these strategy changes was downsizing. The strategies can be described as downsizing as it complied with the attributes described by Cameron et al. (1993: 25): The company displayed **intent** (downsizing was undertaken as a strategic, proactive response with the aim of improving organisational effectiveness), affected **personnel** (in the form of staff reductions, was related to **efficiency** (a proactive process undertaken in an attempt to contain costs, enhance revenue and/or bolster competitiveness) and affected **work processes** (resulted in changes in the work processes, through restructuring, redesigning and eliminating work).

Due to the fact that telecommunications is one of the fastest growing industries in the world today; the financial cost of downsizing has not been evident. However, the human cost of downsizing cannot be ignored (Blau, 2006: 16 - 17). The empirical research was aimed at determining the impact of this downsizing on the surviving employees.

Irrespective of the negative effect of downsizing on employees, all the strategy change at the Telecommunication Company occurred without any attempt to assist the employees with their understanding of the necessity or benefits of such changes. In addition, no structures or mechanisms were put in place to facilitate the employees' acceptance of the new strategies, such as those suggested by Kotter (1996: 22), Johnson & Scholes (1999: 495), Mbigi (in Madzivire, 2003: 53) and Madzivire (2003: 360).

The company, however, as part of the corporate restructuring process, has concentrated its efforts on entrenching a culture to support business growth in a changing environment. Some of these initiatives included the attendance of the Leader Academy by approximately 100 senior managers (five high intensity sessions with a globally renowned panel of experts). In addition, staff members are offered induction programmes, financial fitness programmes, recognition campaigns for employees who typify the company's brand values, individual well-being initiatives, trade shows, regular product and service training,

experiential training and operational training courses. The company regards Training and Development as a priority, and spends approximately 5% of the total annual payroll cost to this end (MTN, 2006: 26). The company is thus attempting to create an organisational culture similar to that of a Learning Organisation as proposed by Senge et al (1999) and Kotter (1996).

In addition, the Telecommunication Company has achieved its political transformation objectives, in that it conforms to the requirements of the industry charter of economic empowerment and has been independently recognised as a leading empowerment company. During the year 2006, the company was rated progressive company of the year at the prestigious presidential awards for business leadership of the Black Management Forum (MTN, 2006: 26). This means that the company's workforce is racially representative of the population of South Africa and that Black Economic Empowerment is a priority.

Company perks offered by the Telecommunication Company include 60% Company Contribution to Medical Aid, 50% Company contribution to pension fund, free on-net cellular calls and periodic share options.

7.3.2 Overview of responses to questionnaire items

The responses of management, supervisors and general staff differed, leading to the conclusion that the responses provided by each employee were directly related to their level of employment.

The general observations deduced from the analysis of data are that surveyed employees were quite satisfied with their jobs. For the sample taken as a whole (i.e. across all employee types), attitudes in the categories Morale, Performance and Commitment are all significantly positive, indicating an overall high level of morale (positivity), performance (positive self evaluation) and commitment (loyalty). The general optimism regarding work observed in the statistical analysis of responses can be attributed to the sample organisation's approach

to change implementation. Staff members are well trained and have resources to perform optimally.

When looking at the frequency of responses to all questions by employee type, it is evident that significantly more than expected managers are neutral, in general; supervisors agree and general staff agree strongly. Thus it can be deduced that optimism regarding work is highest with the general staff and lowest with management (refer to Section 6.4.3.1).

Notably, the observation that managers were significantly more prone to opt for neutral in their responses to all questions is supported by literature. The managers that formed part of this study are currently in the 'mobilise' phase (Clarke et al., 2007: 101) as the changes have recently been mobilised by the appointment of a new CEO. The authors describe how managers experiencing fear and vulnerability around their own roles, rely on both political and self-protective behaviour. As part of this, managerial emotions were often hidden. Even when moving into the 'move' phase of change, they continuously have to assess what emotions are acceptable and unacceptable, which in turn influences the nuances of how the expression and suppression of emotion are adjusted. In addition, detachment of managers/ downsizing agents/ executives is a characteristic described by authors such as Clair et al. (2006: 137), Nelson & Burke (1998:2), Foger & Skarlicki (in Nelson & Burke, 1998: 2).

Morale responses tend to be 'Agree' and 'Strongly Agree'; Performance responses tend to be 'Agree' and Commitment questions tend to be 'Strongly Agree'. Thus Commitment is the strongest area of the staff (as a whole) and performance is the weakest area, although still positive.

However, it is important to note that people with collective characteristics (such as the majority of South Africans) as described in the literature (Dwairy, 2002: 349-350) will often adapt coping strategies such as getting along with others' attitudes, wishes and expectations by concealing one's real feelings, thoughts,

and attitudes; or by expressing true feelings away from the eye of society to avoid isolation or punishment. This could also be a contributing factor to the response rate of only 88.7% of General staff (251 of the distributed 283 questionnaires were returned).

For this reason further research will be required to investigate the possibility that respondents did not reveal their true feelings in the fear of upsetting the status quo.

7.3.3 Level of influence of strategy change on morale

A significant relationship exists between employee type and responses to the Morale questions. Overall the morale of all staff members is positive. As demonstrated in Section 6.4.3.2, responses to questions by question groupings (Morale, Performance and Commitment) show that managers remained neutral, while supervisors agree in the area of Morale. General staff opted for either a positive 'Agree' or very positive 'Strongly Agree'. Thus it appears that general Morale is higher in supervisors than in managers.

In the context of the sample organisation, this again highlights the fact supported by literature that general insecurity and self-protective behaviour is commonplace amongst managers in a changing environment. Supervisors, on the other hand, may experience a higher morale due to the possible promotional possibilities of structural change, but with just enough insecurity not to tend to 'Strongly Agree'. Further research into the emotional status of Supervisors and/or Team Leaders during structural change will provide valuable input in this regard.

a) Motivation to come up with new ideas at work

As demonstrated in Section 6.4.1.1., the average score for this question taken over all respondents indicates that in general, all employee groupings felt

motivated to come up with new ideas at work. The average score of Management indicated disagreement with this statement; more than expected Supervisors avoided this question and remained neutral, whereas staff members indicated agreement.

This means Managers feel a lack of motivation, which is a common effect of the detachment they experience during downsizing, as described by authors such as Clair et al. (2006: 137), Nelson & Burke (1998:2), Foger & Skarlicki (in Nelson & Burke, 1998: 2). Supervisors, on the other hand, chose to remain neutral, indicating a possible fear of disrupting the status quo ('watch and wait'). Supervisors may feel that supporting management decisions at this sensitive time may benefit them in the long run, as they may be considered for promotion when restructuring takes place. General staff still felt motivated to come up with new ideas, possibly because this may set them apart from their colleagues and prevent them from being retrenched. It may also, be an indication that they are concealing their real feelings, thoughts and attitudes, as in common in collective societies (Dwairy, 2002: 349-350), a theory that will require further exploration and investigation.

b) Interest in going to work

As reported in Section 6.4.1.2., more than expected respondents agreed that they still have an interest in going to work. The average score for this question taken over all respondents indicates fairly strong agreement. Management scored lowest in this regard, whereas more than expected Supervisors and General Staff indicated that they agree with the statement that they look forward to work every day. It may suggest the feeling that absenteeism in a changing environment could prove detrimental to a career and that participation in internal politics is essential during this time. Staff members may also be interested in keeping abreast of new developments at work in terms of the strategic change, as this will bring more career certainty. Supervisors once again had the highest

average score in this question (most positive), followed by General Staff, then Managers.

c) Recognition of talents and potential

On average, a neutral response was indicated by all respondents when asked if their talents and potential are recognised (Section 6.4.1.3). Interesting to note is that significantly more General Staff than expected opted for 'Neutral' in this question, indicating avoidance of this question. Managers scored the highest average score (slightly more positive), followed by General Staff and then Supervisors. Management may feel that the increased responsibility to facilitate change within the organisation translates into recognition (if not overestimation) of their talents and potential. Literature supports the fact that lower status and lower paid employees perceive higher job insecurity following layoffs (Grunberg, Anderson-Connolly & Greenberg, 2000: 11).

d) Expression of creativity

Overall, respondents disagreed with this statement (Section 6.4.1.4) and more than expected respondents indicated that they remained neutral. The bureaucratic nature of the company limits the application of employees' creativity at work. There is a general feeling that employees are not allowed room to apply their creativity at work. This is a common characteristic of a Machine Bureaucracy (Mintzberg and Quinn in Jarvis, 2005: 3) where the focus is more operational than innovative.

