

**THE EFFECT OF RESTRUCTURING BUSINESS UNITS ON ORGANISATIONAL
CLIMATE**

by

Anine Wilson

Submitted in accordance with the requirements for the degree of

Master of Commerce

in the subject

INDUSTRIAL AND ORGANISATIONAL PSYCHOLOGY

at the

UNIVERSITY OF SOUTH AFRICA

SUPERVISOR: Prof Dirk Geldenhuys

February 2015

DECLARATION

I declare that this dissertation is my own work. It has not been submitted before for any degree or examination at this or any other university.

Anine Wilson

Student Number: 44240651

February 2015

ABSTRACT

The purpose of this study was to determine whether organisational restructuring of business units within a South African Fast Moving Consumer Goods company had any effect on the organisational climate of the organisation. An organisational climate survey was used before and after the restructuring over a two-year period. Five manufacturing plants formed part of the study; with four plants undergoing the restructuring (experimental group) and one plant being the control group, where no organisational restructuring took place within the two-year period under review.

The total population consisted of 3700 employees. The samples for 2010 and 2011 were drawn from the population of the five manufacturing plants'. The sample of employees that took part in the survey from the five manufacturing plants was, in 2010, 778 versus a headcount of 1802, yielding a response rate of 21.02%, and in 2011, 904 versus a headcount of 1736, yielding a response rate of 24.43%.

The research results show that organisational restructuring did have a significant impact on organisational climate; with a drop in the organisational climate from 2010 prior to the organisational restructuring, to 2011 after the organisational restructuring at four of the manufacturing plants (experimental group). Interestingly, the control group (the 5th manufacturing plant) also showed a significant drop in its organisational climate scores from 2010 to 2011; without organisational restructuring taking place.

KEY TERMS

Organisational climate, organisational change, organisational culture, organisational structure, organisational development, planned change, organisational restructuring, change management, manufacturing, survey

ACKNOWLEDGEMENTS

I would like to first and foremost thank God for the many graces and blessings He has bestowed on me during this incredible part of my life.

I would like to thank Professor Geldenhuys for his guidance and support throughout the completion of this study.

To Andries Masenge, thank you for your assistance with the statistical analyses and interpretation of the results.

To my husband Sheldon, thank you for your encouragement, support and understanding from the beginning.

To my parents, thank you for encouraging me to pursue my studies and for your sacrifices and support to get me to this point.

To my colleagues and company, thank you for your support.

TABLE OF CONTENTS

| | |
|------------------------|-----|
| DECLARATION..... | II |
| ABSTRACT | III |
| ACKNOWLEDGEMENTS | IV |

CHAPTER 1

INTRODUCTION TO AND OVERVIEW OF THE STUDY

| | |
|--|----|
| 1. INTRODUCTION | 1 |
| 1.1. BACKGROUND OF AND MOTIVATION FOR THE RESEARCH..... | 1 |
| 1.2. PROBLEM STATEMENT | 5 |
| 1.2.1. GENERAL RESEARCH QUESTIONS..... | 5 |
| 1.3. AIMS..... | 6 |
| 1.3.1. GENERAL AIM | 6 |
| 1.3.2. SPECIFIC AIMS | 6 |
| 1.3.3. EMPIRICAL AIMS..... | 6 |
| 1.4. THE PARADIGM PERSPECTIVES | 7 |
| 1.4.1. DISCIPLINARY PERSPECTIVE..... | 7 |
| 1.4.2. RESEARCH PARADIGM: LITERATURE REVIEW AND EMPIRICAL STUDY | 7 |
| 1.5. RESEARCH DESIGN | 8 |
| 1.5.1. TYPE OF RESEARCH | 8 |
| 1.5.2. RESEARCH VARIABLES | 9 |
| 1.5.3. RESEARCH PROCEDURE | 10 |
| 1.5.4. UNIT OF ANALYSIS..... | 11 |
| 1.5.5. METHODS TO ENSURE RELIABILITY AND VALIDITY | 11 |
| 1.5.6. METHODS TO ENSURE ETHICAL RESEARCH PRINCIPLES..... | 11 |
| 1.6. RESEARCH METHOD | 12 |
| 1.6.1. LITERATURE REVIEW | 12 |
| 1.6.1.1. <i>Organisational climate</i> | 12 |
| 1.6.1.2. <i>Organisational restructuring</i> | 13 |

| | |
|---|----|
| 1.6.2. EMPIRICAL STUDY | 14 |
| 1.6.2.1. <i>Population and sample</i> | 14 |
| 1.6.2.2. <i>Data collection</i> | 14 |
| 1.6.2.3. <i>Data processing</i> | 15 |
| 1.6.2.4. <i>Statistical analyses</i> | 15 |
| 1.6.3. CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS | 15 |
| 1.7. CHAPTER LAYOUT | 15 |
| 1.8. CONCLUSION..... | 16 |

CHAPTER 2

LITERATURE REVIEW: ORGANISATIONAL CLIMATE

| | |
|---|----|
| 2. INTRODUCTION | 17 |
| 2.1. DEFINITION OF ORGANISATIONAL CLIMATE | 17 |
| 2.2. ORGANISATIONAL CLIMATE VERSUS ORGANISATIONAL CULTURE | 18 |
| 2.3. DIMENSIONS OF ORGANISATIONAL CLIMATE | 20 |
| 2.4. IMPORTANCE OF ORGANISATIONAL CLIMATE..... | 25 |
| 2.5. CONCLUSION..... | 28 |

CHAPTER 3

LITERATURE REVIEW: ORGANISATIONAL RESTRUCTURING

| | |
|---|----|
| 3. INTRODUCTION | 29 |
| 3.1. ORGANISATIONAL CHANGE..... | 29 |
| 3.2. ORGANISATIONAL DEVELOPMENT AND CHANGE MANAGEMENT | 33 |
| 3.3. ORGANISATIONAL RESTRUCTURING AS AN INTERVENTION..... | 37 |
| 3.4. DRIVERS FOR ORGANISATIONAL CHANGE | 43 |
| 3.5. CHANGE AND ORGANISATIONAL CLIMATE..... | 44 |
| 3.6. CONCLUSION..... | 46 |

CHAPTER 4

EMPIRICAL INVESTIGATION

4. INTRODUCTION 48

4.1. RESEARCH APPROACH..... 48

4.2. OBJECTIVES OF THE STUDY 49

4.3. POPULATION AND SAMPLE..... 49

4.3.1. POPULATION 49

4.3.2. SAMPLING PROCEDURE 50

 4.3.2.1. *Nonprobability sampling* 50

4.3.3. SAMPLE 51

 4.3.3.1. *Biographical Data* 51

 4.3.3.1.1. *Gender* 51

 4.3.3.1.2. *Race*..... 52

 4.3.3.1.3. *Job level*..... 54

 4.3.3.1.4. *Tenure with company* 56

4.4. MEASURING INSTRUMENT..... 58

4.4.1. DESCRIPTION OF THE SURVEY 58

4.5. DATA COLLECTION 61

4.6. ETHICAL CONSIDERATIONS 62

4.7. DATA ANALYSIS..... 64

4.7.1. DESCRIPTIVE STATISTICS 64

4.7.2. INFERENCE STATISTICS..... 64

4.8. CONCLUSION..... 64

CHAPTER 5

RESEARCH RESULTS

5. INTRODUCTION 66

| | |
|---|----|
| 5.1. OBJECTIVE..... | 66 |
| 5.2. RESPONSE RATE | 67 |
| 5.3. DESCRIPTIVE RESULTS | 67 |
| 5.3.1. RELIABILITY OF THE ORGANISATIONAL EFFECTIVENESS SURVEY | 67 |
| 5.3.2. MEANS, STANDARD DEVIATIONS, MINIMUM AND MAXIMUM SCORES ... | 68 |
| 5.3.3. CONTROL GROUP RESULTS..... | 71 |
| 5.3.4. EXPERIMENTAL GROUP RESULTS..... | 72 |
| 5.4. DISCUSSION | 73 |
| 5.5. CONCLUSION..... | 74 |

CHAPTER 6

CONCLUSIONS, LIMITATIONS, IMPLICATIONS AND RECOMMENDATIONS

| | |
|--|----|
| 6. INTRODUCTION | 75 |
| 6.1 CONCLUSIONS OF THIS STUDY..... | 75 |
| 6.1.1 LITERATURE REVIEW CONCLUSIONS | 75 |
| 6.1.2 EMPIRICAL STUDY CONCLUSIONS | 77 |
| 6.2 LIMITATIONS | 78 |
| 6.2.1 LITERATURE REVIEW LIMITATIONS..... | 79 |
| 6.2.2 EMPIRICAL STUDY LIMITATIONS..... | 79 |
| 6.3 IMPLICATIONS AND RECOMMENDATIONS..... | 79 |
| 6.3.1 IMPLICATIONS FOR PRACTICE..... | 79 |
| 6.3.2 RECOMMENDATIONS FOR FUTURE RESEARCH..... | 80 |
| 6.4 CONCLUSION..... | 80 |
| REFERENCES..... | 82 |

LIST OF TABLES

| | |
|---|----|
| Table 2.1 Litwin and Stringer's nine organisational climate dimensions | 21 |
| Table 4.1 Gender distribution of samples in 2010 and 2011 | 51 |
| Table 4.2 Race distribution of samples in 2010 and 2011 | 53 |
| Table 4.3 Job level distribution of samples in 2010 and 2011 | 54 |
| Table 4.4 Tenure distribution of samples in 2010 and 2011 | 57 |
| Table 4.5 Organisational Effectiveness Survey Dimensions | 60 |
| Table 5.1 Reliability of the Organisational Effectiveness Survey for 2010 and 2011 | 67 |
| Table 5.2 Descriptive analysis of organisational climate surveys for 2010 and 2011 | 68 |
| Table 5.3 Descriptive analysis of organisational climate scores of control group versus experimental group | 69 |
| Table 5.4 Analysis of P values for all five manufacturing plants | 70 |
| Table 5.5 Control Group Inferential Results | 71 |
| Table 5.6 Experimental Group Inferential Results | 72 |

LIST OF FIGURES

| | |
|--|----|
| Figure 3.2: Kurt Lewin's model (Spector, 2013) | 35 |
| Figure 3.3: Winfield, Bishop and Porter's stages of change | 36 |
| Figure 3.4: Robbins' figure of organisational change types | 42 |
| Figure 4.1: Gender distribution of sample | 52 |
| Figure 4.2: Race distribution of sample | 53 |
| Figure 4.3: Job level distribution of 2010 sample | 55 |
| Figure 4.4: Job level distribution of 2011 sample | 56 |
| Figure 4.5: Tenure distribution of sample | 57 |

CHAPTER 1

INTRODUCTION TO AND OVERVIEW OF THE STUDY

1. INTRODUCTION

This study is about the effect of organisational restructuring of business units on organisational climate. In this chapter the background of and motivation for the research will be explored.

The problem statement will be discussed and the research questions and aims will be specified. The paradigm perspective will outline the boundaries of the research. The research design and methodology will be discussed. Lastly the chapter will be concluded with the chapter layout.

1.1. BACKGROUND OF AND MOTIVATION FOR THE RESEARCH

Organisational climate can be defined as a shared perception about aspects of the work environment that is considered psychologically important to workers (Ashworth as cited in O'Neill & Arendt, 2008). The dominant approach is to conceptualise organisational climate as employees' shared perceptions of an organisation's procedures, practices and events (Patterson, West, Shackleton, Dawson, Lawthom, Maitlas, Robinson & Wallace, 2005). Most authors agree that organisational climate is a complex, multidimensional and multilevel phenomenon resulting from employees' perceptions of their experiences within an organisation, stable over time, and widely shared within an organisational unit (Dawson, González-Romá, Davis, & West, 2008).

Within the South African context, Cilliers and Kossuth (2002) mention that organisational climate has three behavioural levels, namely individual, interpersonal and organisational. According to Van der Ohe and Martins (2003), organisational

climate concerns itself with how employees perceive the characteristics of an organisation's culture. Climate contrasts with culture in that culture sets boundaries of behaviour whereas climate directly affects or influences behaviour within an organisation (Van der Ohe & Martins, 2003).

James, Choi, Ko, McNeil, Minton, Wright and Kim (2008) state that organisational climate can be seen as the outcome of aggregating individuals' psychological climates. Organisational climate surveys assist organisations to continually find out from their employees what their perceptions are of the organisation and what it is that they want, expect and need from their organisation (Van der Ohe & Martins, 2003).

What is the importance of organisational climate? The research indicates many benefits of organisational climate for organisations linked to organisational outcomes as mentioned by James et al (2008) and D'Amato and Zijlstra (2008). James et al (2008) mention that a recent trend in climate research is the emergence of the "climates for something" approach which entails the research focusing on specific climate areas such as innovation, safety, et cetera. D'Amato and Zijlstra (2008) state that this "something" refers to core elements of the organisation's mission and could be either "safety", "service", "innovation", or other organisational outcomes.

The researchers argue that a positive service climate for employees leads to service-oriented behaviours by employees towards customers, which in turn lead to positive customer reports on service quality; which is in turn likely to lead to greater profitability (Dawson et al, 2008).

Patterson et al (2005) mention that organisational climate has been related to several work outcomes such as performance. Voon, Hamali and Tangkua (2009) mention that it is recognised that higher performing organisations try their best to treat their employees as internal customers since employees are their most

important asset. This highlights a possible reason why organisations are placing more emphasis on organisational climate; because it can attract future employees to organisations.

From the above-mentioned research, it is evident that organisational climate influences the level of service that employees deliver to their customers; the level of innovation employees deliver; the performance of employees; and ultimately the organisation. It is for these reasons that the organisation that forms part of this research has a vested interest in organisational climate and hence conducts the organisational climate survey on an annual basis.

Weiss (1996) defines restructuring as the most fundamental approach to organisational redesign, focusing on reconfiguring organisational units (usually large units). Weiss (1996) further mentions that benefits of restructuring are cost-saving and increased operating efficiencies; however, the disadvantages of restructuring are that it may not produce the desired result, or employees could become demoralised and traumatised.

Spector (2013) mentions that by changing organisations' functional structures, organisations aim to bring efficiency and discipline to its operations. Mullins (2008) states that there is a continual need for organisations to review their structures (restructuring), to ensure that the latter are the most appropriate and in keeping with an organisation's development and growth.

Spector (2013) mentions that simply because structural interventions are valuable in determining employee behaviour; it does not necessarily mean that changing structure is always an effective opening tool for change. Spector (2013) further mentions that for effective change implementation, structural interventions should not drive change, but rather reinforce new patterns of behaviour that have been created through earlier interventions.

Managers often change structures to make organisations more profitable or productive (Watkin & Hubbard, 2003; Furnham, 2007) however, the effect of restructuring on organisational climate is rarely considered. Changes in organisational climate could impact employees' behaviour and ultimately their performance (Mullins, 2002 & Patterson, Warr & West, 2004).

It is important to note that the focus of this study will be on the restructuring of business units within an organisation; in this case the organisational merger of Warehouse Department with the rest of the Manufacturing Departments, such as Production, Quality Assurance, Engineering and Processing Departments to form the Supply Chain Division.

The organisational restructuring of these business units will be reviewed over a two-year period; before and after the organisational restructuring of business units across five manufacturing plants. One of the plants is the control group, owing to the fact that during the two-year period under review, their departments did not re-structure. In this study the effect of the organisational restructuring of business units on organisational climate will be reviewed before and after the restructuring over a two-year period.

A similar study was conducted by Eustace (2013), who researched the impact of leadership on organisational climate; she found that there is a significant relationship between leadership and organisational climate.

There is limited research from a South African perspective on organisational restructuring and its effect on organisational climate. This study will therefore benefit the field of Industrial and Organisational Psychology. In a study conducted by Cilliers and Kossuth (2002), they recommend that industrial psychologists can add immense value by facilitating improved organisational climate by using the level of salutogenic functioning between managers and employees.