Notably, Managers had the highest average score (albeit not significantly), feeling that they are given a bit more room to be creative, followed by General Staff and then Supervisors (Figure 7.8). Managers have important, yet unscripted emotion work they perform in an organisational change context (Clarke, Hope-Hailey & Kelliher, 2007: 100), providing them with an opportunity to express their creativity more so than lower level staff.

e) Absenteeism

Overall responses to this question indicates agreement that all employee groupings stay away from work less often than before (Section 6.4.1.5), and significantly more than expected respondents indicated that they strongly agree with this statement (in particular, more Supervisors and General Staff selected 'Strongly Agree'). In terms of absenteeism, it is evident from the results that employees are not discouraged to come to work. The fact that the results indicated a general feeling of job satisfaction, confirms the fact that it is one of the factors that determine an employee's motivation to attend work (Spector: 2000: 5), which has an impact on absenteeism and enthusiasm to go to work. It is important to note, however, that other studies, such as the one conducted by Josias (2005: 2) indicated a weak relationship between both the number and frequency of sick leave days and the job satisfaction levels of employees. Further research will be required to determine whether attendance may be caused by insecurity (fear of 'missing something' or becoming a victim of corporate politics during absence).

f) Team issues dealt with in an open and direct way

On average, respondents indicated agreement with the statement that team issues are dealt with in an open and direct way (Section 6.4.1.6). More than expected Supervisors and General Staff selected 'Agree', and management scored slightly lower than neutral (indicating slight pessimism). Supervisors achieved the highest score. Co-worker and Supervisor support have been cited in literature by Erlebach et al. (2007: 7), West (2000:26) and O'Hare and Vilardi (in West: 2000: 26) as being one of the positive incidents during downsizing.

This feeling of unity is also a common characteristic of a collective people (Dwairy: 2002: 347), where priority is given to interpersonal responsibilities rather than to justice and individual rights. This is reflected in the results of this study. Whereas half of the managers opted to remain neutral and the majority

of the rest disagreed that team issues were dealt with in an open and direct way, the results demonstrated that the vast majority of supervisors and general staff agreed with the statement. A strong feeling of togetherness is evident amongst supervisors and general staff. On the other hand, the feelings of detachment, alienation, suppression of feelings and conflicting obligations experienced by managers are well supported in the literature by authors such as Mishra et al. (1998: 84), Clarke et al. (2007: 100), Nelson & Burke (1998:2), Balogun & Hope Hailey (in Clarke et al., 2007: 101) and Clair et al. (2006: 135).

g) Team members trusting each other

On average, responses to the issue of team members trusting each other were positive and indicated agreement (Section 6.4.1.7). More respondents than expected (from all employee groupings) strongly agreed with the fact that team members trust each other. Managers scored the highest average score, followed by Supervisors and then General Staff. The results indicated a general feeling of trust amongst team members, with notably no managers witnessing distrust between team members. This is expected in terms of their roles, and the fact that their insecurity and distrust would be aimed at the organisation's executive level as opposed to peers and subordinates. The feeling of trust is explicable in terms of the strong feeling of togetherness and unity experienced by the staff during this period of uncertainty, particularly found in collective societies.

h) Energetic and proactive as a team

Significantly more than expected respondents indicated their agreement that as a team, they are energetic and proactive (Section 6.4.1.8). More than expected Supervisors selected 'Agree' and more than expected General Staff selected 'Agree' or 'Strongly Agree'. Supervisors have the highest average score, followed by General Staff and then Managers. This would imply that staff members have either committed to 'making a new beginning' (Bridges, 1991:

23) or that the collective transition phase they have reached during this implementation phase of major organisational change has started its upward curve in the 'Death Valley of Change' (see Figure 2.5) (Van Tonder, 2004b: 8). Staff members at the company could be change resilient due to the number of changes they have undergone, as personal downsizing history (whether they've been downsized before and the consequent results) is one of the factors described by Blau (2006:16) as influencing the manner in which staff move from destructive to constructive grieving.

7.3.4 Level of influence of strategy change on performance

A significant relationship exists between employee type and responses to Performance questions (Section 6.4.3.3). Overall most employment types responded positively that their performance levels are high. However, more than expected responses from Management were neutral and more than expected Supervisors chose 'Agree' or 'Strongly Agree'. General staff tended to agree as well. Thus, again, supervisors show more positivity towards their performance than do management. Because of the increased pressure to perform unscripted, unsupported 'emotion work' (without any training or guidance) in an organisational change context, managers often doubt themselves, experience fear and vulnerability around their own roles (Clarke et al., 2007: 101), or suppress or feign their feelings (Clarke, Hope-Hailey & Kelliher, 2007: 100).

a) Performance has not declined

The majority of all staff members strongly disagreed that their performance has declined. On average, respondents agreed that their performance has not declined (Section 6.4.1.9). More than expected Supervisors and General Staff selected 'Strongly Agree'. Supervisors had the highest average score, followed by Managers, then General Staff. This indicates a positive self assessment, which is in line with the Telecommunication Company's training and

development initiatives as part of the organisation's strive to entrench a learning organisation culture. In the literature, Blau (2006: 16) described one of the factors influencing a victim's manner of moving from destructive to constructive grieving during the closure process as an intrinsic motivation and core-self-evaluation. The results show a high self evaluation amongst staff members. It is important to note, however, that declined performance is not something staff members will readily admit to.

b) Fair evaluation of performance

The vast majority of staff felt that their performance is evaluated fairly (Section 6.4.1.10). Significantly more respondents than expected selected 'Agree'. Managers scored the highest average score, followed by Supervisors, then General Staff.

The Telecommunication Company has a structured performance appraisal system in place and staff members actively participate in their own appraisals. This reflects that the staff members still have trust in the system although they were being evaluated under uncertain circumstances.

c) Attainable objectives being measured against

Most staff members felt that the objectives they were being measured against were attainable (Section 6.4.1.11). Significantly more respondents than expected selected 'Agree'. Managers scored the highest average score, followed by General Staff, then shortly afterwards Supervisors. This is another indication of the staff members' positive core self-evaluation.

d) Enough resources to do job

On average, all staff members agreed that they have enough resources to do their jobs well (Section 6.4.1.12). More Supervisors and General Staff than expected selected 'Agree'. Supervisors scored the highest average score, followed by Managers, then General Staff.

This indicates that staff members are aware of the availability of vast resources offered by the Telecommunication Company that could assist them to perform.

e) Appropriately skilled to deliver on job objectives

On average, all staff members indicated that they are confident that they are well skilled for the job (Section 6.4.1.13), another indication of their intrinsic positive core self evaluation and the effectiveness of the Telecommunication Company's training and development policies. More Supervisors than expected selected 'Strongly Agree' and more General Staff than expected selected 'Agree'. Supervisors scored the highest average score, followed by Managers, then General Staff.

f) Clarity about roles in team

The average score of all respondents indicated that significantly more than expected respondents agree with the fact that they are clear about their roles in their teams (Section 6.4.1.14). Structured departments, formal job descriptions and an appraisal system all contributed to this fact. More Supervisors and General Staff than expected selected 'Agree' or 'Strongly Agree'. Managers and Supervisors scored the highest average scores, followed shortly afterwards by General Staff.

g) Clear measures of team performance

On average, respondents agreed that they have clear measures of how they perform as a team (Section 6.4.1.15). Significantly more respondents than expected selected 'Agree'. Regular progress meetings, formal Key Performance Indicators and annual appraisals provided them with visible benchmarks for performance. More Supervisors and General Staff than expected agreed that there are clear measures on team performance. Managers had the highest average score, followed shortly afterwards by Supervisors and then General Staff.

h) Meaning and value in work

On average, respondents agreed that there is meaning and value in their work (Section 6.4.1.16), another indication of their positive core self evaluation and the value they believe they add to the organisation. More Supervisors than expected agreed or strongly agreed, whereas more General Staff than expected agreed. Supervisors had the highest average score, followed by General Staff, and lastly Managers.