1.2. PROBLEM STATEMENT

Internationally, organisational climate research conducted over a period of 10 years has provided clarity in terms of its relationships to individual-level outcomes (James et al, 2008). It has also identified specific climate areas and multilevel effects that climate has on different work outcomes (James et al, 2008). However, there is limited research on the effect of climate on an organisational level.

Within the South African context there is limited research on organisational climate and organisational restructuring. This can be done via statistically based research and therefore the question posed is whether organisational restructuring of different business units has an effect on organisational climate.

From the background section, it is clear that performance of organisations is to some extent dependent on the organisational climate. What happens, however, when departmental business units are combined due to restructuring; does it have a positive or negative effect on the organisational climate or no effect at all?

1.2.1. General research questions

The following questions direct the research. The following aspects will be investigated:

- What is meant by organisational climate?
- What is meant by organisational restructuring?
- What effect does organisational restructuring of business units have on organisational climate?

The following section will highlight the aims of this study, which will be closely related to the general research questions.

1.3.AIMS

The aims of this study will now be formulated; based on the general research questions. Firstly the general aim of the study, secondly the specific aims, and lastly the empirical aims will be formulated.

1.3.1. General aim

The general aim of the research is to investigate whether organisational restructuring of different business units has any effect on organisational climate as measured by the Organisational Effectiveness Survey.

1.3.2. Specific aims

The following theoretical aims were identified:

- Defining and describing the concept of organisational climate
- Defining and describing the concept of organisational restructuring
- Theoretically determining the effect of organisational restructuring on organisational climate

1.3.3. Empirical aims

The following empirical aims were identified:

- To measure the organisational climate before and after the organisational restructuring of business units
- To determine the effect of the organisational restructuring of business units on the organisational climate

1.4. THE PARADIGM PERSPECTIVES

In the following section the disciplinary and paradigm perspectives will be discussed.

1.4.1. Disciplinary perspective

This research falls under the discipline Industrial and Organisational Psychology and the sub-discipline Organisational Psychology. Industrial and Organisational Psychology involves the study of human behaviour in all types of organisations, big and small, private sector and public sector, profit-driven and non-profit driven (Van Vuuren, 2010).

Van Vuuren (2010) further states that traditionally, Industrial and Organisational Psychology has been the matching of employees to the workplace by explaining and influencing human behaviour in organisations.

Neal and Hesketh (2001) state that Organisational Psychology is a discipline that studies performance; productivity, effectiveness and efficiency and typically the level of analysis at which these terms are studied at the individual, group, divisional, organisational and national levels.

1.4.2. Research paradigm: Literature review and empirical study

The applicable psychological paradigm that the theoretical part of this research falls under is that of Humanistic–Existential Psychology. The basic assumptions of this paradigm are that of positive growth, making choices, taking responsibility and human rights.

Ivey, D'Andrea, Ivey and Simek-Morgan (2002) also state that the humanistic-existential view focuses on people as ones who are empowered to act on the world

and determine their own destiny. The locus of control and decision lies within the individual. It is the combination of individual respect and the importance of the relationship that gives this framework its long-lasting strength.

The empirical phase of the study falls under the Functionalistic Paradigm. This paradigm is one where most of the classical organisational theories emerged and evolved into modern structuralist thinking and holds the dominant assumptions from which organisations tried to function in the 20th century (O'Conner & Ellen, 2009).

O'Conner and Ellen (2009) further mention that the functionalistic paradigm seeks to provide rational explanations to social affairs. This paradigm is essentially problem oriented and pragmatic, and seeks to apply methods and models of natural sciences to the study of human affairs (O'Conner & Ellen, 2009).

1.5. RESEARCH DESIGN

This study will take the form of a quantitative study. Quantitative research entails collecting data in the form of numbers and the use of statistics to analyse the data (Durrheim, 2006a).

1.5.1. Type of research

The research that is proposed is that of a Survey nature with a quasi-experimental design. The organisation that forms part of this study underwent organisational restructuring of business units. An organisational climate survey is completed annually; therefore the results of the organisational climate will be reviewed before and after restructuring over a two-year period.

Two groups formed part of this study; the experimental group consisting of four manufacturing plants that underwent organisational restructuring, and a control

group consisting of a manufacturing plant that did not undergo organisational restructuring during the two-year period under review. Whether or not organisational restructuring has any effect on the organisational climate will be reviewed and discussed. The study also investigated whether there were differences between the experimental group (that underwent restructuring) and the control group (where no restructuring took place).

The research will be following a descriptive approach to describe the organisational climate as well as to determine whether the organisational restructuring of business units has any effect on the organisational climate.

The research will be following a descriptive approach using the following:

- Survey – This involves collecting data on some participants on a standard form (questionnaire) from a representative sample of the population (Bekwa, Botha, Coetzee & Wolfaardt, 2004).

1.5.2. Research variables

This study deals with the effects of organisational restructuring of business units (independent variable) on organisational climate (dependent variable). According to Durrheim (2006a), the independent variable is the variable that the experimenter manipulates to determine its effect on the dependent variable. The dependent variable's value depends on the value of the independent variable.

This is a deductive study with the purpose of evaluating whether the independent variable (organisational restructuring of business units) is significantly positively related to the dependent variable (organisational climate).

1.5.3. Research procedure

The Organisational Effectiveness Survey (hereafter referred to as OE Survey) is conducted annually, around April/May. The survey measures organisational climate. The Human Resources (HR) Department usually sends out communication via e-mail and notice boards inviting employees to complete the OE Survey, and stating the times that they are able to complete the survey in a designated venue. The HR Department also asks line managers to introduce the purpose of the OE Survey to the employees at the set times that the survey is completed. The HR Department oversees the completion of the questionnaires, to ensure anonymity.

Employees are then able to submit their surveys into a sealed box; which are then later evaluated by an external company who completes the analyses of the data. For the purposes of this research; the researcher will be focusing only on the overall rating or OE Survey score for the various manufacturing plants. This will indicate the organisational climate per manufacturing plant. The results will be reviewed over a two-year period; before and after the organisational restructuring of business units.

These results will then be compared to the four manufacturing plants where organisational restructuring of business units occurred; and the one plant being the control group where no organisational restructuring took place. The survey results will be reviewed in 2010 (pre-organisational restructuring of business units) and 2011 (post-organisational restructuring of business units), merging of the Warehouse Department with the Production, Quality Assurance, Engineering and Processing Departments to form the Supply Chain Division.

The survey had also been used in a previous study on the relationship between leadership and organisational climate (Eustace, 2013).

1.5.4. Unit of analysis

The unit of analysis for the proposed research will be the group; as in each manufacturing plant. This means that there will be five manufacturing plants which will form part of this study.

1.5.5. Methods to ensure reliability and validity

With regards to the literature review, reliability will be ensured through consulting primary sources and previous sources. For the empirical study; to ensure reliability and validity of organisational climate, a reliable and valid survey will be used, which has been validated in a previous study (Eustace & Martins, 2014).

1.5.6. Methods to ensure ethical research principles

The OE Survey is confidential and is completed on a voluntary basis (Using the results of the OE Survey, 2010). This is because the organisation wants employees to feel free to be open and honest, and this is more likely if employees make the choice to take part in the survey (Using the results of the OE Survey, 2010). Employees who are forced to take part, may also not appreciate being forced, and could actually rate the various dimensions lower, simply because they are unhappy about having been forced into taking part in the survey (Using the results of the OE Survey, 2010).

The results are treated confidentially; and employees do receive results, but do not know who answered the survey. It is extremely important to the organisation, so that employees trust that their participation in the survey will not result in victimisation (Using the results of the OE survey, 2010).

1.6. RESEARCH METHOD

This study will consist of a literature review and an empirical study. In the literature review the concepts that will be discussed are organisational climate and organisational restructuring of business units, and the literature review will serve as a framework for the empirical investigation.

The second part of the research relates to the empirical study where the measuring instrument, population, sample, hypothesis, data collection and the interpretation of the results will be discussed. Lastly the limitations of the study and the recommendations for future research will be discussed.

1.6.1. Literature review

1.6.1.1. Organisational climate

In this section, the first variable, organisational climate will be conceptualised.

James et al (2008), state that the benefits of organisational climate have only been partially realised. It is the only domain of organisational research that simultaneously examines perceptions of jobs, leaders, and organisational characteristics, and thus has the unique capability of being able to decode common denominators and latent relationships that are not available to those who study only specific domains such as perceived equity (James et al, 2008).

A study conducted in America by O'Neill and Arendt (2008) investigated the organisational climate and work attitudes; the climate dimensions that they measured were: autonomy, self-expression, pressure, perceived structure and trust. They compared two business units' climate effects in terms of average perceptions related to affective commitment, job satisfaction and intent to leave, and represented

how these average perceptions had been acquired. They found dissimilar findings in the two business units, thereby suggesting that the predictors of various work outcomes would depend on identifying the right context for understanding and action on individuals' perceptions (O'Neill & Arendt, 2008).

This is the exact focus of this particular study; to investigate the effect of organisational restructuring of business units on organisational climate as measured by the OE Survey within the organisation's five manufacturing plants.

1.6.1.2. Organisational restructuring

The second variable that will be investigated is organisational restructuring. The concept will be defined. The effect of organisational restructuring of business units on organisational climate will also be explored.

Organisations are always trying to find ways on how to reduce costs (efficiency) and how to improve productivity or results achieved (Abdullah as cited in Daraba & Akib, 2014). This is generally the main reason why organisations restructure; however, there is limited research on the effect that organisational restructuring has on organisational climate.

Densten (2008) mentions that merger processes (which is a form of organisational restructuring) fundamentally change the climate between organisations and their employees by changing which specific information gets noticed and consequently influences subsequent activities. In practical terms, climate highlights which information is personally important to individuals by providing the context in which they interpret all stimuli (Densten, 2008).

During the merger process, previously accepted stimuli are challenged, as individuals are confronted by unfamiliar and confusing stimuli (Densten, 2008).

Densten (2008) further mentions that these stimuli are shaped by the need to achieve new joint organisational outcomes and knowing how to function when a working group changes.

The purpose of this study is to determine whether organisational restructuring of business units has any effect on organisational climate within a South African Fast Moving Consumer Goods (hereafter referred to as FMCG) company, with specific focus on the manufacturing plants within the organisation.

1.6.2. Empirical study

1.6.2.1. Population and sample

The population size will be the organisation's total number of employees, namely 3700. The sample, which will be drawn from the population, will be the employees who participated in the OE Survey during 2010 and 2011 at the five manufacturing plants.

The researcher estimates that approximately 1 000 employees will complete the survey, which will form the sample.

1.6.2.2. Data collection

Once the employees per plant or region have completed the surveys, the latter are placed in a sealed box; which is usually sent to the Human Resources Head Office of the company; who then forward the surveys to an external company for analysis.

The researcher will be receiving the full data set from the company's head office. For the purposes of this research, the researcher will also be conducting the statistical analyses of the survey results for the five manufacturing plants in question.

1.6.2.3. *Data processing*

All the data will be processed and analysed by means of statistical analyses, using the SPSS statistical package, SPSS version 21, AMOS version 20 statistical program (2011).

1.6.2.4. *Statistical analyses*

The statistical analyses will be done by means of the SPSS version 21, AMOS version 20 statistical program (2011). The results will be analysed through descriptive statistics such as the means and standard deviations, and independent sample t-tests will be conducted to compare the climate scores for 2010 and 2011.

Descriptive statistics is done when one is merely describing a set of data (Howell, 1995). Kirk (1999) mentions that descriptive statistics is a tool used for summarising or depicting data, so that they can be more easily comprehended.

1.6.3. Conclusions, limitations and recommendations

Chapter 6 will indicate the conclusions regarding the study. Limitations and implications that were forthcoming in the study as well as recommendations for future research will also be discussed.

1.7. CHAPTER LAYOUT

Chapter 1. Introduction to and Overview of the Study

Chapter 2. Literature Review : Organisational Climate

Chapter 3. Literature Review : Organisational Restructuring

Chapter 4. Empirical Investigation

Chapter 5. Research Results

Chapter 6. Conclusions, Limitations and Recommendations

1.8. CONCLUSION

In this chapter the background of and motivation for the research was explored. The problem statement, paradigm perspective, research design and methodology were also discussed.

Chapter 2 will focus on the first part of the literature review, namely organisational climate (which is the dependent variable).

CHAPTER 2

LITERATURE REVIEW: ORGANISATIONAL CLIMATE

2. INTRODUCTION

In this chapter the concept of organisational climate is discussed. Firstly the concept is defined. The concepts of culture versus climate are then briefly explored. Thereafter the dimensions of organisational climate are discussed. Lastly, the importance of climate is discussed.

2.1. DEFINITION OF ORGANISATIONAL CLIMATE

Some definitions of organisational climate highlight the individual's experiences. For example, Burton, Lauridsen and Obel (2004, p.69) define organisational climate as:

The attitude of the individuals concerning the organisation – its degree of trust, conflict, morale, rewards equity, leader credibility, resistance to change, and scapegoating as seen by the individuals.

Conversely, other definitions of organisational climate emphasise the experiences of a group of individuals, like that of the following authors:

Climate is expected to be widely shared within organisational units subjected to the same policies, practices and procedures (Kopelman, Brief & Guzzo, 1990).

Similarly, Litwin and Stringer (1968, p.1) define organisational climate as:

A set of measurable properties of the work environment perceived directly or indirectly by the people who live and work in this environment and assumed to influence their motivation and behaviour.

For the purposes of this study, organisational climate is defined as the experiences of the group of employees of the organisation, in line with the definitions of Litwin and Stringer, and Kopelman, Brief and Guzzo. Organisational climate therefore involves the perceptions that employees have of an organisation based on how the individuals have been treated by the organisation. The shortcoming of this definition for organisations however is that one individual will view the same treatment as favourable while another may view it negatively.

Organisational climate and psychological climate are two concepts that are often used interchangeably; however, there is a difference between the two. On the one hand, climate is measured at different levels, namely psychological climate which is an individual attribute and on the other hand, organisational climate being a measure of the organisational members (Castro & Martins, 2010). James et al (2008) mention that organisational climate refers to the outcome of aggregating individuals' psychological climates.

For the purpose of this study, the focus will be on organisational climate and not psychological climate because, based on the research, organisational climate refers to shared perceptions of employees and psychological climate refers to perceptions of individuals. In summary, this study will focus on the aggregate of the individual employees' perceptions of the company, which is organisational climate.

2.2. ORGANISATIONAL CLIMATE VERSUS ORGANISATIONAL CULTURE

Culture and climate are concepts that are often confused and used interchangeably; however, there is a difference between the two. Burton, Lauridsen and Obel (2004, p. 70) define culture as:

A pattern of knowledge, belief and behaviour that includes social forms, it circumscribes and includes organisational structure, it is the forms, beliefs, norms, social patterns, the way things are done, the symbols and the rituals.

Culture reflects the system level orientation and is therefore the property of the system or organisation, whereas organisational climate is actually the property of the employees (James et al, 2008).

Gray (2007) defines culture as the personality of the organisation and mentions that it is very hard to change, whereas climate is the collective product of individual perceptions. He also mentions that you cannot make other people perceive things the way we think they should, you can only acknowledge their perceptions and use that information when you decide how you should behave.

Culture encourages shared meaning amongst employees and can be seen in the rites, myths, rituals, and language of that culture (Furnham, 2005; Reichers & Schneider, 1990). It functions to give employees an organisational identity, it promotes social stability, facilitates a collective commitment, partly shapes the behaviours of employees, and it can even provide a competitive edge (Furnham, 2005). The culture perspective focuses on the values, assumptions and beliefs present in organisations, the patterns of behaviour that result from the shared meanings and the symbols which express the links between the beliefs, assumptions, behaviour and values to an organisation's members (Denison, 1990). Denison (1990) also states that organisational culture is complex and a pervasive part of any organisation.