The fact that Managers scored the lowest (although still positive) results might indicate that there is confusion among managers about their work. This observation is supported by literature. In conjunction with their normal job descriptions, managers often have increased, unscripted, unsupported and unacknowledged emotion work (including dealing with extreme reactions from employees and carrying out redundancy activity), for which they were given no training and very little guidance (Clarke, Hope-Hailey & Kelliher, 2007: 100). This often results in feelings of detachment and conflicting obligations, as described by Nelson & Burke (1998: 2), Mishra et al. (1998: 84), Clarke et al. (2007: 100), Nelson & Burke (1998:2), Balogun & Hope Hailey (in Clarke et al., 2007: 101) and Clair et al. (2006: 135).

7.3.5 Level of influence of strategy change on commitment

As shown in Section 6.4.3.4, a significant relationship exists between employee type and responses to Commitment questions. From the figures related to opinions on Commitment, it appears that supervisors and general staff are generally positive about commitment. A significant result from this analysis is the neutral outlook of management with regards to Commitment. Once again, the detachment and suppression of feelings common amongst managers during an organisational change is evident.

a) Putting in extra time to complete work

On average, staff members agreed with the fact that they put in extra time to complete their work (Section 6.4.1.17). More respondents than expected indicated that they strongly agree with this statement, in particular Supervisors and General Staff.

This could be attributed to the fact that employees were left with the same amount of work spread over fewer people (Hilsenrath, 2001:2). Staff members may also put in extra hours to make a good impression in an attempt to avoid losing their jobs.

b) Exploring other possibilities outside organisation

The average score of all respondents indicated that they disagreed with the fact that they were not exploring other possibilities outside of their organisation, i.e. they are looking for opportunities elsewhere (Section 6.4.1.18). More than expected General Staff, in particular, selected 'Disagree' (indicating that they were looking at other employment opportunities). Managers were the least likely to look for other opportunities.

Rusbult et al. (in West, 2000: 28) suggest that level of overall satisfaction, magnitude of investment in a job, and quality of job alternatives affect a person's intention to remain or exit an organization. These authors found that high levels of investment encouraged loyalty and inhibited exit from the organisation, whereas high quality job alternatives inhibited loyalty and encouraged exit from the organisation. This indicates that, irrespective of the fact that the majority of staff appears to be happy with the jobs they are performing, and coping with the strategic change, their loyalty to the organisation has been negatively affected. Also, based on the employees' high level of skill and training received, quality job alternatives are a reality. One of the reasons Managers are more hesitant about exploring alternative possibilities is the financial implications (they are earning highly competitive salaries and received large amounts of shares in the Telecommunication Company, which will be reduced upon leaving the organisation).

c) Would recommend someone to work for the company

On average, the scores of all respondents indicate agreement that they would recommend the company as an employer to someone (Section 6.4.1.19). More than expected respondents agreed or strongly agreed that they would. General Staff, in particular, chose 'Agree' or 'Strongly Agree'. General Staff had the highest average score, followed by Supervisors, then Managers. Amongst other things, the perks offered by the Telecommunication Company are attractive to staff in the general employment market.

d) Feeling hopeful about future in the company

The average score of respondents for this question indicates agreement that they are feeling hopeful about their future in the Company (Section 6.4.1.20). General Staff selected 'Strongly Agree' more often, followed by Management, then Supervisors.

e) Would work for same organisation in the future

In response to whether they would work for the same organisation in the future, the average score across all respondents indicated agreement (Section 6.4.1.21). More respondents than expected selected 'Strongly Agree' (Supervisors strongly agreed, and General Staff either agreed or strongly agreed).

7.4 CONCLUSIONS

As part of the aims for the research, the following hypotheses were formulated in Section 4.1:

H₁: South African companies lack a proper model of implementing the process of strategic change. The effects of this are low morale, reduced performance and lack of commitment among staff members.

H₀: Although South African companies lack a proper model of implementing the process of strategic change, this does not have any significant effect on staff morale, performance and commitment.

H₂: While it is recognised that strategic change in the company is always encountered with resistance, the level of resistance differs significantly between employees at various levels.

H₀: While it is recognised that strategic change is always encountered with resistance, there is no significant difference among employees at various levels with regard to their response to strategic change.

H₃: Employees are in fact not against strategic change but the process followed.

H₀: The process followed in the implementation of strategic change has no significant impact on employee resistance.

7.4.1 Conclusions on Hypothesis1

It was hypothesized that although South African companies lack a proper model of implementing the process of strategic change, this does not have any significant effect on staff morale, performance and commitment

- For the sample taken as a whole, i.e. across all employee types, attitudes in the categories morale, performance and commitment are all significantly positive. When looking at the responses to all questions across all employee types, it is evident that all staff members were inclined to choose positive responses in their replies to the questionnaire, indicating an overall high level of morale (positivity), performance (positive self evaluation) and commitment (loyalty). It would thus appear that although South African companies lack a proper model of implementing the process of strategic change, this does not have any significant effect on staff morale, performance and commitment.
- The results show that levels of morale, performance and commitment are lower among managers (in particular) than other employment types (although still positive), suggesting that Managers lack support and motivation.
- On average, Managers provided neutral responses to question groupings pertaining to Morale, Performance and Commitment, indicating suppressed feelings and detachment.

- The fact that Managers (on average) admitted to a lack of motivation to come up with new ideas at work, and Supervisors avoided this question by opting for neutral responses, is a cause for concern.
- On average, all staff members from all employee groupings provided a neutral response with regards to the recognition of their talent and potential, as well as the expression of their creativity.
- There was an element of sensitivity around some questions. This could be deduced from the fact that for certain questions high proportions of respondents who opted to remain neutral were recorded. The frequency of respondents who opted to remain neutral on certain questions (which are interpreted as sensitive) was highest among managers.
- It was observed that there was a positive attitude and confidence towards performance, and respondents were satisfied with the resources they have. This can be attributed to the fact that the Telecommunication Company has established a 'Learning Organisation' as described by Senge et al (1999) and Kotter (1996), where training and development plays an important role.
- However, the fact that high proportions of respondents expressed that they were considering some job opportunities elsewhere should be the cause for concern, an indication that the loyalty to the organisation has been negatively affected.

7.4.2 Conclusions on Hypothesis2

While it is recognised that strategic change in the company is always encountered with resistance, the level of resistance differs significantly between employees at various levels.

- The results reflect that there exist definite differences among sampled levels (i.e. managers, supervisors and general staff) in all question

groupings in terms of the responses towards strategic change. Notably, managers appear to be more affected than other employees in other levels i.e. supervisors and general staff. Feelings of detachment, alienation, suppression of feelings and conflicting obligations experienced by managers are well supported in the literature by authors such as Mishra et al. (1998: 84), Clarke et al. (2007: 100), Nelson & Burke (1998:2), Balogun & Hope Hailey (in Clarke et al., 2007: 101) and Clair et al. (2006: 135).