Climate is essentially the shared perceptions of employees, whereas culture refers to the shared assumptions of an organisation (Ashforth, 1985). Ashkanasy and Ashton-James (2007) maintain that organisational climate constitutes the collective mood of the employees towards their organisation, their jobs and management, and it is essentially an emotional phenomenon, while culture is more stable.

Despite organisational climate being an aggregate of individuals' perceptions of their work environment, James et al (2008) caution that climate still remains the property of the individual irrespective of the agreement or lack thereof among individual perceptions. Climate therefore "is a focus of a complex set of forces within an organisation that impinge upon those who work in it" (Furnham, 2007 p.636). Climate is a psychological measure of the organisation and not a characteristic of the individuals in an organisation, although it can only be assessed by individual polling (Burton, Lauridsen and Obel, 2004).

It is evident from the above-mentioned literature that culture refers to how things are done within an organisation and it is usually what outsiders observe; whereas organisational climate refers to the aggregate of individual employees' psychological climate which is a psychological measure of perceptions.

2.3. DIMENSIONS OF ORGANISATIONAL CLIMATE

Litwin and Stringer (1968) identified nine dimensions of organisational climate as per Table 2.1 below:

Table 2.1 Litwin and Stringer's nine organisational climate dimensions

| | |
|-------------------|--|
| 1. Structure | The feeling that employees have about the constraints in the group, how many regulations, procedures and rules there are; is there an emphasis on "red tape" and going through channels, or is there a loose or informal atmosphere. |
| 2. Responsibility | The feeling of being your own boss, not having to double check all your decisions; when you have a job to do, knowing that it is your job. |
| 3. Reward | The feeling of being rewarded for a job well done; emphasising positive rewards rather than punishments; the perceived fairness of the pay and promotion policies. |
| 4. Risk | The sense of riskiness and challenge in the job and in the organisation; is there an emphasis on taking calculated risks, or is playing it safe the best way to operate. |
| 5. Warmth | The feeling of general good fellowship that prevails in the work group atmosphere; the emphasis on being well-liked; the prevalence of informal and social groups. |
| 6. Support | The perceived helpfulness of the managers and other employees in the group; emphasis on mutual support from above and below. |
| 7. Standards | The perceived importance of implicit and explicit goals and performance standards; the emphasis on doing a good job; the challenge represented in personal and group goals. |
| 8. Conflict | The feeling that managers and other workers want to hear different opinions, the emphasis placed on getting problems out in the open rather than smoothing them over or ignoring them. |
| 9. Identity | The feeling that you belong to a company and you are a valuable member of a working team; the importance placed on this kind of spirit. |

More recent studies, such as those done by Mullins (2002) and Gray (2007) have expanded on these dimensions. Mullins (2002) states that a healthy organisational climate is expected to exhibit the following characteristics:

- The integration of personal and organisational goals
- The most appropriate organisational structure based on the demands of the socio-technical system
- Democratic functioning of the organisation with full opportunities for participation
- Justice in treatment with equitable personnel and employee relations, practices and policies
- Mutual trust, support and consideration among different levels of the organisation
- The open discussion of conflict with an attempt to avoid confrontation
- Styles of leadership and managerial behaviour appropriate to particular work situations
- Acceptance of the psychological contract between the organisation and the individual
- Recognition of people's expectations and needs at work, and individual attributes and differences
- Equitable systems of rewards based on positive recognition
- Concern for the quality of job design and working life
- Opportunities for personal development and career progression
- A sense of loyalty to and identity with the organisation and a feeling of being an important and valued member of the organisation

Mullins (2002) further states that if organisational climate is to be improved, attention should be paid to the features mentioned above. Mullins (2002) also states, however, that a healthy climate in itself will not guarantee organisational effectiveness, but it is an important factor.

Gray (2007) identifies the following seven dimensions (1) Free expression of ideas, (2) Free expression of concerns, (3) Freedom to question (especially decisions and policies determined by managers), (4) Participation: genuine participation in defining goals and objectives, (5) Innovation: freedom to try new concepts and approaches, (6) Purposive threat: directed consciously at individuals or groups with the intent to make them do or stop doing something specific; and (7) Environmental threat: natural events or changes in society that are undirected.

Similarities between the more recent above-mentioned studies done by Mullins (2002) and Gray (2007) seem to be as follows: freedom of expression with an attempt to avoid any confrontation; and participation of employees in defining objectives and goals.

From a South African perspective; Booyens (1993) identifies the following eleven dimensions: (1) The understanding which exists among employees regarding organisations' goals, (2) The effectiveness of its decision-making processes, (3) Integration, co-operation and vitality, (4) The effectiveness of its leaders, (5) Openness and trust, (6) Job satisfaction, (7) Opportunities for growth and development, (8) Level of job performance, (9) Orientation, (10) Effectiveness of teamwork and problem-solving; and (11) The overall confidence in management which exists among its employees.

More recently, Martins and Martins (2001) identified nine dimensions: (1) Mission and goals (employees' perception of and satisfaction with the organisation's strategic focus and departmental mission and goals), (2) Technology (employees' satisfaction with the support systems), (3) Task systems (various activities and actions that influence work activities), (4) Management processes (managerial functions that influence employees positively/negatively, such as communication, control, planning, coordination and decision-making), (5) Interpersonal and social processes (the perceptions of rewards, relationships, respect and support that

prevail within a department or team), (6) External environment (employees' perception of the organisation's readiness to deal with external demands), (7) Employment equity (the implementation and fairness of employment equity), (8) Job satisfaction (employees' general satisfaction); and (9) Factors of importance (why employees come to the company and factors that will influence their decisions to stay with the company).

Another South African study by Martins and Van der Ohe (2003) determined which dimensions are needed, given the changes that have taken place in South Africa. They found that typical dimensions as measured in traditional climate surveys are still relevant for South African companies; such as training and development, organisational values, rewards and recognition, strategic focus, teamwork, and performance management.

Martins and Van der Ohe (2003) found, however, that continuous amendments to South African legislation necessitated new dimensions which needed to be considered when measuring organisational climate. These new dimensions include fairness (of organisational practices), employment equity and discrimination regarding promotions; leadership, trust, and work/life balance. They also discovered that another important dimension is the focus on attracting and retaining talent, which in turn creates a balance between superficial appointments and the retention of talented employees.

When comparing all these different organisational climate dimensions within the South African context; there are a few similarities on the following dimensions:

- Leadership,
- Management Practices,
- Involvement in goal-setting, and
- Job satisfaction.

It is clear from the literature, however, that organisations need to consider many dimensions when evaluating organisational climate. The literature from a South African context nevertheless has little agreement on the dimensions, as is evident from the literature review above; except for the dimensions of leadership, management practices, involvement in goal-setting, and job satisfaction.

This clearly indicates that this requires more research to be done on organisational climate within the South African context. Based on the above, it seems fitting to use a tailor-made survey to determine the organisation's climate; owing to the literature having little agreement on the dimensions.

2.4.IMPORTANCE OF ORGANISATIONAL CLIMATE

What significance does organisational climate indeed have? According to Watkin and Hubbard (2003), research indicates that organisational climate can account for 30 percent of the variance of key business performance measures. They further state that some organisations even use climate as a proxy measure when it is difficult to measure performance, which indicates that climate assessments provide an invaluable profit and loss statement on how well a company manages its people.

Where an organisational climate does not evoke a spirit of co-operation and support throughout the organisation, it is unlikely to attain optimum operational performance (Mullins, 2002). Measures of climate seek to represent employees' experiences of important organisational processes and values, and therefore have often been considered to be possible predictors of organisation performance (Patterson, Warr and West, 2004).

Organisational climate helps to set the tone of the organisation and it can help to impair or facilitate employee involvement (Shadur, Kienzele & Rodwell, 1999). Sowinski, Fortmann and Lezotte (2008) also mention that the importance of

measuring organisational climate is that it can directly impact on organisational functioning. A similar argument is offered by D'Amato and Burke (2008) who state that climate can be a double-edged sword, it can be helpful to a point but, depending on the outcome of interest, it can lead to diminishing or undesirable returns (D'Amato & Burke, 2008).

Furnham (2005) mentions a study done by Gordon and Cummins in 1979 which found that if the following structural and climatic features occurred within an organisation, then the organisation was likely to be profitable: (1) The organisation has clear goals, (2) The organisation has defined plans to meet its goals, (3) The planning system is formal, (4) Planning is comprehensive, (5) Information for decision-making is available, (6) Information for decision-making is used, (7) Good lateral communications exist, (8) Overall communications are good, (9) Units understand each other's objectives, (10) Clear measures of managerial performance exist, (11) Managers are clear about the results expected of them, (12) Benefits are competitive; and (13) Compensation is related to performance.

Watkin and Hubbard (2003) found the following from their research:

- In a multinational petrochemical firm, the climates created by 350 managers in three business units were assessed and it was found that the more positive the climate, the greater the net operating income (overall climate correlated 0.79 i.e. 62 per cent of net operating income).
- Concerning a total of 19 CEOs from the top life insurance companies in North America, the total climate was found to correlate strongly with profit ($r = 0.68$, $n = 16$, $p = 0.025$).
- In an international hotel chain based in Europe, the climate created by managers in 16 hotels was assessed in 1997 and 1998, and the increase in climate was found to be strongly correlated with increase in profit ($n = 16$, $r = 0.573$).

- Regarding the climate of 91 executives in a multinational food and beverage organisation, it was found that executives with better climates at the beginning of the year had better financial performance and therefore received higher bonus pay-outs ($r = 0.34$, $n = 91$, $p = 0.01$).

The study by Watkin and Hubbard (2003) explains the importance of climate on the profitability of an organisation, which is ultimately why organisations exist; and although this study's focus is on the effect of restructuring on organisational climate; ultimately the organisation's performance and profitability are outputs which restructuring can impact on.

Organisational climate helps to set the tone of the organisation and can work to impair or facilitate employee involvement (Shadur et al, 1999). Organisational climate can also be used as a diagnostic tool to identify those areas that require fine-tuning or alteration to improve the fit between the organisation and employee affective attitudes (Shadur et al, 1999).

Furnham (2005) mentions that climate is more akin to morale and may be one of the primary causes of job satisfaction and job performance, and the creation of a healthy or positive organisational climate is mainly a result of leadership style and behaviour. The study by McMurray, Scott and Pace (2004) identifies a relationship between organisational climate and organisational commitment. McMurray, Scott and Pace (2004) mention that this knowledge is valuable for Human Resource Management and managers to find ways of minimising turnover, absenteeism and other negative work aspects.

A similar argument by Bowen and Ostroff in Riordan, Vandenberg and Richardson (2005), is that when employees perceive a positive organisational climate, they will be more satisfied and committed to the organisation and more willing to work towards its goals. The argument is that the climate, in which employees perceive

being involved, is positively associated with organisational effectiveness, which is defined as strong financial performance, low turnover rates and positive employee attitudes (Riordan, Vandenberg & Richardson (2005).

A company's organisational climate – its degree of trust, conflict, morale, rewards equity, leader credibility, resistance to change and scapegoating – helps determine its success (Burton, Lauridsen and Obel, 2004).

A positive climate creates a place that is comfortable and easy to work in and therefore workers are more satisfied with their jobs and tend to stay committed to a particular organisation for a long time, and climate differentiates levels of performance (Snow, 2002). Snow (2002) also mentions that superior performers return as much as 19 – 120 per cent more value-added performance than average performers. She furthermore states that creating a positive climate creates a direct link to the predictors of job satisfaction, productivity, retention and commitment of employees.

Climate is the only domain of organisational research that simultaneously examines perceptions of jobs, groups, leaders and organisational attributes and therefore has the unique ability of deciphering common denominators and latent relationships that are not available to those who only study specific domains (James et al, 2007).

2.5. CONCLUSION

This chapter focused on defining the concept of organisational climate and identified the dimensions of organisational climate. The difference between organisational climate and organisational culture was then explored. The importance of organisational climate for organisations was then discussed.

CHAPTER 3

LITERATURE REVIEW: ORGANISATIONAL RESTRUCTURING

3. INTRODUCTION

In this chapter the concept of organisational change, and specifically organisational restructure as a change management option, is discussed. Firstly the concept of organisational change is defined and the various types of organisational change are then explored. Organisational development as a form of planned change is then discussed. Thereafter the concepts of organisational structure and organisational restructuring are defined and explored. The drivers or levers for organisational change are then discussed. Lastly, organisational change and organisational climate are discussed.

3.1. ORGANISATIONAL CHANGE

Organisational change can be defined as change that has been introduced by management either due to a need for improvement or environmental pressures (Reissner, 2008). Staniforth (1996) conducted a study in a UK manufacturing plant and mentions that organisational change could follow external levers (reactive change), or be in anticipation of such changes (proactive change). Effective organisations consistently seek to retain congruence between their external and internal environments, and are consequently known as adaptive organisations (Staniforth, 1996).

For many organisations, new strategic imperatives meant that they have had to review their fundamental operating models in order to remain competitive and achieve expected growth (Page, 2006). There is a huge call for South African organisations to become more creative and innovative, and to reconfigure their business structures and models (The necessity of change within organisations,

2006). Larger organisations tend to be slower to respond to change and therefore it is more appropriate for them to decentralise or form smaller, more manageable business units with a rapid response and turnaround time (Denton & Vloeberghs, 2003).

Organisational change can be initiated by managers; it can evolve slowly within a department; it can be imposed by specific changes in procedures or policy; or it can arise due to external pressures - and change can affect all aspects of the operation and the functioning of the organisation (Mullins, 2008). The FMCG company that forms part of this research has undergone many change interventions; one of which is organisational restructuring to incorporate the Warehouse Department/function into the broader Supply Chain Division.

Miles (2012) states that structural contingency theory contends that organisations cannot be at their most effective if they do not have the correct structure, and discovering the correct structure is ongoing, difficult and time consuming.

Jacobs, Van Witteloostuijn and Jochen Christe-Zeyse (2013) found in their analysis of organisational change, that it requires an approach that can account for the specifics of the organisation in question; as opposed to using universal solutions.

The literature mentions various types of organisational change which will now be explored.

Weiss (1996) mentions three types of organisational change:

1. **Developmental change** – which involves improving and/or fine-tuning skills, methods or conditions to improve what already exists.
2. **Transitional change** – which involves implementing interventions in which changes evolve more slowly towards a new state (for example mergers, acquisitions, new services/systems/techniques).

3. **Transformational change** – which involves introducing new and radically different forms of the organisation's mission, leadership and culture.

Transitional change may also involve developmental change; and transformational change could involve both developmental and transformational change (Weiss, 1996).

Marshak, in Beech and Macintosh (2012), identifies four metaphors or types of change:

1. **Fix and maintain metaphor** sees the organisation as a mechanistic system. This type of change is planned at generally small-scale alterations that do not require radical changes to the system itself, but instead, for example improves the efficiency of one part of the system.
2. **Build and develop metaphor** seeks to work from established practices within the system but less focus is placed on simply fixing problems, and it is more concerned with developing a new opportunity or managing expansion.
3. **Move and relocate metaphor** is also known as transitional change, which entails an organisation substantially altering how it operates, for instance contracting or expanding operations. Management practices associated with this type of change usually include investigation and exploration of alternative ways forward; planning for change and acting as a guide for people throughout the change.
4. **Liberating and recreating metaphor** is also known as transformational change. This type of change entails changing the state of being.

Lawler and Worley (2006) identify three types of change:

1. **Strategic adjustment or incremental change** - which involves day-to-day tactical changes that are required to bring in new customers, make incremental improvements to services and products, and comply with

regulatory requirements. It usually helps to fine-tune current structures and strategies to achieve short-term results.

2. **Strategic reorientation** - which involves altering an existing strategy or adopting a new strategy. It may require the organisation to develop new capabilities or competencies.
3. **Transformational change** - which involves a transformation of the business model, which ultimately leads to new services, products and customers and requires new capabilities and competencies.

Newton (2011) mentions three types of organisational change:

1. **Transformational change** which is typified by policies of the CEO, or in an organisation that finds itself in serious difficulty. The change is transformational because it entails large improvements in performance.
2. **Bounded change** which is usually initiated by a departmental head or divisional leader who wants to improve his/her part of the organisation. A typical example is when managers modify their departmental processes or structures.
3. **Deliverable led change** which is usually called a project/s, and is usually defined in terms of some deliverable/s.

Spector (2013) mentions that there are three approaches to change:

- **Turnaround** – this refers to an attempt by the organisation to improve the immediate financial position of the organisation by focusing on the income statement and balance sheet. This may be necessary but is not sufficient to ensure long-term effective change.
- **Techniques and tools** – this refers to the organisational processes, mechanics, and other types of interactions that are intended to produce a service or product. An example of a tool is value chain integration, which is captured by coordinating and linking the primary activities of an organisation,

such as inbound logistics, production, outbound logistics and sales and marketing. In this study, value chain integration is the type of organisational change the organisation underwent.

- **Transformation** – this refers to an intervention designed to alter behaviour patterns of employees. This type of change usually aids an organisation to achieve significant and sustainable impact on performance.

From the above-mentioned sources, it is clear that the type of change that the organisation (experimental group) underwent that forms part of this study, is transitional change; where changes have occurred to the structure of business units in order to improve customer service and productivity.

3.2. ORGANISATIONAL DEVELOPMENT AND CHANGE MANAGEMENT

There is often confusion between organisational development and change management; however, these are different concepts although there are many similarities.

The field of organisational development was established to help leaders address and embrace change; to see it as an opportunity as opposed to being a threat (French & Bell, 1999). Demands for change come from external (regulators, market forces, competitors, technology, customers, larger society) and internal (obsolescence of services and products, new strategic directions, new market opportunities, increasingly diverse workforce, et cetera) to the organisation (French & Bell, 1999).

Organisational development, in essence, attempts to change an organisation as a totality by changing the organisation's structure, people, technology, and/or tasks (Appelbaum, St-Pierre & Glavas, 1998). Winfield et al. (2004) state that 'organisational development is about trying to make the organisation more effective

by changing its structure and the people within it'. French and Bell (1999) state that change management is broader in scope than organisational development; it places emphasis on competitive advantage, strategy, customer focus and market analysis. The similarities between the two concepts are the continuous process and alignment of strategy, culture, operations and reward (French & Bell, 1999).

Marshak, as cited in Burke (2008, p. 31), states the following differences between change management and organisational development:

| Change Management | Organisational Development |
|--|--|
| Concerned with business and economics | Concerned with humanistic emphasis |
| Focus on outcomes | Focus on processes |
| Stresses engineering and directing the change effort | Stresses facilitation, coaching, participation |
| Concerned with bottom line | Concerned with factors that affect the bottom line |

Kurt Lewin's three-stage model of change implementation is unfreezing, moving and refreezing (Spector, 2013). Spector (2013) further states that Lewin's work represents the early foray by behavioural scientists in the world of change management and organisational behaviour, which resulted in Organisational Development; which is concerned with planned organisational change.

Figure 3.2 Spector (2013, p. 30) depicts Kurt Lewin's model as follows:

| Stage 1: Unfreezing | Stage 2: Moving | Stage 3: Refreezing |
|---|---|---|
| Create dissatisfaction with the status quo | Redesign organisational roles, responsibilities and relationships | Align pay/reward systems |
| Benchmark operations against other companies | Train for the newly required skills | Re-engineer measurement/control systems |
| Diagnose internal barriers to improved performance | Promote supports/remove resisters | Create new organisational structures |

Figure 3.2: Kurt Lewin's model (Spector (2013, p. 30)

Organisational development is planned change; but planned change can run into unexpected resistance or unanticipated problems (Ramnarayan & Rao, 2011). Adopting a new structure is part of the refreezing stage, not the unfreezing stage; as per the figure above (Spector 2013).

Winfield, Bishop and Porter (2004, p.315) depict the following stages of change adapted from Lewin's model. See Figure 3.3 below.

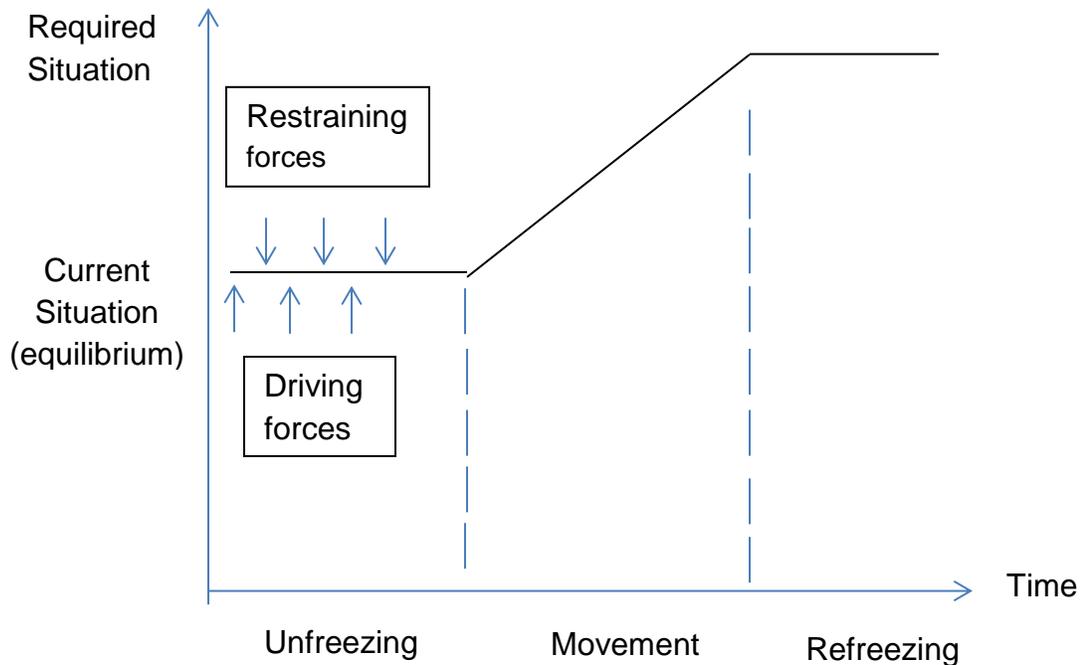


Figure 3.3: Winfield, Bishop and Porter's stages of change (Winfield, Bishop and Porter, 2004, p. 315).

Winfield et al (2004) mention that during the Unfreezing stage, managers need to gain acceptance for the need to change by explaining the benefits of the change and allaying people's fears. They remark that the Movement stage is where managers should actively encourage communication, education and participation in order to help change behaviour; and sometimes external change agents can assist with this.

During the final, or Refreezing stage management needs to reinforce the new behaviour and get employees to internalise it; and ensure that the new activities become standardised organisational practice; which can be done through training, quality controls and joint agreements (Winfield et al, 2004).

From the above-mentioned sources, it is evident that the topic of organisational change and organisational restructure forms part of both organisational

development and change management. The literature also indicates that organisational development forms part of planned change; where organisational restructuring is one type of organisational development/planned change intervention.

3.3. ORGANISATIONAL RESTRUCTURING AS AN INTERVENTION

In order to conceptualise organisational restructuring, it is pertinent to firstly define organisational structure. Robbins (2001) states that an organisation's structure is defined by how tasks are formally divided, co-ordinated and grouped. He further states that changing conditions demand structural changes where change agents would need to modify the organisation's structures (Robbins, 2001).

Organisational structure is also defined as the pattern of relationships among positions in the organisation and its members (Mullins, 2008). Linstead, Fullop and Lilley (2009) similarly define organisational structure as the more or less permanent specification of the relationships and legitimate power within an organisation.

Griffin and Moorhead (2012, p. 438) define organisational structure as the system of task, reporting and authority relationships within which the work of the organisation is done; and structure also defines how the parts of an organisation fit together, as is evident from an organisation chart.

Another definition of organisational structure is the formal manner in which employees are subdivided into divisions and units as a way of focusing their efforts on the required tasks of an organisation (Spector, 2013).

Mullins (2008) further states that structure defines the responsibilities and tasks, work relationships and roles as well as channels of communication within an organisation. There is also a need for organisations to continually review their

structures to ensure that it is the most appropriate form for an organisation and in keeping with its development and growth (Mullins, 2008).

Burke (2008) mentions that structure refers to the organisation chart, the span of control, the decision-making processes and accountability, and how flat or steep the hierarchy is. Three fundamental organisation designs are functional, product or business unit, regional, by market and matrix, or mixed design for larger organisations.

According to Mullins (2008), the objectives of structure are as follows:

- The efficient and economic performance of an organisation as well as the level of resource utilisation
- Monitoring the activities of the organisation
- Accountability for the areas of work undertaken by individual members and groups of the organisation
- Co-ordinating of different parts of the organisation and different areas of work
- Flexibility in order to respond to future developments and demands, and to adapt to changing environmental influences
- The social satisfaction of members working in the organisation

The purpose of an organisation's structure is to coordinate and order the actions of the employees to achieve the organisational goals (Griffin & Moorhead, 2012). It makes possible the application of management processes and creates a framework of order and command through which activities of the organisation can be organised, planned, directed and controlled (Mullins, 2008).

Stanford (2005) mentions the following types of organisational structures:

- Functional structures - refer to organisations that are organised on departmental basis, usually with expertise or skills within a function.

- Process structures - refer to an alternative to functional structures and entail processes that cut across organisations and represent the transformation and flow of decisions, information, resources or materials to serve customers.
- Product, geographical or market structures - refer to organisational structures based on business units being formed around services, products and/or geography, for example Commercial Banking in Hong Kong.
- Matrix or project organisations combine features of both the functional and product structures. Organisations with this structure characteristically have their employees deploy their technical skills on a project, either part or full-time, and usually report to a project manager; while also reporting to a line manager for the non-project aspects of their work.

Functional structures are a means by which an organisation focuses on the technical and functional tasks; and it is a way in which an organisation brings about discipline, efficiency and standardisation to an operation (Spector, 2013).

Organisational structures are hard to create because they are formed through (1) strategic decision-making and managerial hard work; (2) environmental variables; and (3) chance (Miles, 2012). There is no correct structure for every organisation; however, the most effective structure depends on external and internal variables that face the organisation (Miles, 2012).

For example, the influence of organisational structure on organisational performance will depend on the level of technology used in the organisation (Miles, 2012). According to this theory, organisational performance is dependent on the fit of the following: structure: technology, people, strategy and culture (Miles, 2012).

Organisational restructuring can be defined as the most fundamental approach to organisational redesign, focusing on reconfiguring organisational units, usually big units (Weiss, 1996). Some benefits of restructuring are cost-saving and increased

operating efficiencies (Weiss, 1996). The disadvantage of organisational restructuring, however, is that it may not produce the desired result or employees could become demoralised and traumatised (Weiss, 1996).

Successful organisations adapt their structures to the needs of their missions; and highly successful organisations often keep a simple yet appropriate structure that employs an adequate number of staff; they avoid empire building and having surplus staff (Appelbaum, St-Pierre & Glavas, 1998). A similar argument is made by Burnes (1996) who states that in order for organisations to be successful, they need to align their structures with the particular contingencies they face.

Staniforth's (1996) study mentions that an example of internal (change that emanates from within an organisation) lever or type of change is restructuring; in his study the organisation restructured its departments in an effort to improve communications and the design of jobs.

A similar argument is offered by French and Bell (1999), who mention that some types of organisational change aimed at improving organisational effectiveness take place through changes in structural, task, technological and goal processes. These types of interventions include changes in who reports to whom, control methods, how work is subdivided into units, the spatial arrangements of people and equipment, changes in communication and authority, and work-flow arrangements (French & Bell, 1999).

Soulsby and Clark (2012) identify two types of organisational restructuring:

- Integrative restructuring, which refers to a process of change that leads to greater structural and cultural coherence of and control over organisational sub-units; for example incorporating an independent unit under a function.

- Subtractive restructuring, which refers to change that takes place through vertical disintegration; which may create multiple identities that lead to identity conflict or even identity loss. For example, breaking up function into smaller business units (Soulsby & Clark, 2012).

The types of organisational changes that usually occur are: change activities targeted at individual behaviours, organisational structures, organisational culture, problem-solving and technology (Winfield et al, 2004). Similarly Woodman, Bingham and Yuan (2008) mention that the subtypes of organisational change interventions are:

- Organising arrangements (the formal elements of organisations which are developed to provide the co-ordination and control necessary for organised activity; such as formal structures and reward systems).
- Social factors (the group or individual characteristics of people in an organisation, their interaction processes and patterns, and the organisation's culture).
- Technology (everything associated with the transformation of inputs into outputs; which includes job design and work-flow design).
- Physical setting (the characteristics of the physical space in which activities within the organisation occur).

From the above sources it is evident that this re-structuring which the organisation underwent is related to organisational structures which is a subtype of organisational change interventions (Bingham and Yuan, 2008 and Winfield et al, 2004).

Robbins (2001) states that there are four options or types of organisational change, as depicted in Figure 3.4 below:

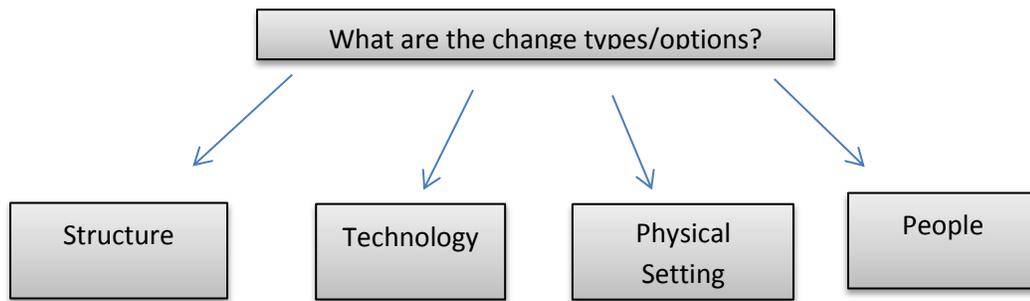


Figure 3.4: Robbins' figure of organisational change types (Robbins, 2001. p. 543)

Changing the structure involves making changes in authority relations, job redesign, coordination mechanisms, or similar structural variables (Robbins, 2001). Organisational structures in South Africa have changed from bureaucratic and traditional, to more flexible structures that have a broader span of control, and decentralised decision-making which is in line with international trends (Denton & Vloeberghs, 2003).

This study is an example of integrative organisational restructuring whereby one department, namely Warehouse, merges with other departments such as Production, Quality Assurance, Engineering and Processing Departments to form the Supply Chain Division. From the above-mentioned literature it is clear that many researchers cite restructuring as a form of organisational change. As discussed previously, the type of organisational change that is focused on in this study is organisational restructuring.

Spector (2013) mentions that organisations develop their competitive advantage and create shareholder wealth through an interdependent sequence of activities referred to as the Supply Chain. The introduction of sophisticated information technology and the geographic distribution of technological knowledge and excellence have encouraged organisations to focus on their supply chains (Spector, 2013).

Supply chain can be defined as the separate activities, business processes and functions that are performed in designing, producing, delivering, marketing and supporting a service or product (Spector, 2013).

However, in the organisation that forms part of this research, the delivery or distribution function still forms part of the Sales and Distribution Division called Commercial Division, and does not form part of this study.

3.4. DRIVERS FOR ORGANISATIONAL CHANGE

What causes an organisation to change? There are external forces and internal forces to an organisation, which drive or force organisations to change. Mullins (2008) states that because an organisation can only perform effectively through its interactions with the broader external environment, the functioning and structures of the organisation must reflect the nature of the environment in which it operates.