- Results also reflect that there is a strong feeling of team bonding and trust amongst team members. This (co-worker and supervisor support) is a common positive incident during downsizing as discussed by authors such as Erlebach et al. (2007: 7), West (2000:26) and O'Hare and Vilardi (in West: 2000: 26). This feeling of unity is also a characteristic of a collective people (Dwairy: 2002: 347), where priority is given to interpersonal responsibilities rather than to justice and individual rights, and where the main source of anxiety is external (punishment or shame) rather than internal (guilt), while the main source of happiness is external (social approval) rather than internal (self-actualization). Central to collectiveness are issues such as identification, respect, obedience, and adherence to the social authority. This is reflected in the results of this study. A strong feeling of togetherness is evident amongst supervisors and general staff. The positive aspects of this collectiveness (Ubuntu) includes hospitality, caring about others, being willing to go the extra mile for another, seeking work for the common good (Madzivire, 2003: 17), ongoing contact and interaction with others (Ndaba, 1994: 14), the achievement of group rather than personal goals (Dwairy, 2002: 346) and the spirit of unconditional African collective contribution, solidarity, acceptance, dignity, stewardship, compassion and care, hospitality and legitimacy (Karsten & Illa, 2005: 613). Some of the negative aspects of collectiveness are a loss of individuality, translated into a loss of freedom and responsibility and a danger of derailment into an oppressive

collectivism or communalism (Shutte, 1993:56). Other negative characteristics include that unacceptable trends and/or feelings may be suppressed, expressed secretly (not in view of the social authority), or indirectly manifested as projection of responsibility onto others or external factors, humour to ease stress and avoid confrontation, verbal exaggeration of one's achievement by denying one's shortcomings, oppression and bribery (Dwairy, 2002: 349). In South Africa, collective action is evident in the role of trade unions serving the interests of workers, using strike and stay-away action to pressure for change on a wide front of labour and political issues (Anstey, 1998:1). Traditionally workers used their collective strength to block, redirect, slow, or trade off against change perceived to be threatening. Although this is a useful instrument to extract improved benefits in a growing economy or curb managerial abuse, in an environment in which labour militancy might ward off investment, where capital can relocate to more 'friendly' environs, and where job security is uppermost in people's minds, this form of collective action has very definite limitations in fostering the organisational competitiveness which underpins job security and can result in increased unemployment and poverty.

- The frequency of respondents who opted to remain neutral on certain questions (which are interpreted as sensitive) was highest among managers.

7.4.3 Conclusions on Hypothesis3

Employees are in fact not against the strategic change but the process followed.

- The general view as provided by the results confirms the fact that employees are not against strategic change per se, but the process followed. Responses were mainly positive across the board and it seems that all employee groupings are coping well with the strategic changes.

However, there is evidence of the possibilities of stress (as observed amongst managers), uncertainty (which was reflected through withdrawal i.e. respondents opting to remain neutral) and possible general psychological effects that are associated with strategic change, as manifested in terms of respondents exploring opportunities outside the organisation, a large number of neutral responses, and the fact that Managers in particular lack the motivation to come up with new ideas.

7.5 PROPOSED MODEL

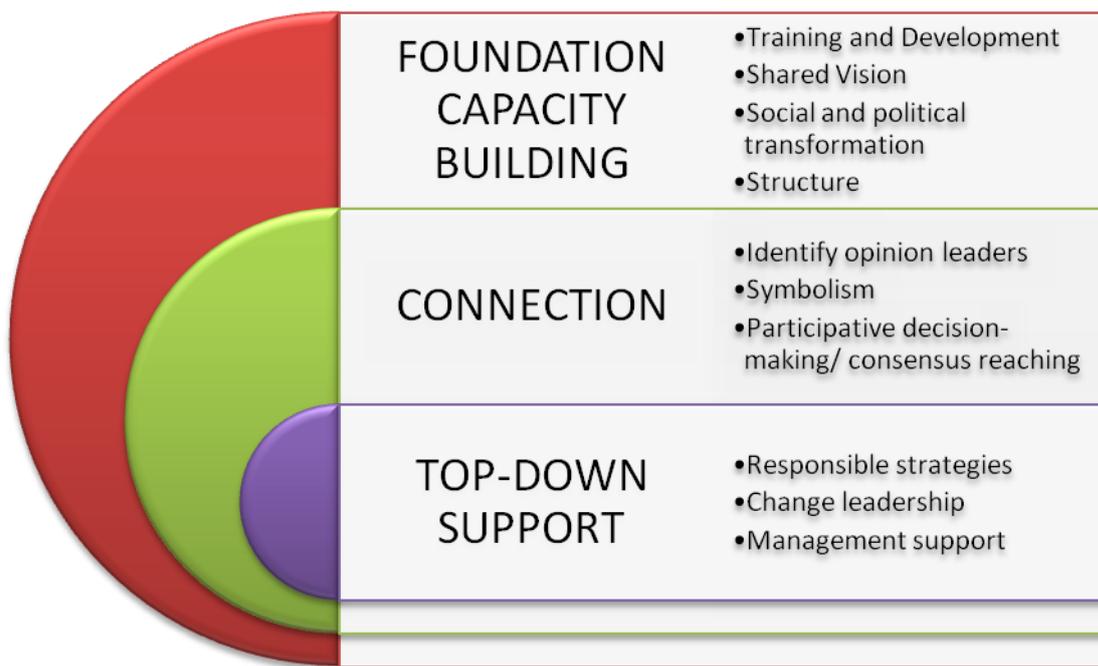
In the light of the unique challenges faced by South African based companies, and based on the literature accumulated, as well as the results of the empirical study, a conceptual model is proposed, specifically geared to addressing South African circumstances to balance and make the theory of strategy change implementation easier to understand, more effectively applied and consequently more readily accepted by employees on all levels. As identified by Van Tonder (2005), a more comprehensive, flexible approach to organisational change is needed – an approach that accounts for both incremental (Type I) and transformational (Type II) change. In addition, the model needs to recognise the context specific nature of change (no universal sequence of change activities or events can be applied across organisations).

Based on the literature review and empirical results of this study, a model is thus presented in an attempt to propose a more comprehensive, flexible approach to strategic change, specifically geared at strategic change in a South African context.

The proposed model (FCT model – Figure 7.1) is an abbreviation of the steps in the model: “Foundation Capacity Building”, “Connection” and “Top-down Support”. These steps are not sequential in nature i.e. one step does not proceed the next. The proposed steps are interrelated and overlapping. It is a

circular model, implying that capacity building is the basis (foundation) of successful change, connection is part of this capacity building, and top-down support is a method of effective connection. It can be applied to all types of change, and in any context.

Figure 7.1 – Proposed model for strategy change implementation in South Africa (FCT model)



7.5.1 Foundation Capacity Building

Results of the empirical study and literature review suggest that the establishment of a change-resilient culture is essential for minimising the negative impact of constant change. From the results of the empirical study, it is clear that the respondents' positive core self evaluation assists in the maintenance of positive morale and productivity. The onus is management to build capacity amongst the human resources of the organisation. Van Tonder (2005: 53) mentions the Dixon's organisational learning process, which entails the widespread generation of information that is consequently integrated into the fibre of the organisation, collectively interpreted and followed by responsible

action. This also shows similarity to Senge et al.'s (1999) learning organisations (refer to Section 2.5.2), which would equip organisations better to deal with both planned and unplanned change.

This capacity building is important for the successful transformation of an organisation and focus must be given to the following aspects:

7.5.1.1 Training and Development

Continuous training and development of staff members are essential. The results of this empirical study demonstrates how a commitment to training and development improves employees core self evaluation. Continuous capacity and capability enhancement is an essential facet of successful change implementation, as described by Madzivire (2003: 360) in Chorus 7 of the Madzivire Collaborative Transformation (MaCoTra) Model.

7.5.1.2 Shared Vision

Personal commitment to transform an organisation with others calls for a focus on both independence and interdependence, and the bonding around values, visions, missions and strategies (Madzivire, 2003: 360). By rewarding behaviour that typifies the company's values, a clear message is communicated to staff members about what is expected from them, and the values the company endorses. Mbigi (in Madzivire, 2003: 53) explains that the capability of a worker needs to be addressed at five levels: they need to understand survival challenges from the global perspective, national perspective, industry perspective, organisation perspective and personal perspective. Therefore, staff members need to be educated on the 'bigger picture' of the organisation, how the individual fits into the department, how the department fits into the company and the wider environment in which the company operates. By understanding this 'bigger picture', a shared vision can be nurtured.

7.5.1.3 Social and political transformation

In the South African context especially, based on the unique challenges discussed in this study, it is essential to ensure that the company addresses the creation of inclusive practices focusing on issues of governance, distribution, economic, justice and fairness (Mbigi in Madzivire, 2003: 53). Having proactively addressed issues surrounding political and social transformation, destructive collective action can be avoided as a negative consequence of strategy implementation. The results of the empirical study confirms that political and social transformation is effective in maintaining morale, performance and commitment during times of strategic change, as employees trust each other and deal with issues in an open manner.