In the following section, the external factors that drive organisations to change will be discussed. Mullins (2008) furthermore mentions that external factors which create an increasingly volatile environment are:

- Uncertain economic conditions
- Globalisation and fierce world competition
- Political interests
- Scarcity of natural resources
- The level of government involvement
- Fast development in new technology and the information age
- Increased demands for quality and high levels of customer service and satisfaction
- The changing nature and composition of the workforce
- Conflict within the organisation

- Greater flexibility in the organisation's structure and patterns of management

Forsyth (2012) mentions the following external drivers for change:

- Avoid competitive threats by improving an organisation's service or product
- Technology

From the above-mentioned literature (Mullins, 2008 and Forsyth, 2012), it is evident that there are many external drivers that force organisations to change; the biggest being the increasingly competitive global market that organisations face, and the increasingly fast technological changes.

In the following section, internal factors that drive organisational change are discussed. Internal drivers for change that originate from within the organisation are (1) Material resources (for example buildings, equipment or machinery that deteriorate or lose efficiency), (2) Aging workforce; and/or (3) Skills or abilities becoming outdated (Mullins, 2008). Forsyth (2012) also states the following internal drivers for change: (1) Finding new and improved ways of operating, (2) Reducing operating costs; and (3) Improving departmental productivity and employee efficiency.

The main internal drivers for organisational change, as mentioned above by Mullins (2008) and Forsyth (2012), are aging employees, loss of valuable resources, reduction of operating costs, and employees' abilities or skills becoming outdated, therefore impacting negatively on employee efficiency. This means that organisations need to constantly change owing to the external and internal drivers or forces for change; and the test for all organisations is how well they adapt to these changes in order to remain relevant and in business.

3.5. CHANGE AND ORGANISATIONAL CLIMATE

What significance does organisational restructuring have on organisational climate?

There is limited research nationally and internationally on the relationship between organisational restructuring and organisational climate. However, several researchers have argued that climate provides an important variable in the investigation of the integration of the employees, their group and the organisation (Schneider & Reichers as cited in Densten, 2008).

Mullins (2002) notes that in the event of organisational climate not being supportive or involving co-operation, or undergoing negative changes, it could impact negatively on the operational performance of an organisation.

One of the most documented findings from studies of organisational behaviour is that organisations and their members resist change; there is a downside to resistance to change in that it hinders progress and adaptation (Robbins, 2001).

Armenakis, Harris and Feild (2000) mention that the success rate for planned organisational changes could be enhanced by giving change agents of organisational change an improved appreciation of the institutionalising stage of the change process, and by describing the various pieces that must be understood, acted upon and integrated before organisational change can be successful.

An important cost is realised each time an organisation loses the spirit and dedication of one of its employees - a cost that never shows up on a budget sheet or an annual report (Bibler and Schein, as cited in Whittle, 2002). In today's competitive business environment, this cost can produce serious challenges for organisations and may finally be the factor that destroys or ensures organisational success (Whittle, 2002).

In general, formal changes in procedures and structures are significantly difficult and are unlikely to be undertaken unless the organisation wholeheartedly supports the organisational change (Armenakis, Harris & Feild, 2000).

When an organisation recognises the impact of change on employees, employees get the sense that they are valued and respected; and they are business partners whose interests are included in the ongoing strategies, visions and initiatives of the organisation (Whittle, 2002). This should in turn result in a positive organisational climate.

The role of managers is not to plan or implement change, but to create an organisational structure and climate which encourages and sustains risk-taking and experimentation, and to develop a labour force that will take responsibility for identifying the need for change and implementing it (Burnes, 1996 and Bamford & Forrester, 2003).

Densten (2008) mentions that merger processes (which is a form of organisational restructuring) fundamentally change the climate between organisations and their employees by changing which specific stimuli get noticed and consequently influence subsequent activities. In practical terms, climate highlights which stimulus is personally important to individuals by providing the context in which they interpret all stimuli (Densten, 2008).

The literature is very limited in terms of organisational restructuring and its effect on organisational climate. There are many different dimensions in the literature for organisational climate that are not always applicable to the South African context.

3.6. CONCLUSION

In this chapter the concept of organisational change, and specifically organisational restructure, was discussed. Firstly the concept organisational change was defined; thereafter various types of organisational change were discussed. Organisational development as a form of planned change was then deliberated. Organisational structure and organisational restructure were then defined and discussed.

The drivers or levers for organisational change were then explored. Lastly the relationship between organisational change and organisational climate was discussed.

CHAPTER 4

EMPIRICAL INVESTIGATION

4. INTRODUCTION

This chapter will address the empirical investigation of this study. The research approach, objectives of the study, population and sample, the measuring instrument, data collection, ethical considerations and the data analyses will be discussed in this chapter.

4.1. RESEARCH APPROACH

According to Durrheim (2006a, p.34) “the research design refers to the strategic framework for action that serves as a bridge between research questions and execution or implementation of the research”. An exploratory research design is used to make preliminary investigations into relatively unknown areas of research and employs a flexible, open and inductive approach to research in its attempt to make new insights into research (Durrheim, 2006).

For the purpose of this study, an exploratory research design will be used encompassing a quantitative research approach. The participants completed the paper-based questionnaires, which were placed into sealed envelopes. The questionnaires were completed anonymously. The questionnaires were then collected, counted and submitted to the external service provider that conducted the data analysis and reporting of the results. This survey is conducted annually in the organisation that forms part of the research.

4.2. OBJECTIVES OF THE STUDY

The main objective of the study was to determine whether there is a statistically significant relationship between the organisational restructure and organisational climate. The significance of this relationship was discussed with the focus on overall organisational climate over a two-year period; before and after the re-structure.

The secondary objectives of the study were as follows:

- To conduct a literature review on organisational climate and organisational restructuring
- To determine whether a relationship exists between organisational restructuring and organisational climate
- To make recommendations

4.3. POPULATION AND SAMPLE

In the next section, the population as well as the sample that formed part of the study will be discussed. The organisation that forms part of this research made structural changes to its Warehouse Department, in that reporting relationships changed. Before the changes, the Warehouse Department reported to the Sales and Distribution Divisions, and after the changes formed part of the Supply Chain Division.

4.3.1. Population

Population is defined as the larger pool from which sampling elements are drawn and to which the findings are generalised (Durrheim & Painter, 2006). The company that forms part of this study is in the FMCG industry, however, only the five manufacturing plants of the company formed part of this study. The company produces beverages in the Gauteng and Kwa-Zulu Natal provinces.

The total population of the organisation is 3700 and consisted of professional, management, support, technical, operational, administrative, and frontline staff (i.e. white-collar and blue-collar workers), employed on a permanent basis by the organisation. This allowed for a diverse representation of employees across the organisation.

4.3.2. Sampling procedure

The sampling procedure used in this study was nonprobability sampling.

4.3.2.1. Nonprobability sampling

The difference between probability and nonprobability sampling is that nonprobability sampling does not involve random selection and probability sampling does (Trochim, 2002). This means that nonprobability samples cannot depend upon the rationale of probability theory. There are two types of nonprobability sampling, namely (1) Purposive; or (2) accidental or convenience sampling.

For the purpose of this study, convenience sampling was used. Convenience sampling refers to selecting participants who are available (Durrheim & Painter, 2006). The survey is available for all employees to complete within a set timeframe. Employees are not, however, forced to complete the survey. After the set timeframe has lapsed, all surveys that have been completed are used by the organisation to determine the organisation's climate.

4.3.3. Sample

De Vos, Fouché and Venter (2003) describe a sample as comprising the elements of the population considered for actual inclusion in a study. Sampling is defined as the selection of research participants from an entire population and it involves deciding which people, events, behaviours, settings, and/or social processes to observe (Durrheim, 2006a).

The sample of employees that took part in the survey from the five manufacturing plants was, in 2010, 778 versus a headcount of 1802, yielding a response rate of 21.02%, and in 2011, 904 versus a headcount of 1736, yielding a response rate of 24.43%. The sample consisted of four plants (experimental group) that were exposed to organisational restructuring and one plant (control group) that was not exposed to the restructuring of business units.

4.3.3.1. Biographical Data

The biographical data gathered were the participants' gender, race, job level, and tenure with the company.

4.3.3.1.1. Gender

Table 4.1 below illustrates the gender distribution of the samples in 2010 and 2011.

Table 4.1 Gender distribution of samples in 2010 and 2011

| | Period | Percent (%) |
|------|----------------|-------------|
| 2010 | Missing values | 1.40% |
| | Female | 17.10% |
| | Male | 81.50% |
| 2011 | Missing values | 32.60% |
| | Female | 12.70% |
| | Male | 54.60% |

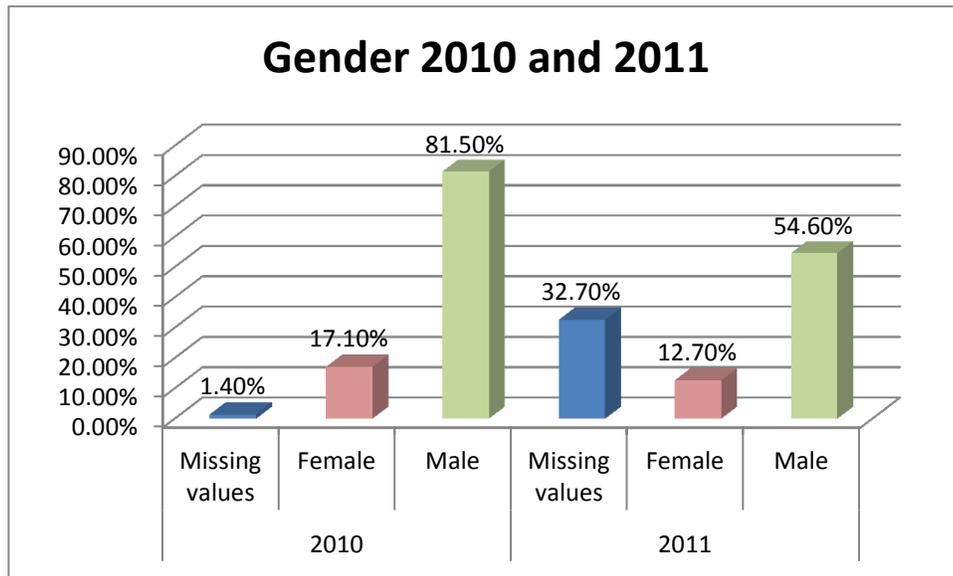


Figure 4.1: Gender distribution of sample (N = 778 – year 2010 and N=904 – year 2011)

In 2010, of the total sample of 778; the gender split was 81.5% male, and 17.1% female, with 1.4% of respondents not specifying their gender. The total sample in 2011 was 904, of which the gender split was 54.6% male and 12.7% female, with 32.7% of the respondents not specifying their gender.

This seems to be an accurate reflection of the gender split within the manufacturing divisions of this FMCG organisation, where the majority of the staff is male.

4.3.3.1.2. Race

Table 4.2 below illustrates the race distribution of the samples in 2010 and 2011.

Table 4.2 Race distribution of samples in 2010 and 2011

| Period | | Frequency (N) | Percent (%) |
|--------|------------------------------|---------------|-------------|
| 2010 | Missing values | 13 | 1.7 |
| | ABC (Asian, Black, Coloured) | 678 | 87.1 |
| | White | 87 | 11.2 |
| | Total | 778 | 100 |
| 2011 | Missing Values | 66 | 7.3 |
| | ABC (Asian, Black, Coloured) | 752 | 83.2 |
| | White | 86 | 9.5 |
| | Total | 904 | 100 |

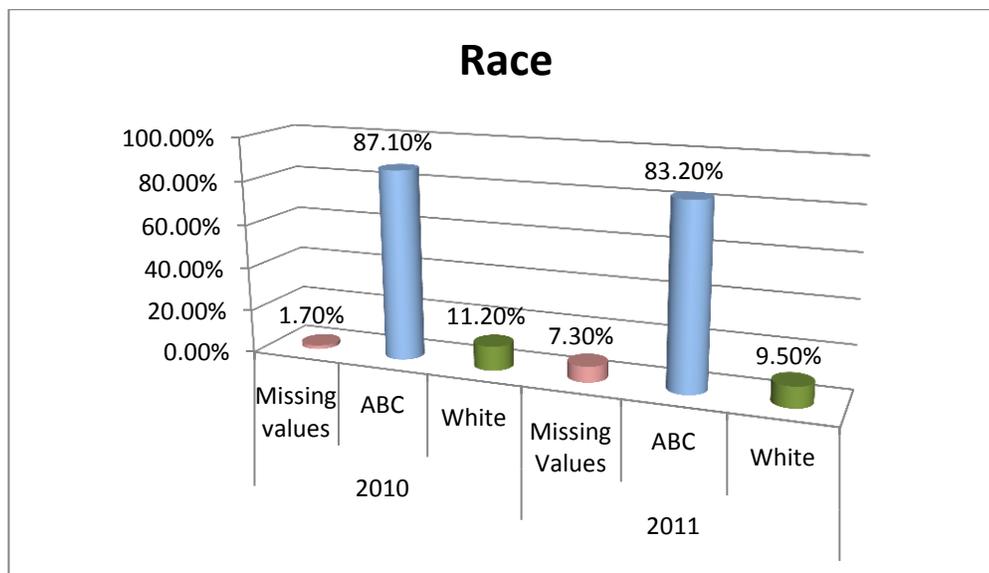


Figure 4.2: Race distribution of sample (N = 778 – year 2010 and N=904 – year 2011)

In 2010, the majority of the sample (N= 778) consisted of 87.1% Asian, Black and Coloured respondents, and 11.2% white respondents, and 1.7% of the respondents not specifying their race. Unfortunately the data were combined for the non-white respondents.

In 2011, the majority of the sample (N=904) consisted of 83.2% Asian, Black and Coloured respondents and 9.5% white respondents, and 7.3% of the respondents not specifying their race. The split is more or less equal; except that more respondents chose not to indicate the racial groups which they belonged to; compared to the results of 2010.

4.3.3.1.3. Job level

Table 4.3 below illustrates the job level distribution of the samples in 2010 and 2011. In the organisation that forms part of the study, Junior Management refers to Team Leader Level which is a grade higher than Supervisory Level.

Table 4.3 Job level distribution of samples in 2010 and 2011

| Period | | Frequency (N) | Percent (%) |
|--------|-------------------|---------------|-------------|
| 2010 | Missing Values | 14 | 1.8 |
| | Executive Level | 26 | 3.3 |
| | Middle Management | 68 | 8.7 |
| | Junior Management | 110 | 14.1 |
| | Supervisory | 52 | 6.7 |
| | Artisans/Clerical | 211 | 27.1 |
| | Shop Floor Level | 297 | 38.2 |
| | Total | 778 | 100 |
| 2011 | Missing Values | 55 | 6.1 |
| | Executive Level | 24 | 2.7 |
| | Middle Management | 83 | 9.2 |
| | Junior Management | 113 | 12.5 |
| | Supervisory | 65 | 7.2 |
| | Artisans/Clerical | 237 | 26.2 |
| | Shop Floor Level | 327 | 36.2 |
| | Total | 904 | 100 |

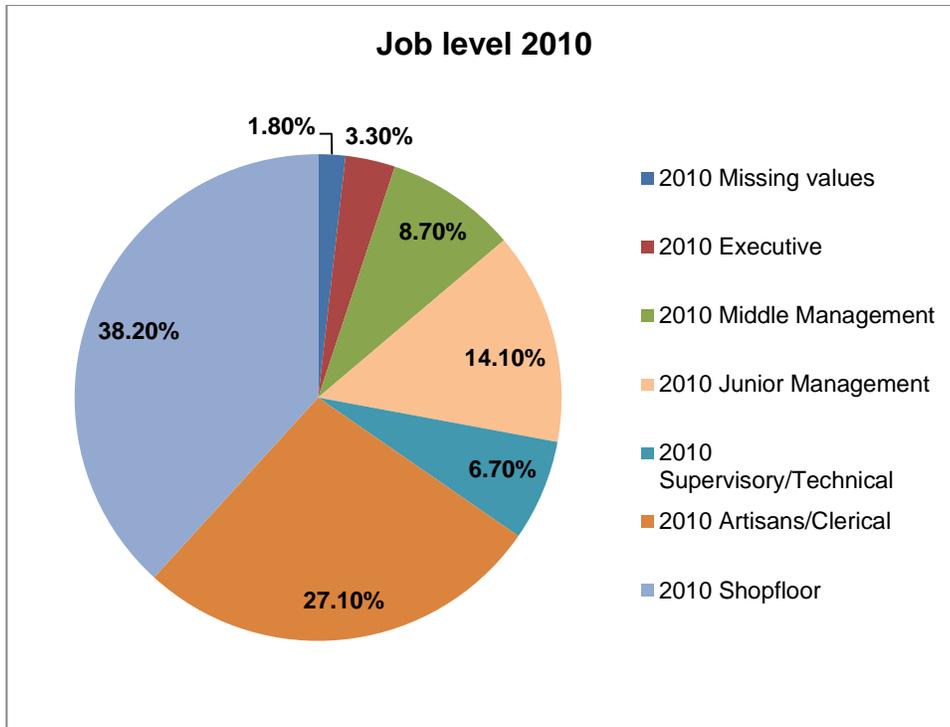


Figure 4.3: Job level distribution of 2010 sample (N = 778)

In 2010, the sample (N=778) consisted of 3.3% at Executive Level, 8.7% Middle Management Level, 14.1% Junior Management Level, 6.7% Supervisory, 27.1% Artisans and Clerical, with the majority of the respondents of 38.2% at Shop Floor Level, and 1.8% of the respondents not indicating which job level they belonged to.

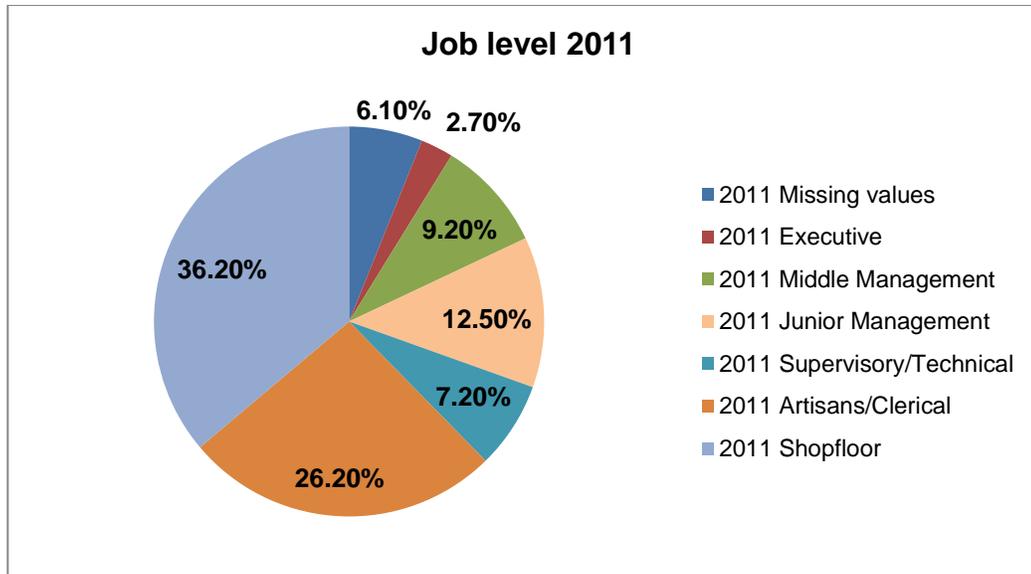


Figure 4.4: Job level distribution of 2011 sample (N = 904)

In 2011, the sample (N=904) consisted of 2.7% at Executive Level, 9.2% Middle Management Level, 12.5% Junior Management Level, 7.2% Supervisory or Technical, 26.2% Artisans and/or Clerical, with the majority of the respondents 36.2% at Shop Floor Level, and 6.1% of the respondents not indicating which job level they belonged to, which is much higher than in 2010; where only 1.8% of the respondents had not indicated which job level they belonged to.

All respondents were permanent employees of the organisation at the time of the 2010 and 2011 surveys.

4.3.3.1.4. Tenure with company

Table 4.4 below illustrates the tenure with company distribution of the samples in 2010 and 2011.

Table 4.4 Tenure distribution of samples in 2010 and 2011

| Period | | Percent (%) |
|--------|----------------|-------------|
| 2010 | Missing values | 0.60% |
| | 0 - 6 months | 5.30% |
| | 7 - 12 months | 7.20% |
| | 1 - 3 years | 26.70% |
| | 3 - 5 years | 20.60% |
| | 5 - 10 years | 19% |
| | 10+ years | 20.60% |
| 2011 | Missing values | 5.50% |
| | 0 - 6 months | 4.80% |
| | 7 - 12 months | 3.50% |
| | 1 - 3 years | 21.30% |
| | 3 - 5 years | 21.10% |
| | 5 - 10 years | 22.50% |
| | 10+ years | 21.20% |

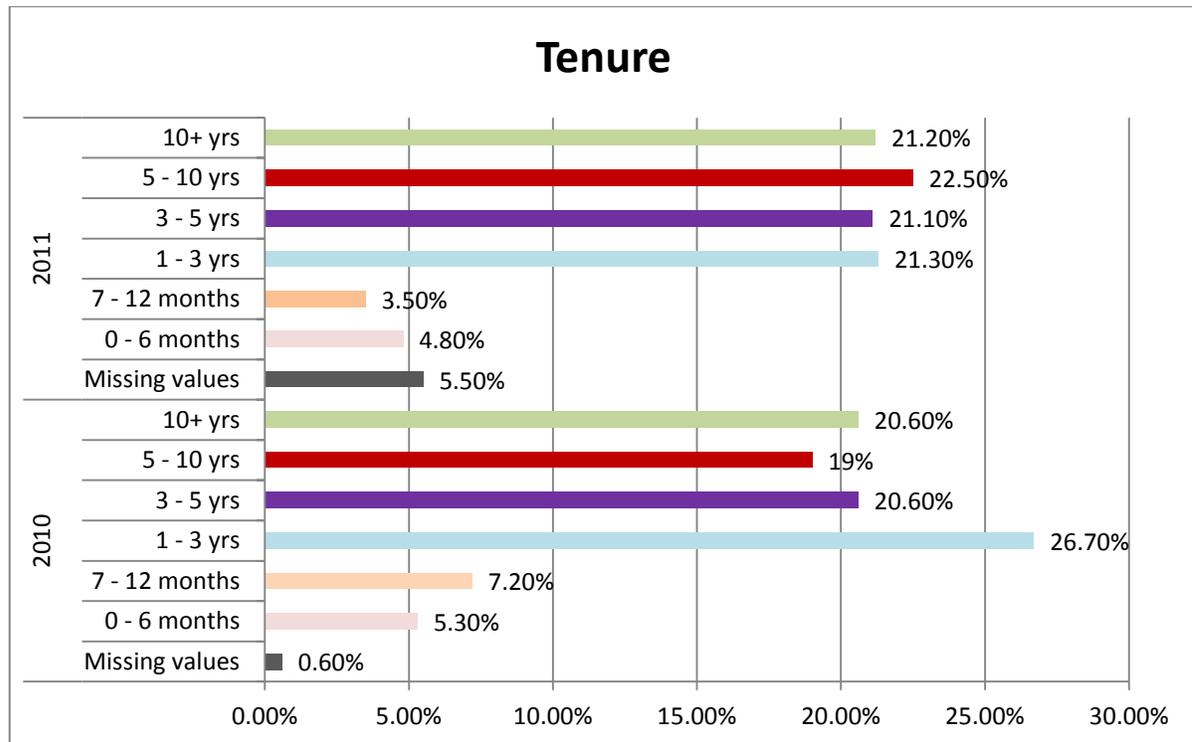


Figure 4.5: Tenure distribution of sample (N = 778 – year 2010) and (N = 904 – year 2011)

In 2010, from the sample (N=778), the majority of the respondents 26.7%, had tenure of 1 - 3 years with the company, followed by 20.6% of respondents with 10+ years' tenure and 20.6% of the respondents with 3 - 5 years' tenure; 19% of the respondents had tenure of 5 - 10 years; 7.2% of the respondents had tenure of 7 - 12 months. Of the sample, the least represented category, 5.3% of the respondents had 0-6 months' tenure. 0.6% of the respondents did not indicate what their tenure with the company was.

In 2011, from the sample (N=904), the majority of the respondents 22.5 %, had tenure of 5 - 10 years with the company, followed by 21.3% of respondents with 1-3 years' tenure, 21.2% of the respondents with 10+ years' tenure, 21.1% of the respondents with 3 - 5 years' tenure. 4.8% of the respondents had tenure of 0 - 6 months. Of the sample, the least represented category, 3.5% of the respondents had tenure of 7 - 12 months. 5.5% of the respondents did not indicate what their tenure with the company was; which is a higher number as opposed to the 2010 data where only 0.6% of the respondents had not indicated what their tenure with the company was.

4.4. MEASURING INSTRUMENT

The measuring instrument used in this study measures organisational climate. Its purpose is to evaluate employees' perceptions of the various dimensions that make up organisational climate.

4.4.1. Description of the Survey

(a) Aim and structure of the questionnaire

Koys and De Cotiis (1991, p.267) established the following rules for any dimension to be included in measuring organisational climate: (1) It has to be a measure of

perception, (2) It has to be a measure describing and not evaluating activities; and lastly (3) It cannot be an aspect of organisational or task structure.

Organisational climate is measured by this company through a survey that they call “organisational effectiveness”. The survey has been operational in the organisation for the past few years. There was a need for the organisation to enquire from its employees which issues they were faced with in their day-to-day working lives, as well as to identify where the organisation was doing well. The survey provides the organisation with a tool to establish what the employees really want or need from the organisation, and to determine where to focus its energies.

Although the survey of the organisation is titled Organisational Effectiveness Survey (OE Survey), it in fact measures organisational climate. This is because the survey measures employees’ perceptions of various organisational factors, which constitute organisational climate. Organisational effectiveness, on the other hand, is defined as strong financial performance, low turnover rates and positive employee attitudes (Riordan, Vandenberg & Richardson (2005).

The OE Survey contains many traditional climate dimensions as well as new ones identified by Martins and Van der Ohe (2003). The purpose of this measuring instrument was to assess the individual employees’ perceptions of several dimensions of organisational climate within the organisation. The survey measured the overall organisational climate and various dimensions of organisational climate.

The OE Survey consists of 114 questions, consisting of various dimensions or levels. Section 1 focuses on the biographical data. The next section (Level 2) divides this global view (overall organisational climate score, Level 3) into three main dimensions, namely Corporate Reputation, Inspirational Leadership, and Work Environment. These three main dimensions are then subdivided further into seven dimensions, namely Corporate Image and Governance, and BEE under the main

dimension Corporate Reputation, High-Performance Culture and Growth Outlook under the main dimension Inspirational Leadership, and Human Capital Competitiveness, Employee Relations, and Organisational Health under the main dimension Work Environment. See Table 4.1 below for the breakdown.

Table 4.5 Organisational Effectiveness Survey Dimensions

| Level 3 | Level 2 | Level 1 | Level 0 |
|-----------------------|--------------------------|--------------------------------|---|
| Total OE Score | Corporate Reputation | Corporate Image and Governance | <ul style="list-style-type: none"> ▪ Values ▪ Image ▪ Compliance ▪ Company ethics |
| | | BEE | <ul style="list-style-type: none"> ▪ Consultation and communication ▪ Headcount targets ▪ Strategic alignment ▪ Diversity management ▪ Dignity and diversity |
| | Inspirational Leadership | High-Performance Culture | <ul style="list-style-type: none"> ▪ Leadership ▪ IMP ▪ Management practices ▪ Self-management practices |
| | | Growth Outlook | <ul style="list-style-type: none"> ▪ Decision-making ▪ Innovation ▪ People empowerment |
| | Work Environment | Human Capital Competitiveness | |
| Employee Relations | | | <ul style="list-style-type: none"> ▪ Fairness ▪ Employee communication ▪ Reward and recognition |
| Organisational Health | | | <ul style="list-style-type: none"> ▪ Resilience ▪ Change management ▪ Organisational wellness |

(b) Administration and interpretation

The questionnaire takes approximately 30 minutes up to an hour to complete, depending on the literacy levels of the employees completing it. The questionnaire uses a Likert Scale with five responses for each statement, ranging from “strongly disagree” (1) to “strongly agree” (5), with a central option (3) “neither agree nor disagree”.

All the items were scored and the overall score for each dimension was obtained by calculating a mean score for each dimension. The scoring was done by the external service provider.

(c) Reliability and validity

The questionnaire was developed by the external service provider with some input from the organisation for this specific organisation’s context. The reliability of the Organisational Effectiveness Survey is a Cronbach coefficient alpha of 0.94, which is very good from a statistical point of view. Questionnaire-type scales that have an alpha value of 0.75 and greater are considered to be reliable in terms of internal consistency (Durrheim & Painter, 2006).

The validity of the questionnaire was determined through a study conducted by Eustace (2013) within the same organisation, where she explored the relationship between leadership and organisational climate.

4.5. DATA COLLECTION

Permission was obtained beforehand from the organisation to conduct the study. Data regarding departments were collected over a period of one month through the distribution of the online questionnaires to the various regional Human Resource Departments. The questionnaires were then printed and administered by Human

Resource representatives in the various manufacturing plants, to individual employees within group sessions.

Since the workforce also included shift workers, sessions were held during the morning, afternoon and night shifts over a period of one month, thereby ensuring that all employees were afforded an opportunity to complete the questionnaire.

Individuals received a questionnaire, envelope and confidentiality sticker. This ensures that employees trust the process and feel safe to answer the questionnaire honestly. Once the questionnaire had been completed, the employee placed it in the envelope, sealed it and signed the register to indicate that it had been completed.

The results were then sent to the Head Office's Human Resource Department who then distributed the results to the various regions. At regional level, the results can further be analysed per department, which is very useful because each department may have different challenges, and therefore the department heads can focus only on their employees' issues or concerns, instead of applying a blanket approach to all departments. Therefore it helps the organisation not to "waste" employees' time with interventions that really do not apply to them.

The questionnaires were completed by 778 individuals in 2010; and 904 individuals in 2011. For the sake of confidentiality, the questionnaire is not included here.

4.6. ETHICAL CONSIDERATIONS

This study adhered to the Ethical Code of the Health Professions Council of South Africa (HPCSA, 2008). The following ethical considerations received specific attention:

- Respect for human rights: Psychologists are obliged to respect the dignity

and worth of individuals, including their right to hold their own values, attitudes and beliefs. Participation in the study was voluntary and participants were not coerced in any way.

- Avoiding harm: The research project did not pose any threat to the participants. The questions in the questionnaire were all related to the working environment.
- Appropriate use of assessment methods: The instruments used in the study were chosen owing to their expected relevance to the research. The instruments' psychometric properties were also deemed acceptable. The questionnaire was developed and evaluated in South Africa and the items were thus relevant and culturally fair.
- Right to confidentiality: Information was collected anonymously and participants were assured that only the researchers would have access to their responses. The organisation was assured that its name would not be published if any research were conducted on the data.
- Deception in research: There was no deception of research participants.
- Interpretation of results: Owing to the multi-cultural society in which the instrument was administered, care was taken with regards to the interpretation of the results.

Participation in the study was voluntary, and all participants were guaranteed that their individual responses would remain confidential and anonymous. The participants were free to ask questions prior to and during the completion of the questionnaire.

No incentives were offered to participants, since this is an annual process within the organisation. The Human Resource representative then submitted all the sealed envelopes to an external service provider who recorded and analysed the data.

4.7. DATA ANALYSIS

The statistical analyses were completed by means of the SPSS statistical package SPSS version 21, AMOS version 20 statistical program (2011).