7.5.1.4 Structure

During times of strategic change, it is essential to ensure that staff members understand their personal roles, responsibilities and performance benchmarks. This will ensure that production continues during times of uncertainty. The results of the study have confirmed that structure plays a positive role in the maintenance of staff morale, performance and commitment. This need for structure is also emphasised by the study conducted by Grobler (in Van Tonder, 2005: 52), where a systematic process, based on solid research and clear objectives is called for. Madzivire (2003: 360) in Chorus 6 of the Madzivire Collaborative Transformation (MaCoTra) Model calls this “Collaborative Designing of Distinctive Structures and System”.

7.5.2 Connection

The fact that the majority of South Africans operate from a collective perspective cannot be ignored, as it is evident from mass industrial action taken and labour strikes occurring in the past few years in a number of South African industries. The comparatively high number of neutral responses received on the

questionnaires as part of this study, is also an indication of collectiveness, where respondents often choose not to express their true feelings in fear of upsetting the status quo (Dwairy, 2002: 349). Both the positive and negative aspects of this collectiveness ('Ubuntu') must be recognised and addressed during any period of strategic change.

7.5.2.1 Identify opinion leaders

Madzivire (2003: 363) observed an interesting feature around the African perspective of collaboration, which is characterised by intense background lobbying. Opinion leaders play a critical role in the process and the importance of power and politics can not be underestimated. It is therefore essential that these opinion leaders are identified by the organisation, and their energy harnessed to spearhead transformation. This will avoid a common mistake made by leaders and managers attempting to create change, as identified by Kotter (1996: 8): Failing to create a sufficiently powerful guiding coalition.

7.5.2.2 Symbolism

Unique challenges are presented by different languages and/or level of understanding (Van Tonder, 2005: 52) when embarking on strategy change.

Traditional surveys such as those utilised in this study are not effective when trying to establish the real feelings of a collective people, as these feelings are often suppressed or kept hidden (Dwairy, 2002: 349). The design of surveys incorporating symbolism should be further researched.

Symbolism, imagination, metaphors and rituals plays a major role in the communication style of collective people as described by Dwairy (2002: 358) and Mbigi (2000: 37). The Corporate Leadership Council (2004: 81) also recommends story-telling as a highly effective means of communicating with staff, transmitting the company's values and teaching behaviours expected of employees. South African change leaders must incorporate spiritual and

ritualistic elements such as dancing, singing, drumming, storytelling and mythography (the collective story of the group in the form of a heroic mythology with distinctive events and characters to dramatise the message) to communicate with the collective people. The results of the empirical study demonstrates the negative impact of strategy change on commitment (the respondents are looking for employment elsewhere) when communication during the change process is not effective.

7.5.2.3 Participative decision-making/ consensus reaching

Ubuntu, by definition, strengthens an attitude of open conversations. It includes the voice of all participants in the organisation and the building of consensus (Karsten & Illa, 2005: 613). Inclusive decision-making and participatory community meetings are key features in African communities. Madzivire (2003: 13) states that traditionally, Africans found peaceful solutions to problems through village meetings, where issues were debated until consensus was reached. For change to be successful, in terms of the least impact on morale, performance and commitment, the voices of all the people need to be heard.

7.5.3 Top-down Support

7.5.3.1 Responsible strategies

The negative financial and human cost of downsizing has been explored in great detail in this study. These costs are further increased by the South African challenges of unemployment and the reality of collective industrial action. It is essential that executive leaders consider all viable alternatives before embarking on downsizing as a strategy. Collaboration, participative decision-making and consensus reaching (as discussed in Section 7.5.2) will assist in the buy-in of staff and/or creative solution finding.

7.5.3.2 Change leadership

According to Kotter (1996: 20), after examining success stories, one of the repeated patterns of successful change efforts, is when a multi-step process is driven by high-quality leadership, not just excellent management. Strategic change leadership involves managing through others and influencing human behaviour in order to achieve goals (Ehlers & Lazenby, 2005: 193). Kotter (1998: 33) states that 80% of producing change is leadership: establishing direction, aligning, motivating and inspiring people. In a country where effective change leadership is perceived as lacking (Sacht et al., 2004: 2) and because Africa is an adolescent continent requiring strong parenting (Madzivire, 2003: 3), the development of good leadership skills are essential to spearhead successful change. Successful leadership can be manifested through the establishment of a clear vision, effective planning and monitoring of progress, and regular consultation with managers and opinion leaders to avoid some of the pitfalls of successful change identified by Kotter (1996: 3 - 16): Allowing too much complacency, lacking a vision, under-communicating the vision, not removing obstacles to the new vision, not systematically planning for and creating short-term wins and not anchoring the changes in the corporation's culture. Grobler (in Van Tonder, 2005: 52) mentions that a carefully crafted communications strategy is essential, as employees should be involved, their fears recognised and attempts made to maintain/ improve motivation levels. In addition to the utilisation of standard company communication media to report on progress, successes and the reinforcement of values, visions, missions and strategies, managers and opinion leaders play a vital role in the communication strategy of an organisation embarking on change.

7.5.3.3 Management support

The results of the empirical study showed clearly that the impact of strategy change had the greatest impact on the morale, performance and commitment of management staff. The emotion work managers have to perform during times

of change is often unscripted, unsupported and unacknowledged and managers have to feign or suppress their true feelings, with negative results such as the spilling over of their emotions outside the work environment and the risk of burnout and stress (Clarke, Hope-Hailey & Kelliher, 2007: 100). During change implementation, it is imperative to provide on-going support to managers, prepare them for the feelings they will experience, and provide them with a 'safe' environment to express their true feelings without any judgement or negative consequences.

7.6 RECOMMENDATIONS FOR FURTHER RESEARCH

The proposed model is based on the results of the empirical study and an extensive literature review. The results of the empirical study were specifically applicable to a Telecommunication Company within a South African environment that was undergoing continual strategic change, the last change still in progress at the time of the study.

- It would be interesting to conduct this study longitudinally, to peruse the impact of strategy change on morale, performance and commitment before and after the change.
- The same study conducted across industries will shed further light on the impact of strategy change on morale, performance and commitment on employees of different sectors.
- The Telecommunication Company in this study has succeeded in creating capacity amongst its staff members. It will be of particular interest to note the results of this study in a company less focused on training and development and political and social transformation.

- Further research will also be required to determine the effectiveness of the application of the proposed model in a South African company.
- To ascertain whether collective people would express their emotions more freely when presented with an instrument that utilises more symbolism, the restructuring of the questions to more metaphorical statements would yield an interesting result.

7.7 CHAPTER CONCLUSION

This chapter presented a brief overview of the study, as well as the observations made based on the empirical study.

The general observations deduced from the analysis of data are that surveyed employees were quite satisfied with their jobs. The study reported a high incidence of neutral responses, as well as a notably higher percentage of managers opting for neutral responses in all three question groupings (morale, performance and commitment). A large number of respondents indicated that they are considering exploring employment opportunities elsewhere, and management indicated that they do not have motivation to come up with new ideas (supervisors on average remained neutral regarding this matter). All respondents were neutral regarding the fact that their talents and potential are being recognised (indicating insecurity) and all respondents on average disagreed with the fact that they can express their creativity (more than expected respondents opted for a neutral response).

Conclusions were drawn and recommendations for further research made.

In this chapter a conceptual model was also presented with the aim of assisting strategic management with the understanding, implementation and successful management of strategy change in a South African context.

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APPENDIX 1

Sample of Questionnaire

Weighting of Employee Morale, Performance and Commitment during and After Downsizing

SD:	Strongly Disagree	D:	Disagree
N:	Neutral	A:	Agree
SA:	Strongly Agree		

NB. Make an x mark in the column that best describes your answer

MORALE QUESTIONS

1. I am not motivated to come up with new ideas at work	SD	D	N	A	SA
2. I look forward to getting to work every day	SD	D	N	A	SA
3. My talent and potential are recognized in my workplace	SD	D	N	A	SA
4. I am allowed room to apply my creativity at work	SD	D	N	A	SA
5. I stay away from work more often than before	SD	D	N	A	SA
6. Team issues are dealt with in open and direct way	SD	D	N	A	SA
7. Team members do not trust one another	SD	D	N	A	SA
8. As a team, we are energetic and proactive	SD	D	N	A	SA

PERFORMANCE QUESTIONS

9. My performance on the job has declined	SD	D	N	A	SA
10. My performance is not evaluated fairly	SD	D	N	A	SA
11. The objectives I am measured against are attainable	SD	D	N	A	SA
12. I do not have enough resources to do my job well	SD	D	N	A	SA
13. I am appropriately skilled to deliver on my job's objectives	SD	D	N	A	SA
14. I am clear about my roles in my team	SD	D	N	A	SA
15. There are clear measures of how we perform as a team	SD	D	N	A	SA
16. There is meaning and value in our work	SD	D	N	A	SA

COMMITMENT QUESTIONS

17. I never put extra time to complete my work	SD	D	N	A	SA
18. I am exploring other possibilities outside of my organization	SD	D	N	A	SA
19. I would recommend someone to work in this company	SD	D	N	A	SA
20. I feel hopeful about my future in the company	SD	D	N	A	SA
21. Would you work for the same organization in future	SD	D	N	A	SA

APPENDIX 2

Sample of Covering Letter

LETTER OF INFORMATION AND CONSENT

Title of the study: The Impact of Strategy Change on Morale, Performance and Commitment

Dear participant,

I am currently undertaking a research project that aims to investigate the impact of strategy change on Morale, Performance and Commitment in a Telecommunication Company.

Would you agree to participate in the study? Completion of the questionnaire will take approximately 15 minutes. Participation is voluntary and you are free to withdraw from the study at any time. The information you give will only be used for research purposes, and your identity and individual answers will be kept totally confidential. Should you wish to discuss this further please feel free to contact me or my supervisor (Dr Mason, telephone 031 308-5385).

Your assistance will be much appreciated.

Yours faithfully,

Mekgoe N.S.
0832221156

Please complete the following as confirmation of your willingness to participate in this research project:

I, -----, have adequately discussed the study with the researcher, understand that I may withdraw from it at any time without giving reasons, voluntarily agree to participate by being interviewed.

Signature: ----- Date: -----

APPENDIX 3 SPSS RUNS FOR 6.4.1

T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
1 I am motivated to come up with new ideas	297	3.22	1.384	.080
2 I look forward to work every day	297	3.58	1.142	.066
3 My talent and potential are recognized	297	2.91	1.294	.075
4 I am given room to be creative	293	2.80	1.192	.070
5 I stay away from work less often than before	300	4.05	1.215	.070
6 Team issues are dealt with openly and directly	294	3.31	1.325	.077
7 Team members trust one another	296	3.47	1.355	.079
8 Our team is energetic and proactive	299	3.85	1.148	.066

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
1 I am motivated to come up with new ideas	2.726	296	.007	.22	.06	.38
2 I look forward to work every day	8.788	296	.000	.58	.45	.71
3 My talent and potential are recognized	-1.256	296	.210	-.09	-.24	.05
4 I am given room to be creative	-2.891	292	.004	-.20	-.34	-.06
5 I stay away from work less often than before	14.922	299	.000	1.05	.91	1.18
6 Team issues are dealt with openly and directly	3.961	293	.000	.31	.15	.46
7 Team members trust one another	5.962	295	.000	.47	.31	.62
8 Our team is energetic and proactive	12.742	298	.000	.85	.72	.98

T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
9 My performance has improved	294	3.77	1.186	.069
10 My performance is evaluated fairly	296	3.38	1.251	.073
11 The objectives I am measured against are attainable	286	3.45	1.064	.063
12 I have enough resources to do my job well	295	3.17	1.288	.075
13 I am appropriately skilled to deliver on my job's objectives	296	3.89	.997	.058
14 I am clear about my roles in my team	297	3.95	1.037	.060
15 There are clear measures of how we perform as a team	298	3.89	1.039	.060
16 There is meaning and value in our work	296	3.85	1.107	.064

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
9 My performance has improved	11.112	293	.000	.77	.63	.90
10 My performance is evaluated fairly	5.249	295	.000	.38	.24	.52
11 The objectives I am measured against are attainable	7.167	285	.000	.45	.33	.57
12 I have enough resources to do my job well	2.261	294	.025	.17	.02	.32
13 I am appropriately skilled to deliver on my job's objectives	15.330	295	.000	.89	.77	1.00
14 I am clear about my roles in my team	15.781	296	.000	.95	.83	1.07
15 There are clear measures of how we perform as a team	14.832	297	.000	.89	.77	1.01
16 There is meaning and value in our work	13.232	295	.000	.85	.72	.98

T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
17 I sometimes work overtime to complete my work	299	3.79	1.268	.073
18 I am not exploring other possibilities outside my organization	293	2.60	1.298	.076
19 I would recommend someone to work in this company	295	3.58	1.335	.078
20 I feel hopeful about my future in this company	297	3.33	1.452	.084
21 I would work for the same organization in the future	298	3.57	1.332	.077

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
17 I sometimes work overtime to complete my work	10.809	298	.000	.79	.65	.94
18 I am not exploring other possibilities outside my organization	-5.264	292	.000	-.40	-.55	-.25
19 I would recommend someone to work in this company	7.458	294	.000	.58	.43	.73
20 I feel hopeful about my future in this company	3.956	296	.000	.33	.17	.50
21 I would work for the same organization in the future	7.348	297	.000	.57	.42	.72

NPar Tests
Chi-Square Test
Frequencies

1 I am motivated to come up with new ideas

	Observed N	Expected N	Residual
Strongly Disagree	44	59.4	-15.4
Disagree	55	59.4	-4.4
Neutral	61	59.4	1.6
Agree	66	59.4	6.6
Strongly Agree	71	59.4	11.6
Total	297		

2 I look forward to work every day

	Observed N	Expected N	Residual
Strongly Disagree	20	59.4	-39.4
Disagree	26	59.4	-33.4
Neutral	83	59.4	23.6
Agree	97	59.4	37.6
Strongly Agree	71	59.4	11.6
Total	297		

3 My talent and potential are recognized

	Observed N	Expected N	Residual
Strongly Disagree	58	59.4	-1.4
Disagree	55	59.4	-4.4
Neutral	75	59.4	15.6
Agree	75	59.4	15.6
Strongly Agree	34	59.4	-25.4
Total	297		

4 I am given room to be creative

	Observed N	Expected N	Residual
Strongly Disagree	49	58.6	-9.6
Disagree	73	58.6	14.4
Neutral	82	58.6	23.4
Agree	66	58.6	7.4
Strongly Agree	23	58.6	-35.6
Total	293		

5 I stay away from work less often than before

	Observed N	Expected N	Residual
Strongly Disagree	16	60.0	-44.0
Disagree	26	60.0	-34.0
Neutral	40	60.0	-20.0
Agree	64	60.0	4.0
Strongly Agree	154	60.0	94.0
Total	300		

6 Team issues are dealt with openly and directly

	Observed N	Expected N	Residual
Strongly Disagree	45	58.8	-13.8
Disagree	34	58.8	-24.8
Neutral	58	58.8	-.8
Agree	100	58.8	41.2
Strongly Agree	57	58.8	-1.8
Total	294		

7 Team members trust one another

	Observed N	Expected N	Residual
Strongly Disagree	35	59.2	-24.2
Disagree	38	59.2	-21.2
Neutral	67	59.2	7.8
Agree	65	59.2	5.8
Strongly Agree	91	59.2	31.8
Total	296		

8 Our team is energetic and proactive

	Observed N	Expected N	Residual
Strongly Disagree	19	59.8	-40.8
Disagree	20	59.8	-39.8
Neutral	49	59.8	-10.8
Agree	111	59.8	51.2
Strongly Agree	100	59.8	40.2
Total	299		

Test Statistics

	1 I am motivated to come up with new ideas	2 I look forward to work every day	3 My talent and potential are recognized	4 I am given room to be creative	5 I stay away from work less often than before	6 Team issues are dealt with openly and directly	7 Team members trust one another	8 Our team is energetic and proactive
Chi-Square ^{a,b,c,d,e,f}	7.360	80.357	19.414	37.017	205.733	42.633	36.162	127.137
df	4	4	4	4	4	4	4	4
Asymp. Sig.	.118	.000	.001	.000	.000	.000	.000	.000

- a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.4.
- b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 58.6.
- c. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 60.0.
- d. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 58.8.
- e. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.2.
- f. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.8.