4.7.1. Descriptive statistics

The descriptive statistics, with specific reference to the means and standard deviations, were calculated. The means and standard deviations are the most important descriptive statistics, because it forms the basis of the most advanced inferential statistics (Durrheim, 2006b).

4.7.2. Inferential statistics

An independent-sample t-test was conducted to compare the OE scores for 2010 and 2011, firstly for all plants in total to determine whether a change in climate did transpire, and secondly for the experimental group and control group separately in order to determine the difference in change of climate between these two groups.

The null hypothesis: The Organisational Climate score for 2010 is the same as for 2011.

The alternative: The Organisational Climate score for 2010 is not equal to the Organisational Climate Score in 2011.

4.8. CONCLUSION

This chapter addresses the research methodology of this study. Discussion points were the research approach, objectives of the study, population and sample, the

measuring instruments, ethical considerations and the data analyses of this study. The results will be discussed in the next chapter.

CHAPTER 5

RESEARCH RESULTS

5. INTRODUCTION

The previous chapter discussed the research methodology of this study. In this chapter the results of the study are presented, discussed and interpreted in detail. This includes the descriptive statistics as well as the inferential statistics that were conducted on the control group where no organisational restructuring had occurred and the four other manufacturing plants (experimental group) where the organisational restructuring had occurred. The results are aligned to the methodology presented in Chapter 4 of the study.

5.1.OBJECTIVE

The main objective of the study was to determine whether there is a statistically significant relationship between the organisational restructure and organisational climate. The significance of this relationship was discussed with the focus on overall organisational climate over a two-year period; before and after the restructure. There were two groups that formed part of this study; the experimental group consisting of four manufacturing plants which underwent the organisational restructuring and a control group, a manufacturing plant that did not undergo the organisational restructuring during the two-year period under review.

Whether the organisational restructuring has any effect on the organisational climate will be reviewed and discussed. The study also looked at whether there was a difference between the experimental group (that underwent restructuring) and the control group (where no restructuring took place).

5.2. RESPONSE RATE

The target population for this study consisted of all employees in the organisation. The unit of analysis was the groups; in this case each manufacturing region. The total population consisted of 3700 employees. The samples for 2010 and 2011 consisted of employees from all five manufacturing plants of the company; in 2010 a sample of 778 employees; yielding a response rate of 21.02%, and in 2011, a sample of 904 employees; yielding a response rate of 24.43%.

5.3. DESCRIPTIVE RESULTS

The descriptive results with regards to the reliability of the survey, the means, standard deviations, minimum and maximum scores; as well as the results of the control group and that of the experimental group will also be discussed.

5.3.1. Reliability of the Organisational Effectiveness Survey

Table 5.5 below reflects the reliability of the Organisational Effectiveness Survey; for 2010 is a Cronbach coefficient alpha of 0.990 and for 2011 is a Cronbach coefficient alpha of 0.991 which is very good from a statistical point of view. Questionnaire-type scales that have an alpha value of 0.75 and greater, are considered to be reliable in terms of internal consistency (Durrheim & Painter, 2006).

Table 5.1 Reliability of the Organisational Effectiveness Survey for 2010 and 2011

| Period | Cronbach's Alpha | N of Items |
|--------|------------------|------------|
| 2010 | .990 | 107 |
| 2011 | .991 | 107 |

5.3.2. Means, standard deviations, minimum and maximum scores

At the individual level of the Organisational Effectiveness Survey, the minimum score was 1 and the maximum score 6 on the five point Likert Scale. In this study, the minimum and maximum values were examined at group level.

The descriptive statistics, with specific reference to the means and standard deviations for all five manufacturing plants combined, is provided in Table 5.6 below.

Table 5.2 Descriptive analysis of organisational climate surveys for 2010 and 2011

| Period | Mean | N | Std. Deviation | Median | Minimum | Maximum | Variance |
|--------------|---------------|-------------|----------------|---------------|-------------|-------------|-------------|
| 2010 | 4.2167 | 778 | .96801 | 4.3084 | 1.05 | 6.00 | .937 |
| 2011 | 3.6552 | 902 | .78331 | 3.6729 | 1.12 | 5.00 | .614 |
| Total | 3.9152 | 1680 | .91725 | 3.9439 | 1.05 | 6.00 | .841 |

From Table 5.2 above, we can see that on average the organisational climate score dropped from 2010 (M= 4.2167) to (M=3.6552) in 2011, with standard deviations also showing a variance from 2010 (SD= 0.96801) to (SD= 0.78331) in 2011. However, the overall organisational climate score is quite high (around 4) on the five-point Likert Scale.

Table 5.3 Descriptive analysis of organisational climate scores of control group versus experimental group

| | | | | Organisational Climate Scores | | | | | |
|--------------------|--------|------|------|-------------------------------|--------|----------|--------------------|---------|---------|
| | | | | Mean | Median | Variance | Standard Deviation | Minimum | Maximum |
| Control Group | Period | 2010 | 3.81 | 3.90 | 1.04 | 1.02 | 1.33 | 5.59 | |
| | | 2011 | 3.45 | 3.47 | .45 | .67 | 1.38 | 4.92 | |
| Experimental Group | Period | 2010 | 4.28 | 4.37 | .89 | .94 | 1.05 | 6.00 | |
| | | 2011 | 3.69 | 3.73 | .63 | .80 | 1.12 | 5.00 | |

Note: 1680; $p \leq .05$

From Table 5.3 above, the organisational climate scores means dropped for the four manufacturing plants (experimental group) that underwent the restructure (M= 4.28) in 2010 to (M= 3.69) in 2011. The standard deviation also showed a variance (SD= 0.89 in 2010 and SD=0.63 in 2011) over the two-year period under review. However, it is also evident that the organisational climate mean scores of the control group also dropped from 2010 to 2011 (M = 3.81 in 2010 to M= 3.45 in 2011) with standard deviation variances (SD = 1.04 in 2010 and SD =0.45 in 2011).

Table 5.4 Analysis of P values for all five manufacturing plants

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | |
|----|-----------------------------------|---|------|------------------------------|----------|------------------------|--------------------|--------------------------|--|
| | | F | Sig. | t | Df | Sig. (2- tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference Lower |
| OE | Equal variance assumed | 26.645 | .000 | 13.135 | 1678 | .000 | .56152 | .04275 | .47768 |
| | Equal variances not assumed | | | 12.935 | 1492.077 | .000 | .56152 | .04341 | .47637 |

Note; p ≤ .05

As evident from Table 5.4 above, the scores between 2010 and 2011 were significantly different: $t = 12.94$, $p = .000$ (mean difference = .56, 95% CI: .48). The overall score for all the business units declined from 2010 to 2011. This infers that the climate was thus experienced as being more negative after the merger. In order to determine whether the climate declined for the experimental group only, the score of the experimental group was determined separately from the score of the control group.

5.3.3. Control Group results

Table 5.5 Control Group Inferential Results

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | |
|----|--------------------------------------|---|------|------------------------------|---------|------------------------|--------------------|--------------------------|---|
| | | F | Sig. | T | Df | Sig. (2- tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference |
| | | | | | | | | | Lower |
| OE | Equal variances not assumed | 24.128 | .000 | 3.065 | 174.044 | .003 | .35533 | .11594 | .12650 |

Note p ≤ .05

As evident from Table 5.5 above, the control group's scores between 2010 and 2011 were significantly different: $t = 3.07$, $p = .000$ (mean difference = .36, 95% CI: .13). The climate declined for the control group. This could be related to the re-structuring that had occurred in the rest of the business (experimental group) or it could be due to other factors. In order to determine whether the climate had declined for the experimental group, t-tests were done to determine the change of climate in the experimental group.

5.3.4. Experimental Group results

Table 5.6 Experimental Group Inferential Results

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | |
|----|--------------------------------------|---|------|------------------------------|----------|------------------------|--------------------|--------------------------|---|
| | | F | Sig. | t | Df | Sig. (2- tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference |
| | | | | | | | | | Lower |
| OE | Equal variances not assumed | | | 12.800 | 1319.704 | .000 | .59240 | .04628 | .50160 |

Note: 1680; $p \leq .05$

As evident from Table 5.6 above, the scores between 2010 and 2011 were significantly different: $t = 12.80$, $p = .000$ (mean difference = .592 and 95% CI: .50). The mean difference on experimental group (.592; $p < .000$) is larger than the mean difference of the control group (.355; $p < .000$).

This means that the climate of the experimental group had declined to a larger extent than the climate of the control group. The 0-hypothesis can therefore be rejected as it seems safe to conclude that the difference in the decline of the climate between the groups can be accounted for by the restructuring.

5.4. DISCUSSION

The objective of this study was to determine whether organisational restructuring of business units has an impact on the organisational climate of an organisation. From the statistical results it is clear that there is a significantly negative impact on organisational climate owing to organisational restructuring; in that the overall organisational climate scores dropped in 2011.

The interesting finding in this study was that the control group, which did not undergo any organisational restructuring, also experienced a decline in the organisational climate in 2011. However, the mean difference of the experimental group (.592; $p \leq .000$) is larger than the mean difference of the control group (.355; $p \leq .001$), meaning that the climate of the experimental group had been more severely affected by the restructuring.

Despite the positive intent of organisational restructuring, it has negative consequences as it impacts negatively on the organisational climate. From the literature in the previous chapter, the importance of the impact of organisational climate on organisational performance was indicated (Snow, 2002; Watkin & Hubbard, 2004).

Armenakis, Harris and Feild (2000) mention that the success rate for planned organisational changes could be enhanced by giving change agents of organisational change an improved appreciation of the institutionalising stage of the change process, by describing the various pieces that must be understood, acted upon and integrated before an organisational change can be successful.

An important cost is realised every time an organisation loses the spirit and commitment of one of its employees - a cost that never shows up on a budget sheet or an annual report (Bibler, Schein, as cited in Whittle, 2002). In today's competitive business environment; this cost can result in serious challenges for organisations

and may finally be the factor that destroys or ensures organisational success (Whittle, 2002).

Armenakis, Harris and Field (2000) mention that, in general, formal changes in procedures and structures are significantly difficult and are unlikely to be undertaken unless the organisation wholeheartedly supports the organisational change.

Possible reasons for the decline in the results of the control group could be that restructuring influences the whole organisation and not always only the departments that are being restructured. From a systemic perspective, changing one part of a system also influences the rest of the system, as argued by Robbins (2001), that one of the most documented findings from studies of organisational behaviour is that organisations and their members resist change; there is a downside to resistance to change in that it hinders progress and adaptation.

Other reasons for the decline in organisational climate could include leadership styles or changes in leadership, as per the study conducted by Eustace (2013). These findings indicate that further analysis is required to determine the reason for the decline in the organisational climate for the control group.

5.5. CONCLUSION

In this chapter the interpretation of the results of the study was presented and discussed in detail. This included the descriptive statistics that were conducted on the control group, where no organisational restructuring had occurred, and the four other manufacturing plants (experimental group) where the organisational restructuring had occurred. The results were aligned to the methodology presented in Chapter 4 of the study. This chapter also highlighted areas for future studies.

CHAPTER 6

CONCLUSIONS, LIMITATIONS, IMPLICATIONS AND RECOMMENDATIONS

6. INTRODUCTION

The aim of this study was to determine whether organisational restructuring of business units has an impact on organisational climate by measuring the organisational climate before and after the restructuring had occurred.

In this chapter the conclusions will be drawn based on the results of this study. The findings of the study will be discussed within the context of the literature review and empirical investigation. The limitations of this study will be determined and implications of this study for the organisation as well as recommendations for future research will be explored.

6.1 CONCLUSIONS OF THIS STUDY

This section focuses on the conclusions related to the literature review and the empirical investigation.

6.1.1 Literature review conclusions

A literature review was conducted on both organisational restructuring and organisational climate.

The first aim of this research was to investigate whether organisational restructuring of different business units has an impact on organisational climate as measured by the Organisational Effectiveness Survey. In Chapter 5 we found that there was a

significant decline in the organisational climate scores owing to organisational restructuring.

Chapter 2 focused on meeting one of the theoretical aims, which was to define and describe the concept of organisational climate. Organisational climate was defined as the perceptions that an employee has of an organisation based on how the individual has been treated by the organisation. The danger for organisations is that one individual will view the same treatment as favourable while another may view it negatively. The dimensions of organisational climate were also explored. Internationally, the literature offered many options in terms of dimensions for organisations to consider in order to evaluate an organisation's climate.

From a South African perspective however, there was little agreement on the dimensions. This indicates that more research is required on organisational climate within the South African perspective. From this it is fitting that a tailor-made survey be used by organisations in order to measure their organisational climate. The dimensions that were utilised by the organisation consisted of 114 questions, comprising various dimensions or levels. Section 1 focuses on the biographical data.

The next section (Level 2) divides this global view (overall organisational climate score, Level 3) into three main dimensions, such as Corporate Reputation, Work Environment and Inspirational Leadership. These three main dimensions are then subdivided further into seven dimensions, namely Corporate Image and Governance, and BEE under the main dimension Corporate Reputation, High-Performance Culture and Growth Outlook under the main dimension Inspirational Leadership, and Human Capital Competitiveness, Employee Relations, and Organisational Health under the main dimension Work Environment.

Chapter 3 addressed the second theoretical aim, which was to define and describe the concept of organisational restructuring; which is a form of organisational change. Organisational change was defined as change that has been introduced by management either owing to a need for improvement or environmental pressures (Reissner, 2008). The field of Organisational Development and Change Management and the differences between these two concepts were also explored. Lastly the impact of organisational change on organisational climate was discussed.

Organisational change occurs because of many external factors as well as internal factors to an organisation; there are also many external and internal drivers which force organisations to change, especially owing to the globally competitive environments within which organisations operate. Various types of organisational change were also explored, with the most common one being organisational restructuring, which was discussed in detail. Organisational restructuring was defined as the most fundamental approach to organisational redesign, focusing on reconfiguring organisational units, usually big units (Weiss, 1996).

The literature is very limited in terms of organisational restructuring and its impact on organisational climate. There are many different dimensions in the literature for organisational climate that are not always applicable to the South African context.

6.1.2 Empirical study conclusions

The following empirical aims were explored in this study:

- To measure the organisational climate before and after the organisational restructuring of the business units; and
- To determine the effect of the organisational restructuring of business units on the organisational climate

The overall organisational climate was 4 on a 5-point Likert Scale; however, a decline was experienced after the restructuring. The empirical study found that organisational restructuring did have a significant impact on organisational climate; with a decline in the organisational climate from 2010 before the organisational restructuring to 2011 after the organisational restructuring at four of the manufacturing plants (experimental group).

Despite the positive intent of organisational restructuring, it has negative consequences as it impacts negatively on the organisational climate. From the literature in Chapter 2, the importance of the impact of organisational climate on organisational performance was indicated (Snow, 2002; Watkin & Hubbard, 2004).

However, the fifth manufacturing plant (control group) also showed a significant decline in their organisational climate scores from 2010 to 2011; without organisational restructuring taking place. A possible reason for the decline in the results of the control group could be that organisational restructuring influences the whole organisation and not always only the business units that are being restructured. Other reasons could be leadership; in order to be more certain further studies would be required.

This also implies that the decline in the organisational climate score of the experimental group (the other four manufacturing plants) could be attributable to other factors besides the organisational restructuring.

6.2 LIMITATIONS

In the next section, the literature review limitations as well as the empirical investigation limitations will be discussed.

6.2.1 Literature review limitations

The biggest limitation of this study was that no consensus exists in the literature regarding organisational climate dimensions, both internationally and nationally.

6.2.2 Empirical study limitations

Limitations of this study were that biographical data had not been analysed to establish whether there are differences relating mainly to race, gender or job levels. Another limitation is that this study was conducted in one FMCG company.

6.3 IMPLICATIONS AND RECOMMENDATIONS

The implications for practice and recommendations for future research will be discussed in the next section.