**NPar Tests
Chi-Square Test
Frequencies**

9 My performance has improved

	Observed N	Expected N	Residual
Strongly Disagree	11	58.8	-47.8
Disagree	38	58.8	-20.8
Neutral	68	58.8	9.2
Agree	68	58.8	9.2
Strongly Agree	109	58.8	50.2
Total	294		

10 My performance is evaluated fairly

	Observed N	Expected N	Residual
Strongly Disagree	27	59.2	-32.2
Disagree	50	59.2	-9.2
Neutral	67	59.2	7.8
Agree	87	59.2	27.8
Strongly Agree	65	59.2	5.8
Total	296		

11 The objectives I am measured against are attainable

	Observed N	Expected N	Residual
Strongly Disagree	19	57.2	-38.2
Disagree	24	57.2	-33.2
Neutral	97	57.2	39.8
Agree	101	57.2	43.8
Strongly Agree	45	57.2	-12.2
Total	286		

12 I have enough resources to do my job well

	Observed N	Expected N	Residual
Strongly Disagree	38	59.0	-21.0
Disagree	61	59.0	2.0
Neutral	57	59.0	-2.0
Agree	91	59.0	32.0
Strongly Agree	48	59.0	-11.0
Total	295		

3 I am appropriately skilled to deliver on my job's objective

	Observed N	Expected N	Residual
Strongly Disagree	11	59.2	-48.2
Disagree	15	59.2	-44.2
Neutral	54	59.2	-5.2
Agree	132	59.2	72.8
Strongly Agree	84	59.2	24.8
Total	296		

14 I am clear about my roles in my team

	Observed N	Expected N	Residual
Strongly Disagree	11	59.4	-48.4
Disagree	18	59.4	-41.4
Neutral	47	59.4	-12.4
Agree	120	59.4	60.6
Strongly Agree	101	59.4	41.6
Total	297		

5 There are clear measures of how we perform as a team

	Observed N	Expected N	Residual
Strongly Disagree	12	59.6	-47.6
Disagree	22	59.6	-37.6
Neutral	40	59.6	-19.6
Agree	136	59.6	76.4
Strongly Agree	88	59.6	28.4
Total	298		

16 There is meaning and value in our work

	Observed N	Expected N	Residual
Strongly Disagree	13	59.2	-46.2
Disagree	27	59.2	-32.2
Neutral	47	59.2	-12.2
Agree	113	59.2	53.8
Strongly Agree	96	59.2	36.8
Total	296		

Test Statistics

	9 My performance has improved	10 My performance is evaluated fairly	11 The objectives I am measured against are attainable	12 I have enough resources to do my job well	13 I am appropriately skilled to deliver on my job's objectives	14 I am clear about my roles in my team	15 There are clear measures of how we perform as a team	16 There is meaning and value in our work
Chi-Square ^{a,b,c,d,e,f}	91.952	33.595	108.615	27.017	172.615	161.838	179.651	127.851
df	4	4	4	4	4	4	4	4
Asymp. Sig.	.000	.000	.000	.000	.000	.000	.000	.000

- a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 58.8.
- b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.2.
- c. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 57.2.
- d. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.0.
- e. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.4.
- f. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.6.

**NPar Tests
Chi-Square Test
Frequencies**

17 I sometimes work overtime to complete my work

	Observed N	Expected N	Residual
Strongly Disagree	21	59.8	-38.8
Disagree	34	59.8	-25.8
Neutral	49	59.8	-10.8
Agree	77	59.8	17.2
Strongly Agree	118	59.8	58.2
Total	299		

18 I am not exploring other possibilities outside my organization

	Observed N	Expected N	Residual
Strongly Disagree	70	58.6	11.4
Disagree	82	58.6	23.4
Neutral	72	58.6	13.4
Agree	33	58.6	-25.6
Strongly Agree	36	58.6	-22.6
Total	293		

19 I would recommend someone to work in this company

	Observed N	Expected N	Residual
Strongly Disagree	37	59.0	-22.0
Disagree	25	59.0	-34.0
Neutral	53	59.0	-6.0
Agree	90	59.0	31.0
Strongly Agree	90	59.0	31.0
Total	295		

20 I feel hopeful about my future in this company

	Observed N	Expected N	Residual
Strongly Disagree	53	59.4	-6.4
Disagree	35	59.4	-24.4
Neutral	54	59.4	-5.4
Agree	70	59.4	10.6
Strongly Agree	85	59.4	25.6
Total	297		

21 I would work for the same organization in the future

	Observed N	Expected N	Residual
Strongly Disagree	38	59.6	-21.6
Disagree	22	59.6	-37.6
Neutral	62	59.6	2.4
Agree	85	59.6	25.4
Strongly Agree	91	59.6	31.4
Total	298		

Test Statistics

	17 I sometimes work overtime to complete my work	18 I am not exploring other possibilities outside my organization	19 I would recommend someone to work in this company	20 I feel hopeful about my future in this company	21 I would work for the same organization in the future
Chi-Square ^{a,b,c,d,e}	99.846	34.526	60.983	24.128	59.013
df	4	4	4	4	4
Asymp. Sig.	.000	.000	.000	.000	.000

- a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.8.
- b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 58.6.
- c. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.0.
- d. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.4.
- e. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 59.6.

APPENDIX 4 SPSS RUNS FOR 6.4.2

T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Morale Average score	302	3.41	.667	.038
Performance Average score	301	3.67	.591	.034
Commitment Average score	300	3.38	.895	.052

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Morale Average score	10.737	301	.000	.41	.34	.49
Performance Average score	19.770	300	.000	.67	.61	.74
Commitment Average score	7.289	299	.000	.38	.28	.48

Univariate Analysis of Variance

Between-Subjects Factors

Type of Employee	Value Label	N
1	Management	8
2	Supervisors	43
3	General Staff	251

Descriptive Statistics

Dependent Variable: Morale Average score

Type of Employee	Mean	Std. Deviation	N
Management	3.31	.402	8
Supervisors	3.58	.604	43
General Staff	3.39	.681	251
Total	3.41	.667	302

Tests of Between-Subjects Effects

Dependent Variable: Morale Average score

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	1.477 ^a	2	.738	1.666	.191
Intercept	694.204	1	694.204	1566.215	.000
EMPLTYPE	1.477	2	.738	1.666	.191
Error	132.528	299	.443		
Total	3650.330	302			
Corrected Total	134.005	301			

a. R Squared = .011 (Adjusted R Squared = .004)

Multiple Comparisons

Dependent Variable: Morale Average score

Tukey HSD

(I) Type of Employee	(J) Type of Employee	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Management	Supervisors	-.27	.256	.547	-.87	.33
	General Staff	-.07	.239	.949	-.64	.49
Supervisors	Management	.27	.256	.547	-.33	.87
	General Staff	.19	.110	.180	-.06	.45
General Staff	Management	.07	.239	.949	-.49	.64
	Supervisors	-.19	.110	.180	-.45	.06

Based on observed means.

Univariate Analysis of Variance

Between-Subjects Factors

Type of Employee	Value Label	N
1	Management	8
2	Supervisors	43
3	General Staff	250

Descriptive Statistics

Dependent Variable: Performance Average score

Type of Employee	Mean	Std. Deviation	N
Management	3.86	.673	8
Supervisors	3.89	.580	43
General Staff	3.63	.583	250
Total	3.67	.591	301

Tests of Between-Subjects Effects

Dependent Variable: Performance Average score

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	2.765 ^a	2	1.383	4.043	.019
Intercept	850.460	1	850.460	2486.391	.000
EMPLTYPE	2.765	2	1.383	4.043	.019
Error	101.930	298	.342		
Total	4165.856	301			
Corrected Total	104.695	300			

a. R Squared = .026 (Adjusted R Squared = .020)

Multiple Comparisons

Dependent Variable: Performance Average score

Tukey HSD

(I) Type of Employee	(J) Type of Employee	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Management	Supervisors	-.03	.225	.990	-.56	.50
	General Staff	.23	.210	.520	-.27	.72
Supervisors	Management	.03	.225	.990	-.50	.56
	General Staff	.26*	.097	.020	.03	.49
General Staff	Management	-.23	.210	.520	-.72	.27
	Supervisors	-.26*	.097	.020	-.49	-.03

Based on observed means.

*. The mean difference is significant at the .05 level.

Univariate Analysis of Variance

Between-Subjects Factors

Type of Employee	Value Label	N
1	Management	8
2	Supervisors	43
3	General Staff	249

Descriptive Statistics

Dependent Variable: Commitment Average score

Type of Employee	Mean	Std. Deviation	N
Management	3.00	.771	8
Supervisors	3.35	.890	43
General Staff	3.39	.900	249
Total	3.38	.895	300

Tests of Between-Subjects Effects

Dependent Variable: Commitment Average score

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	1.236 ^a	2	.618	.770	.464
Intercept	623.457	1	623.457	776.747	.000
EMPLTYPE	1.236	2	.618	.770	.464
Error	238.387	297	.803		
Total	3660.321	300			
Corrected Total	239.623	299			

a. R Squared = .005 (Adjusted R Squared = -.002)

Multiple Comparisons

Dependent Variable: Commitment Average score

Tukey HSD

(I) Type of Employee	(J) Type of Employee	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Management	Supervisors	-.35	.345	.568	-1.16	.46
	General Staff	-.39	.322	.441	-1.15	.36
Supervisors	Management	.35	.345	.568	-.46	1.16
	General Staff	-.04	.148	.954	-.39	.31
General Staff	Management	.39	.322	.441	-.36	1.15
	Supervisors	.04	.148	.954	-.31	.39

Based on observed means.

APPENDIX 5 SPSS RUNS FOR 6.4.3

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Employee Type * Rating	2374	100.0%	0	.0%	2374	100.0%

Employee Type * Rating Crosstabulation

			Rating					Total
			1 SD	2 D	3 N	4 A	5 SA	
Employee Type	Gen Staff	Count	252	275	432	509	503	1971
		Expected Count	237.4	271.5	427.6	535.5	499.0	1971.0
		Std. Residual	.9	.2	.2	-1.1	.2	
	Manager	Count	1	12	23	19	7	62
		Expected Count	7.5	8.5	13.4	16.8	15.7	62.0
		Std. Residual	-2.4	1.2	2.6	.5	-2.2	
	Supervisor	Count	33	40	60	117	91	341
		Expected Count	41.1	47.0	74.0	92.6	86.3	341.0
		Std. Residual	-1.3	-1.0	-1.6	2.5	.5	
Total	Count	286	327	515	645	601	2374	
	Expected Count	286.0	327.0	515.0	645.0	601.0	2374.0	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	33.125 ^a	8	.000
Likelihood Ratio	36.195	8	.000
N of Valid Cases	2374		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.47.

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Employee Type * Rating	2358	100.0%	0	.0%	2358	100.0%

Employee Type * Rating Crosstabulation

			Rating					Total
			1 SD	2 D	3 N	4 A	5 SA	
Employee Type	Gen Staff	Count	128	228	402	686	513	1957
		Expected Count	117.9	211.6	395.9	703.8	527.8	1957.0
		Std. Residual	.9	1.1	.3	-.7	-.6	
	Manager	Count	1	2	20	23	18	64
		Expected Count	3.9	6.9	12.9	23.0	17.3	64.0
		Std. Residual	-1.5	-1.9	2.0	.0	.2	
	Supervisor	Count	13	25	55	139	105	337
		Expected Count	20.3	36.4	68.2	121.2	90.9	337.0
		Std. Residual	-1.6	-1.9	-1.6	1.6	1.5	
Total	Count	142	255	477	848	636	2358	
	Expected Count	142.0	255.0	477.0	848.0	636.0	2358.0	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	26.153 ^a	8	.001
Likelihood Ratio	28.618	8	.000
N of Valid Cases	2358		

a. 1 cells (6.7%) have expected count less than 5. The minimum expected count is 3.85.

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Employee Type * Rating	1482	100.0%	0	.0%	1482	100.0%

Employee Type * Rating Crosstabulation

			Rating					Total
			1 SD	2 D	3 N	4 A	5 SA	
Employee Type	Gen Staff	Count	186	160	227	298	360	1231
		Expected Count	181.9	164.5	240.9	294.9	348.9	1231.0
		Std. Residual	.3	-.3	-.9	.2	.6	
	Manager	Count	4	6	18	10	2	40
		Expected Count	5.9	5.3	7.8	9.6	11.3	40.0
		Std. Residual	-.8	.3	3.6	.1	-2.8	
	Supervisor	Count	29	32	45	47	58	211
		Expected Count	31.2	28.2	41.3	50.5	59.8	211.0
		Std. Residual	-.4	.7	.6	-.5	-.2	
Total	Count	219	198	290	355	420	1482	
	Expected Count	219.0	198.0	290.0	355.0	420.0	1482.0	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24.332 ^a	8	.002
Likelihood Ratio	24.856	8	.002
N of Valid Cases	1482		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.34.

APPENDIX 6 SPSS RUNS FOR 6.4.4

Correlations

Correlations

		Morale Average score	Performance Average score	Commitment Average score
Morale Average score	Pearson Correlation	1	.513**	.421**
	Sig. (2-tailed)	.	.000	.000
	N	302	301	300
Performance Average score	Pearson Correlation	.513**	1	.416**
	Sig. (2-tailed)	.000	.	.000
	N	301	301	300
Commitment Average score	Pearson Correlation	.421**	.416**	1
	Sig. (2-tailed)	.000	.000	.
	N	300	300	300

** . Correlation is significant at the 0.01 level (2-tailed).

Correlations

Type of Employee = Management

Correlations^a

		Morale Average score	Performance Average score	Commitment Average score
Morale Average score	Pearson Correlation	1	.715*	.572
	Sig. (2-tailed)	.	.046	.138
	N	8	8	8
Performance Average score	Pearson Correlation	.715*	1	.399
	Sig. (2-tailed)	.046	.	.327
	N	8	8	8
Commitment Average score	Pearson Correlation	.572	.399	1
	Sig. (2-tailed)	.138	.327	.
	N	8	8	8

*. Correlation is significant at the 0.05 level (2-tailed).

a. Type of Employee = Management

Correlations
Type of Employee = Supervisors

Correlations^a

		Morale Average score	Performance Average score	Commitment Average score
Morale Average score	Pearson Correlation	1	.564**	.626**
	Sig. (2-tailed)	.	.000	.000
	N	43	43	43
Performance Average score	Pearson Correlation	.564**	1	.517**
	Sig. (2-tailed)	.000	.	.000
	N	43	43	43
Commitment Average score	Pearson Correlation	.626**	.517**	1
	Sig. (2-tailed)	.000	.000	.
	N	43	43	43

** . Correlation is significant at the 0.01 level (2-tailed).

a. Type of Employee = Supervisors

Correlations
Type of Employee = General Staff

Correlations^a

		Morale Average score	Performance Average score	Commitment Average score
Morale Average score	Pearson Correlation	1	.498**	.393**
	Sig. (2-tailed)	.	.000	.000
	N	251	250	249
Performance Average score	Pearson Correlation	.498**	1	.416**
	Sig. (2-tailed)	.000	.	.000
	N	250	250	249
Commitment Average score	Pearson Correlation	.393**	.416**	1
	Sig. (2-tailed)	.000	.000	.
	N	249	249	249

** . Correlation is significant at the 0.01 level (2-tailed).

a. Type of Employee = General Staff