6.3.1 Implications for practice

The biggest implication is that organisational climate issues be tested while an organisation is restructuring. Changing one division of an organisation probably influences the whole organisation negatively. This was experienced one year after the restructuring and could therefore have financial implications, as a link exists between performance and organisational climate, as explored in Chapter 2.

The success rate for planned organisational changes can be enhanced by giving change agents of organisational change, an improved appreciation of the institutionalising phase of the change process, and by describing the various pieces that must be understood, acted upon and integrated before an organisational change can be successful (Armenakis, Harris & Feild, 2000).

6.3.2 Recommendations for future research

Recommendations for future research are that this study become a longitudinal study, to investigate the organisational climate score changes over a longer period - possibly five years - and it be determined which organisational changes besides organisational restructuring had taken place. Another recommendation is that further analysis be done on the reason why the control group experienced a decline in organisational climate; without undergoing organisational restructuring.

As mentioned previously, the control group's business units did not merge during the two-year period under review; it did, however, occur at a later stage. The longitudinal study could also include the analysis of the results of the control group after the restructuring of their business units.

Another recommendation is that the study be extended to include various industries.

This research will also be very beneficial for the organisation that the researcher forms part of and will be conducted because the topic of organisational climate is very important to the organisation. This will hopefully also place more emphasis on employees' perceptions of an organisation, i.e. on organisational climate and how it relates to organisational changes as opposed to just focusing on competence and chasing goals and key performance indicators and assuming that all employees are on board.

6.4 CONCLUSION

In this chapter the conclusions of the study, based on the results, were discussed. The findings of the study were discussed within the context of the literature review and empirical investigation. The limitations of this study were determined and

implications of this study for the organisation as well as recommendations for future research were explored.

James et al (2008) mention that the true benefits of organisational climate are yet to be realised, therefore Industrial and Organisational Psychologists need to publish their findings; and that more research is required on this topic; once again confirming the importance of this topic for the field of Industrial and Organisational Psychology.

REFERENCES

Appelbaum S.H., St-Pierre, N., & Glavas, W. (1998). Strategic organisational change: the role of leadership, learning, motivation and productivity. *Management Decision*, 36 (5), 289 – 301.

Armenakis, A. A., Harris, S.G., & Feild, H.S. (2000). Making change permanent. A model for institutionalizing change interventions. *Research in Organisational Change and Development*. 12; 97-128.

Ashforth, B.E. (1985). Climate formations: Issues and extensions. *Academy of Management Review*, 10, 837- 847.

Ashkanasy, N. M., & Ashton-James, C.E. (2007). Positive emotion in organisations: A multi-level framework. In D.L. Nelson & C.L. Cooper (Eds.), *Positive organisational behaviour*. (pp. 57 – 73). London: Sage Publications.

Bamford, D. R., & Forrester, P. L. (2003). Managing planned and emergent change within an operation's management environment. *International Journal of Operations and Production Management*. 23 (5), pp. 546-564.

Beech, N., & Macintosh, R. (2012). *Managing Change. Enquiry and Action*. Cambridge: Cambridge University Press.

Beehr, T.A. (1996). *Basic organisational psychology*. Boston: Allyn and Bacon.

Bekwa, N., Botha, E., Coetzee, S., & Wolfaardt, J. (2004). *Industrial psychological research study guide for IOP201Q*. Pretoria: University of South Africa.

Booyens, S.W. (1993). Organisational structure, culture and climate. In S.W. Booyens (Ed.), *Dimensions of nursing management*. Kenwyn: Juta & Co Ltd.

Burke, W. W. (2008). A contemporary view of organisation development. In T.G. Cummings (Ed.). *Handbook of organisation development* (pp. 13 – 38). Los Angeles: Sage Publications.

Burnes, B. (1996). No such thing as ... a “one best way” to manage organisational change. *Management Decision*, 34 (10), 11 – 18.

Burton, R.M., Lauridsen, J., & Obel, B. (2004). The impact of organisational climate and strategic fit on firm performance. *Human Resource Management*, 43 (1), 67- 82.

Castro, M.L., & Martins, N. (2010). The relationship between organisational climate and employee satisfaction in a South African information and technology organisation. *SA Journal of Industrial Psychology*, 36 (1), 1 - 9.

Cilliers, F., & Kossuth, S. (2002). The relationship between organisational climate and salutogenic functioning. *SA Journal of Industrial Psychology*, 28 (1), 8 – 13.

D'Amato, A., & Burke, M.J. (2008). Psychological and organisational climate research: Contrasting perspectives and research traditions. *European Journal of Work and Organisational Psychology*, 17 (1), 1 – 4.

D'Amato, A., & Zijlstra, F.R.H. (2008a). Psychological climate and individual factors as antecedents of work outcomes. *European Journal of Work and Organisational Psychology*, 17 (1), 33 – 54.

Daraba, D., & Akib, H. (2014). Restructuring of organisation and conflict on the office of integrated services for one gate in Takalar regency. *International Journal of Academic Research Part B*; 6 (2), 88 – 91.

Dawson, J.F., González-Romá, V., Davis, A., & West, M.A. (2008). Organisational climate and climate strength in UK hospitals. *European Journal of Work and Organisational Psychology*, 17 (1), 89-111.

Denison, D.R. (1990). *Corporate Culture and Organisational Effectiveness*. New York: John Wiley & Sons.

Densten, I.L. (2008). How climate and leadership can be used to create actionable knowledge during stages of mergers and acquisitions. In C.L. Cooper & S. Finkelsten (Eds.), *Advances in mergers and acquisitions* (Vol. 7, pp. 93 - 117). Bingley: Emerald Group Publishing Limited.

Denton, M., & Vloeberghs, D. (2003). Leadership challenges for organisations in the new South Africa. *Leadership and organisation development journal*. 24 (2), 84 – 95.

De Vos, A.S., Fouché, C.B., & Venter, L. (2002). Quantitative data analysis and interpretation. In A.S. de Vos, H. Strydom, C.B. Fouché, & C.S.L. Delport (Eds.), *Research at grass roots for the social sciences and human service professions* (2nd ed., pp. 222 - 247). Pretoria: Van Schaik Publishers.

Durrheim, K., & Painter, D. (2006). Collecting quantitative data: sampling and measuring. In M. Terre Blanche, K. Durrheim, & D. Painter (Eds.), *Research in practice. Applied methods for social sciences*. (2nd ed., pp. 131 - 159). Cape Town: University of Cape Town Press (Pty) Ltd.

Durrheim, K. (2006a). Research design. In M. Terre Blanche, K. Durrheim, & D. Painter (Eds.), *Research in practice. Applied methods for social sciences*. (2nd ed., pp. 33 - 60). Cape Town: University of Cape Town Press (Pty) Ltd.

Durrheim, K. (2006b). Basic quantitative analysis. In M. Terre Blanche, K. Durrheim, & D. Painter (Eds.), *Research in practice. Applied methods for social sciences*. (pp. 187 - 214). Cape Town: University of Cape Town Press (Pty) Ltd.

Ethical Code of the Health Professions Council of South Africa (HPCSA, 2008).

Eustace, A. (2013). *The relationship between leadership and organisational climate: employees at an FMCG organisation in South Africa*. Masters Dissertation, University of South Africa, Pretoria.

Eustace, A., & Martins, N. (2014). The role of leadership in shaping organisational climate: An example from the FMCG industry. *SA Journal of Industrial Psychology*, 40(1), pp. 1 – 13.

Forsyth, P. (2012). *The Sunday Times: Managing Change*. London: Kogan Page Limited.

French, W.L., & Bell, C.H. Jr. (1999). *Organisation Development. Behavioral Science Interventions for Organisation Improvement* (6th ed.). New Jersey: Prentice Hall.

Furnham, A. (2005). *The psychology of behaviour at work: The individual in the organisation*. Hove: Psychology Press.

Gray, R. (2007). *A climate of success. Creating the right organisational climate for high performance*. Burlington: Elsevier Ltd.

Griffin, R.W., & Moorhead, G. (2012). *Managing Organisational Behavior*. International edition (10th ed.). New Jersey: Cengage Learning.

Howell, D.C. (1995). *Fundamental statistics for the behavioural sciences* (3rd ed.). California: Wadsworth Incorporated.

Ivey, A. E., D'Andrea, M., Ivey, M. B., & Simek-Morgan, L. (2002). *Theories of Counselling and Psychotherapy – A Multicultural Perspective* (5th ed.). Boston: Allyn and Bacon.

Jacobs, G., Van Witteloostuijn, A., & Christe-Zeyse, J. (2013). A theoretical framework of organisational change. *Journal of Organisational Change Management*, 26(5), 772 – 792.

James, L.R., Choi, C.C., Ko, C.E., McNeil, P.K., Minton, M.K., Wrights, M., & Kim, K. (2008). Organisational and psychological climate: A review of theory and research. *European Journal of Work and Organisational Psychology*, 17 (1), 5-32.

Kirk, R.E. (1999). *Statistics: An Introduction*. (4th ed.). Orlando: Harcourt Brace College Publishers.

Kopelman, R. E., Brief, A. P., & Guzzo, R. A. (1990). The role of climate and culture in productivity. In B. Schneider (Ed.), *Organizational climate and culture*. (pp. 282 – 318). San Francisco: Jossey-Bass.

Koys, D. J., & DeCotiis, T. A. (1991). Inductive measures of psychological climate. *Human Relations*, 44 (3), 265 – 285.

Lawler, E.E., & Worley, C.G. (2006). *Built to change. How to achieve sustained organisational effectiveness*. San Francisco: Jossey-Bass.

Linstead, S., Fullop, L., & Lilley, S. (2009). *Management and organization : a critical text*. (2nd ed.). England: Palgrave Macmillan.

Litwin, G.H., & Stringer, R.A. (1968). *Motivation and organisational climate*. Boston: Mass: Harvard University Press.

Martins, E.C. & Martins, N. (2001). Organisational Surveys as a tool for change. Part Two: A case study. *HR Future*, 1 (4): 46-49.

Martins, N., & Van der Ohe, H. (2003). Organisational climate measurement – new and emerging dimensions during a period of transformation. *South African Journal of Labour Relations*, 27 (3), 41-59.

McMurray, A.J., Scott, D.R., & Pace, R.W. (2004). The relationship between organisational commitment and organisational climate in manufacturing. *Human Resource Development Quarterly*, 15 (4) (Winter), 473 – 488.

Miles, J.A. (2012). *Management and organisation theory*. San Francisco: Jossey-Bass.

Mullins, L.J. (2002). *Management and Organisational Behaviour*. (6th ed.). New York: Financial Times/Prentice Hall.

Mullins, L.J. (2008). *Essentials of organisational behaviour*. (2nd ed.). Harlow, England: Prentice Hall.

Neal, A., & Hesketh, B. (2001). Productivity in Organisations. In N. Anderson, D.S. Ones, H.K. Sinangil, & C. Viswesvaran (Eds.), *Handbook of Industrial, Work & Organisational Psychology - Volume 2: Organisational Psychology* (pp. 7 – 8). London : Sage Publications Limited.

Newton, R. (2011). *Financial Times Briefings. Change Management*. England: Financial Times/Prentice Hall.

O'Conner, M.K., & Ellen, F. (2009). *Organisation Practice: A Guide to Understanding Human Service Organisations*. New Jersey: John Wiley & Sons Inc.

O'Neill, B.S., & Arendt, L.A. (2008). Psychological climate and work attitudes; the importance of telling the right story. *Journal of Leadership and Organisational Studies*, 14 (4), 353-370.

Page, T. (2006). Organisational design: becoming increasingly important. *Management Today*, 22(9), 58.

Patterson, M., Warr, P., & West, M. (2004). Organisational climate and company productivity: The role of employee affect and employee level. *Journal of Occupational and Organisational Psychology*, 77, 193 – 216.

Patterson, M.G., West, M.A., Shackleton, V.J., Dawson, J.F., Lawthom, R., Maitlis, S., Robinson, D.L., & Wallace, A.M. (2005). Validating the organisational climate measure: links to managerial practices, productivity and innovation. *Journal of Organisational Behavior*, 26, 379 – 408.

Ramnarayan, S., & Rao, T.V. (2011). Organisational Development. Accelerating Learning and Transformation (2nd ed.). In S. Ramnarayan & T.V. Rao (Eds.), *Part 1 OD Concepts, Issues and Theoretical Foundations* (pp. 1-2). New Delhi: Sage Publications.

Reichers, A.E., & Schneider, B. (1990). Climate and Culture: An evolution of constructs. In B. Schneider (Ed.), *Organisational Climate and Culture* (pp. 5 – 39). San Francisco: Jossey-Bass.

Reissner, S. C. (2008). Narratives of organisational change and learning. Making sense of testing times. Cheltenham: Edward Elgar Publishing.

Riordan, C. M., Vandenberg, R. J., & Richardson, H. A. (2005). Employee involvement climate and organisational effectiveness. *Human Resource Management, 44* (4) (Winter), 471 – 488.

Robbins, S. P. (2001). *Organisational Behaviour*. (9th ed.) New Jersey: Prentice-Hall.

Shadur, M.A., Kienzele, R., & Rodwell, J.J. (1999). The relationship between organisational climate and employee perceptions of involvement: The importance of support. *Group and Organisation Management, 24*, 479 – 503.

Snow, J.L. (2002). Enhancing work climate to improve performance and retain valued employees. *JONA, 32* (7/8), 393 – 397.

Soulsby, A., & Clark, E. (2012). The social construction of organisational disintegration: exploring identity dynamics and restructuring through a Longitudinal Case Study of a Post-Socialist Enterprise. *Competition and change, 16* (2), 91–111.

Sowinski, D.R., Fortmann, K.A., & Lezotte, D.V. (2008). Climate for service and the moderating effects of climate strength on customer satisfaction, voluntary turnover, and profitability. *European Journal of Work and Organisational Psychology, 17* (1), 73 – 88.

Spector, B. (2013). *Implementing organisational change. Theory into practice*. (3rd ed.). United States of America: Pearson Education Inc.

Stanford, N. (2005). *Organisational design: the collaborative approach*. Oxford: Elsevier Butterworth-Heinemann.

Staniforth, D. (1996). Understanding levers for organisational change: the case of AB Ltd. *Management Decision, 34* (10), 50–55.

The necessity of change within organisations. (2006). *Management Today*, 25 (9), 62.

Trochim, W.M.K. (2002). Descriptive statistics [online]. Available from: <http://www.socialresearchmethods.net/kb/statdesc.htm> [Accessed 17 June 2015].

Using the results of the OE survey. (2010). Unpublished work by Data Management and Statistical Analysis.

Van der Ohe, H., & Martins, N. (2003). Organisational climate measurement – new and emerging dimensions during a period of transformation. *South African Journal of Labour Relations*, 27 (3), 41-59.

Van Vuuren, L.J. (2010). Industrial Psychology: Goodness of fit? Fit for goodness? *SA Journal of Industrial Psychology*, 36(2), 1 – 16.

Voon, B., Hamali, J., & Tangkau, J. (2009). Linking service climate to organisational performance: evidence from SARAWAK. *International Journal of Business and Society*, 10 (1), 18 – 26.

Watkin, C., & Hubbard, B. (2003). Leadership motivation and the drivers of share price: The business case for measuring organisational climate. *Leadership and Organisation Development Journal*, 24(7), 380 – 386.

Weiss, J.W. (1996). Organisational behavior and change. Managing diversity, cross cultural dynamics and ethics. Minneapolis: West Publishing Company.

Whittle, D. D. (2002). *Mergers and acquisitions: The employee perspective*. Doctoral Dissertation, Iowa State University, Iowa.

Winfield, P., Bishop, R., & Porter, K. (2004). Core Management for HR Students and Practitioners. Oxford: Elsevier Butterworth-Heinemann.

Woodman, R. W., Bingham, J.B., & Yuan, F. (2008). Assessing organisation development and change interventions. In T.G. Cummings (Ed.). Handbook of organisation development. (pp. 187 – 215) Los Angeles: Sage Publications.